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

PART 3

DECEMBER 2, 1964

Testimony of William N. McLeod, Jr., Robert G. Baker, Matthew H. McCloskey, William K. Stewart, and J. B. McHale, Jr.

Printed for the use of the Committee on Rules and Administration

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WEDNESDAY, DECEMBER 2, 1964

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

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

Present: Senators Jordan, Hayden, Pell, Clark, Curtis, and Cooper. 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. Mr. McLeod, it is necessary that I read to you this opening statement in order that you may know your rights and privileges before this committee, and your attorney is with you there.

A quorum being present, the committee will please come to order. This committee is acting by direction and under the authority of Senate Resolution 367, agreed to on September 10, 1964, and Senate Resolution 212, agreed to on October 10, 1963. Senate Resolution 367 renews the powers authorized by Senate Resolution 212 and broadens the scope of jurisdiction conferred.

The Committee on Rules and Administration has now been granted the power to investigate all interests or activities of present or former Members, officers, or employees of the U.S. Senate for the purpose of determining whether such interests or activities have involved any violation of law or other impropriety or have reflected unfavorably upon the integrity of the Senate, and whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interests or activities.

The study and investigation authorized by this resolution is directed to give particular emphasis to the allegations raised in connection with the construction of the District of Columbia Stadium and matters related thereto. The committee believes that witnesses who are called to testify possess information which is material and pertinent to the subject matter under invesigation as authorized, and will add to the committee's fulfillment of its legislative purpose.

The Chair advises each witness that he is entitled under the rules of procedure adopted by the committee to retain and be accompanied by counsel, who may advise the witness of his legal rights during the course of the inquiry but who shall not coach or answer for the witness. Should the witness not fully understand any questions directed to him, he may ask for clarification. The committee will now proceed to hear the testimony of the witness present under subpena or by request, Mr. McLeod.

Mr. McLeod, will you please stand, sir, and take the oath? Do you solemnly swear that the evidence you are about to give before this committee in the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McLEOD. I do, sir.

The CHAIRMAN. Thank you very much, sir. You may be seated. Mr. McLendon, you may proceed with your questions.

Mr. McLENDON. Will you state your full name and address for the record, please?

TESTIMONY OF WILLIAM N. McLEOD, JR., ACCOMPANIED BY JESS LARSON, ATTORNEY

Mr. McLEOD. William N. McLeod, Jr.

Mr. McLENDON. Your address.

Mr. McLEOD. 3846 Macomb Street NW.

Mr. McLENDON. Are you accompanied now by your personal counsel?

Mr. McLEOD. Yes.

Mr. McLENDON. Will your counsel state his name and address?

Mr. LARSON. My name is Jess Larson. My offices in the District of Columbia are at 1000 Connecticut Avenue NW. Mr. Chairman, at this time I have a request to make on behalf of my client, under your rule 11. Rule 11 provides that a witness may request, on grounds of distraction, harassment, and physical discomfort, that, during his testimony, television, motion pictures, and other cameras and lights shall not be directed at him, and such request to be ruled upon by the committee members who are present and voting at the hearing.

We respectfully ask the committee to give us consideration of forgoing the requirement of testimony with television cameras and lights directed at us. Our reason for making this request is because of the fact that Mr. McLeod is under medical care and his doctor considers his physical condition might be impaired and has so stated in a letter which I will give to you for the record, dated December 1, addressed to the Honorable B. Everett Jordan, chairman of the Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Mr. William N. McLeod is under my medical care. His condition of extreme nervousness and tension makes it very undesirable that he be examined by your committee under bright lights or other similar distracting influences.

Respectfully,

CHARLES W. ORDMAN, M.D.

His offices are at 1712 I Street NW., here in the District of Columbia.

The CHAIRMAN. Mr. McLeod, do you feel that if you testify before these lights and cameras that it would render you unfit to give good

judgment in answering questions that would be asked of you here this morning?

Mr. McLEOD. I do.

The CHAIRMAN. Your physical condition?

Mr. McLEOD. Yes; I do.

The CHAIRMAN. You feel that that is the case?

Mr. McLEOD. I do.

Senator CURTIS. How long have you been under treatment by this doctor?

Mr. McLEOD. About 4 years.

Senator CURTIS. May I see the letter? No objection.

Senator COOPER. I have no objection.

The CHAIRMAN. Since the minority and majority members have all agreed that this doctor's report here—that this would impair your ability to give the answers before this committee, we are going to grant your request and ask the television people to cut out their lights, cameras, and so forth.

Mr. McLEOD. Thank you very much.

The CHAIRMAN. Are you ready to proceed, sir?

Mr. McLEOD. Yes, sir.

The CHAIRMAN. Major, you may proceed.

Mr. McLENDON. Mr. McLeod, you have testified before this committee before; have you not?

Mr. McLEOD. Yes, sir; in executive session.

Mr. McLENDON. Executive session?

Mr. McLEOD. Yes, sir.

Mr. McLENDON. Since you testified, the committee has come into possession of some information that it did not have at the time you were here before. I want to direct my questions primarily to that information. When you were here before, you identified, and there was put in evidence at page 8, part 1, of the first series of hearings before the committee, an invoice from you to Don Reynolds Associates and it bears the date January 1, 1961. Do you see it there before you?

Mr. McLEOD. I am sorry; I don't have it.

Mr. McLENDON. Oh, you don't have it?

Mr. McLEOD. No, sir.

Mr. McLENDON. I am sorry. I thought you did have it. Give him a copy.

Mr. McLEOD. We have it here.

Mr. McLENDON. It is on page 8, Mr. Larson.

Mr. McLEOD. Yes; I have it now.

Mr. McLENDON. It is to be noted that the language on that invoice is "For legal services period of January 1, 1961, through June 30, 1961." Do you see that?

Mr. McLEOD. Yes, sir.

Mr. McLENDON. Are you familiar with the fact as to when the contract for the District of Columbia Stadium was awarded?

Mr. McLEOD. I have the information here. I can look it up.

Mr. McLENDON. Well, the record shows that the bids had to be filed by May 18, and they were opened on June 10, and the contract was signed July 7, 1960.

Mr. McLEOD. The bond sale was on July 7, and the bond was awarded on July 7, 1960.

Mr. McLendon. You are talking about the stadium bonds?

Mr. McLeod. Yes, sir.

Mr. McLendon. I have reference now to the awarding of the contract.

Mr. McLeod. That is correct; June 10, 1960, is correct.

Mr. McLendon. So this bill then would be for services rendered after the contract was awarded to the McCloskey Co.?

Mr. McLeod. Yes, sir.

Mr. McLendon. Then on page 17 there appears another invoice. Like the first one, it is on your stationery. It is dated "July 15, 1961." Do you notice that?

Mr. McLeod. Yes; I have it.

Mr. McLendon. And that one recites it is for legal services period July 1 through December 31, 1961, $1,000, the same amount as the former one; so, according to the statement on this invoice, that was for services rendered also after the signing of the contract with McCloskey & Co.; is that correct?

Mr. McLeod. Yes, sir.

Mr. McLendon. Now, did you render legal services as stated in these two invoices? Let's start with the first one first—the first invoice.

Mr. McLeod. No, sir. I testified previously and I testify now that I never rendered any legal service.

Mr. McLendon. And neither one of these invoices, therefore, are correct?

Mr. McLeod. No, sir.

Mr. McLendon. The committee has evidence before it that you made these invoices after having given your opinion for Don B. Reynolds as a lawyer that, by preparing these invoices in this manner, Reynolds could have the advantage of these amounts or whatever was paid on them as an expense which he could deduct in his tax return, and that you gave that opinion to him. Would you tell the committee exactly what conversation, if any, you had with Reynolds about these invoices?

Mr. McLeod. We had no conversation about any such thing. I didn't discuss anything about income tax with him at all, and he didn't discuss it with me. He suggested that I do it this way because he said his accountant advised him to do it.

Mr. McLendon. Let me be sure we understand you. You say that Reynolds told you to do it this way?

Mr. McLeod. That is right.

Mr. McLendon. Because his accountant——

Mr. McLeod. Yes, sir.

Mr. McLendon (continuing). Advised him to do it?

Mr. McLeod. That is correct.

Mr. McLendon. And you accepted that at its face value?

Mr. McLeod. Yes, sir.

Mr. McLendon. Without making any inquiry yourself about it?

Mr. McLeod. No.

Mr. McLendon. Isn't that rather unusual?

Mr. McLeod. Well, no, sir; I don't think so.

Mr. McLendon. You were aware of the fact, as you have already stated, that these invoices were false, were you not?

Mr. McLeod. Well, I stated, I think, in my testimony previously that Mr. Reynolds at the time he discussed this matter with me, and was talking about this gift, explained to me he would like to do it this way, and he says, "You are an attorney in South Carolina."

Mr. McLendon. You are what?

Mr. McLeod. He said "You," speaking of me. I am an attorney in South Carolina, and that he has large family connections in South Carolina, and he says, "Perhaps later on you can render some legal service to me or to my family in South Carolina." And suggested I do it in this way.

Mr. McLendon. But if you rendered services later on, then the periods stated in these invoices would be in error, too, would they not?

Mr. McLeod. I beg your pardon?

Mr. McLendon. If you rendered services later on, the statement of the period in this last invoice particularly might be applicable. The first one would not, would it?

Mr. McLeod. Well, that is true. I wasn't called on to render any service in either period.

Mr. McLendon. I see. The record shows that you testified before that the first invoice was paid in full, $1,000. The second one shown on page 17 shows that—the language is, "Paid on 7–24–61, $500 by Check No. 1528, balance due $500." And then follows your signature.

Mr. McLeod. Yes, sir.

Mr. McLendon. Did you write that entry on the invoice?

Mr. McLeod. Yes, sir.

Mr. McLendon. How did it happen that you were paid only $500 on this second invoice?

Mr. McLeod. As I testified previously, he said he didn't have it.

Mr. McLendon. Didn't have it?

Mr. McLeod. Didn't have the $1,000. I told him to forget about the whole thing, and he said, "No; I would like to give you the $500 and give you the other $500 later on."

Mr. McLendon. When did you terminate your employment in the Congress as secretary to the District Committee?

Mr. McLeod. December 31, 1962.

Mr. McLendon. So at the time these invoices were rendered, you were still an employee of the Congress?

Mr. McLeod. Yes.

Mr. McLendon. And were you also secretary to the House Committee on the District of Columbia?

Mr. McLeod. I was clerk of the committee; yes.

Mr. McLendon. Clerk. And the chairman was Mr. McMillan?

Mr. McLeod. Right.

Mr. McLendon. And he was from South Carolina?

Mr. McLeod. Right.

Mr. McLendon. And you are from South Carolina and Mr. Reynolds was from South Carolina. Were you all three well acquainted with each other?

Mr. McLeod. Well, yes. I have known Don—of course, I have known Mr. McMillan for a good many years. I knew Don Reynolds. We lived about 14 or 15 miles apart in South Carolina but I never knew him in South Carolina. I never knew him until I came to Washington.

Mr. McLENDON. What was your association with him in Washington?

Mr. McLEOD. He was a friend of Mr. McMillan's. I met him in Mr. McMillan's office.

Mr. McLENDON. Did you have any agreement with him, either express or implied, that you were going to render services in connection with the passage of the stadium bill for which you would be or might be compensated?

Mr. McLEOD. Absolutely none; no, sir.

Mr. McLENDON. Did you ever have any connection with him like that?

Mr. McLEOD. I doubt if he ever mentioned the stadium to me until after it had been completed, and he was in the hopes of getting this overall insurance policy.

Mr. McLENDON. Had he ever discussed the possibility that he might be the seller of the insurance or the performance bond with you?

Mr. McLEOD. Not performance bond; no; never discussed that.

Mr. McLENDON. What did he discuss with you?

Mr. McLEOD. He asked me how he could go about getting some of the insurance business, and I told him it was only one way to do it, that under the law they were required to let bids, and you have to go through the Armory Board and you have to make a bid and you have to be the low bidder; that there was nothing I could do or anyone else could do to help him.

Mr. McLENDON. Now, Mr. Reynolds has presented to the committee a document which has been marked "Exhibit 24," a letter dated January 25, 1960. It bears no letterhead, on blank paper, but signed by him, and he testified that he did write it to you and implied at least that it was his letter. I wish you would look at it. You have a copy of it, do you not?

Mr. McLEOD. Yes, sir; I do.

Mr. McLENDON. I wish you would look at it and tell the committee whether you received that letter.

Mr. McLEOD. I have no recollection of ever receiving such a letter as this.

Mr. McLENDON. Did you have any letter from him?

Mr. McLEOD. Never had any letters, and this——

Mr. McLENDON. This letter refers to his desire to be considered and put in the position to be considered as the agent to write the insurance and the bond on the stadium, does it not?

Mr. McLEOD. Yes, sir; that is right, but that should have been directed to the Armory Board, not to me. I had no part in that. There is something unusual about the letter to begin with in the first paragraph:

> This letter will serve a double purpose. One is to renew old acquaintance and a friendship of many years standing.

I had been in the habit of seeing him sometimes two and three and four times a week. I don't know how he was trying to renew any old friendships.

Mr. McLENDON. Had there been any break in your relations with him?

Mr. McLEOD. No, sir.

Mr. McLENDON. Were you friendly?
Mr. McLEOD. Yes.
Mr. McLENDON. Had been friendly?
Mr. McLEOD. Yes.
Mr. McLENDON. And the next part of that sentence is—

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.

Did you have anything to do with the general insurance and bonding?
Mr. McLEOD. Absolutely nothing; no, sir.
Mr. McLENDON. So if you took part in that, you would be taking part in it not because of any official position you held; is that correct?
Mr. McLEOD. Well, I hadn't been taking part in it, anyway.
Mr. McLENDON. But did you do anything about it?
Mr. McLEOD. No, sir; I didn't—do anything about what?
Mr. McLENDON. About putting him in the position——
Mr. McLEOD. I didn't get this letter, I told you.
Mr. McLENDON. I am asking independently, without it?
Mr. McLEOD. No, sir; I did not; no, sir.
Mr. McLENDON. Did you do anything about helping Reynolds get in a position?
Mr. McLEOD. I did not; no.
Mr. McLENDON. To become a seller of the insurance or the bond?
Mr. McLEOD. I did not.
Mr. McLENDON. At no time?
Mr. McLEOD. At no time.
Mr. McLENDON. When did you first learn of the existence of this letter?
Mr. McLEOD. When I wrote somebody—I was away and somebody called my attention to Senator Williams' statement that he put in the Congressional Record. I believe he quoted two paragraphs from this letter, and then yesterday I got a copy of it in your office.
Mr. McLENDON. You got a copy from us?
Mr. McLEOD. Yes.
Mr. McLENDON. Mr. McLeod, the evidence before the committee shows that you and a secretary to the Senate committee were asked to serve, and that you did serve, on one or more of the advisory committees set up by the Armory Board; is that correct?
Mr. McLEOD. Yes, sir.
Mr. McLENDON. Did you serve?
Mr. McLEOD. I did.
Mr. McLENDON. Did you attend the meetings of the advisory board, Armory Board?
Mr. McLEOD. I attended quite a few of them; yes, sir.
Mr. McLENDON. The records before the committee show your attendance at some of these meetings. Do you know whether the meetings were recorded, minutes of the meetings were recorded?
Mr. McLEOD. I am sure they were. They always had a secretary there who was taking notes.
Mr. McLENDON. And did you serve on the advisory committee that recommended the employment of the original architect who made the original design of the stadium?
Mr. McLEOD. Yes, sir.

Mr. McLENDON. A firm in New York?

Mr. McLEOD. Prager, Kavanaugh & Waterbury; yes, sir.

Mr. McLENDON. And after the receipt of their design, did you serve on the advisory committee that recommended the employment of the permanent architects and engineers for the design and construction of the stadium?

Mr. McLEOD. Yes, sir; I did.

Mr. McLENDON. And did you attend the meetings when the committee received information about those people?

Mr. McLEOD. They notified me of all meetings, and when I felt that there was anything that I could contribute or anybody wanted me to be there, I would usually try to attend. Mr. McMillan, the chairman of the committee, instructed me to take whatever time necessary to attend these meetings and do what I could to help with the bill and construction of the stadium.

Mr. McLENDON. The law authorizing the construction of the stadium contains the provision that one member of the Armory Board was to be appointed by the chairman of the House committee and the chairman of the Senate committee acting jointly. Are you familiar with that?

Mr. McLEOD. No; not of the advisory committee.

Mr. McLENDON. No; of the Armory Board.

Mr. McLEOD. Of the Armory Board, yes.

Mr. McLENDON. One member of the Armory Board was so appointed?

Mr. McLEOD. That is correct; yes, sir.

Mr. McLENDON. And you were acquainted with the individuals who were designated in that manner, were you not?

Mr. McLEOD. Yes, sir.

Mr. McLENDON. Each one of them would serve from time to time?

Mr. McLEOD. Right.

Mr. McLENDON. Mr. McLeod, why did you engage in this scheme to collect, as it turned out, $1,500 from Reynolds Associates?

Mr. McLEOD. Well, I think I have explained that the best that I can.

Mr. McLENDON. If you don't mind, explain it one more time.

Mr. McLEOD. It was a gift.

Mr. McLENDON. You are testifying in public.

Mr. McLEOD. It was a gift.

Mr. McLENDON. Go ahead and explain it.

Mr. McLEOD. It was a gift that was given to me by Don Reynolds in appreciation, he said, for the many things that I had done for him over a period of many, many years. I did nothing to help him with any insurance. I did nothing to help him with the stadium. He never mentioned me helping him with the stadium at all.

Mr. McLENDON. It is in evidence, Mr. McLeod, that Mr. McCloskey was told on one occasion that Mr. Reynolds was in position to help him get the stadium bill passed because he was a good friend of Mr. McMillan; that you were in a position to help get it passed because you were secretary to Mr. McMillan's committee; and Baker was in position to help get it passed because of his prominence in the position he held in the Senate as secretary to the majority. Did you do anything to help get the stadium bill passed?

Mr. McLeod. All I did was do what I was required to do, do my job with that committee. I never asked anybody to vote for that bill or any part of that bill, nothing.

Mr. McLendon. Excuse me. Go ahead.

Mr. McLeod. Not any Member of the House or any Member of the Senate.

Mr. McLendon. Did you do any lobbying, directly or indirectly?

Mr. McLeod. No, sir.

Mr. McLendon. Were you ever called on by anyone—Mr. Baker or Mr. Reynolds—to do anything in connection with the passage of the bill?

Mr. McLeod. Absolutely nothing.

Mr. McLendon. When did you first meet Mr. McCloskey, if you met him? I am speaking of Mr. Matthew H. McCloskey.

Mr. McLeod. I met Mr. McCloskey—and it is the only time, I think, that I ever saw him, except at a dinner one night at this meeting that we had in Mr. Reynolds—in Mr. Baker's office. There is some dispute as to whether it was in the fall of 1959 or in the spring of 1960.

Mr. McLendon. Yes.

Mr. McLeod. But it was one or the other, and I was there.

Mr. McLendon. For fear I may forget it, did you ever see him on any occasion other than that meeting you have just mentioned?

Mr. McLeod. I said I think I saw him at lunch or a dinner or something one time.

Mr. McLendon. Did you ever talk to him?

Mr. McLeod. No, sir.

Mr. McLendon. Well, now, tell us again—although you have testified about this, would you tell the committee again how you happened to be in Baker's office on the occasion of the meeting that you were talking about.

Mr. McLeod. Mr. Baker called me and asked me if I would come over. He was having a meeting about the stadium. He told me that Mr. McCloskey was going to be there and Mr. McMillan was going to be there, and that he would like very much for me to come over. So I told him all right, I would. In the meantime I would talk to Mr. McMillan—and I testified to this before, too—talked to Mr. McMillan and asked him if he knew anything about the meeting, and he said no, he didn't. I told him Mr. Baker had asked me to attend, and if it would be all right, if he thought I should attend. He said he could see no harm in my attending the meeting. In fact, I think I walked over to the meeting with him.

Mr. McLendon. Walked over with him?

Mr. McLeod. From the House Office Building to the Capitol; yes.

Mr. McLendon. Can you give the committee any more information about when that was?

Mr. McLeod. I am not clear as to whether it was in the latter part of 1959 or 1960.

Mr. McLendon. Let me ask a question related to the time of the awarding of the contract. Was it before the contract had been awarded for the construction of the stadium?

Mr. McLeod. The contract?

Mr. McLendon. Yes.

Mr. McLeod. Yes, sir; it was before the contract.

Mr. McLENDON. Are you sure of that? I am trying to pin it down as nearly as we can to a date.

Mr. McLEOD. Oh, yes; it would have been before June 10, 1960. It had to be.

Mr. McLENDON. Why do you say it was before?

Mr. McLEOD. Well, because I have testified that it was early in the spring or late in the fall of 1959 or 1960.

Mr. McLENDON. Did anything happen at that meeting that would also help you to determine whether it was before or after the contract was awarded on July 7, 1960?

Mr. McLEOD. No. The only thing that I can remember, I can remember that the House was in session. I don't mean it was physically in session, but the Congress was in session at the time, and, as I remember, it was around 10 or 10:30 in the morning that we went there.

Mr. McLENDON. After you got to Baker's office, was there anything said or anything transpired there that would help you determine whether or not this meeting was before the award of the contract on July 7?

Mr. McLEOD. I am positive that it was before because of the statement that was made that if Mr. McCloskey got the contract to build the stadium, that he was hoping he would get some business for Don Reynolds.

Mr. McLENDON. Who made that statement?

Mr. McLEOD. Mr. McMillan made the statement in the presence of all of us there.

Mr. McLENDON. Will you quote his words as near as you can, and as accurately as you can. What exactly did Mr. McMillan say?

Mr. McLEOD. As I testified before, I think as close as I can come to it, Mr. McMillan said that Don Reynolds was from his congressional district in South Carolina, that he was a good friend of his, and had been for many years, and was a good friend of his family, and if there was any way anybody could help him get an insurance contract, he would appreciate their doing anything they could to help him.

Mr. McLENDON. Did you say anything about that?

Mr. McLEOD. No, sir.

Mr. McLENDON. Did Baker say anything about that?

Mr. McLEOD. Baker talked some, but I don't remember what he said.

Mr. McLENDON. Did Baker say at that meeting, in effect, that he and Reynolds were in the insurance business together?

Mr. McLEOD. No, sir.

Mr. McLENDON. You don't remember that?

Mr. McLEOD. No, sir. He didn't say it in my presence.

Mr. McLENDON. Didn't say that in your presence?

Mr. McLEOD. No, sir.

Mr. McLENDON. Did Baker say anything directly to Mr. McCloskey to the effect that "If you get the contract I hope you will consider Don Reynolds because he and I are in business together"?

Mr. McLEOD. He didn't during the course of the meeting. As I remember, we left the meeting, and I think we left Mr. McCloskey and his son or his nephew, one of the McCloskey boys; I believe we left them in with Mr. Baker.

Mr. McLENDON. Do you recall whether Mr. Stewart, who is with the McCloskey Co., was present on that occasion?

Mr. McLEOD. I don't know Mr. Stewart; no, sir.

Mr. McLENDON. You don't know him?

Mr. McLEOD. No, sir.

Mr. McLENDON. Does that mean you are not sure whether he was there?

Mr. McLEOD. I am sure there was someone there that I testified before. I said that I thought it was Mr. McCloskey's nephew or his son. I don't know. He was the vice president with the company.

Mr. McLENDON. How long did this meeting last?

Mr. McLEOD. About 30 or 35 minutes, I would say.

Mr. McLENDON. Who introduced you at that meeting to Mr. McCloskey?

Mr. McLEOD. Mr. Baker.

Mr. McLENDON. Was Mr. McCloskey introduced to Reynolds?

Mr. McLEOD. I am not sure. I think he must have known Reynolds.

Mr. McLENDON. You think he knew him before?

Mr. McLEOD. I think. I don't know. I just went in and he introduced us. Mr. McCloskey and his nephew or his son were the only people that I didn't know, and I was introduced to them. Whether I was introduced to anybody else I don't know.

Mr. McLENDON. Were they introduced to you and Mr. McMillan both?

Mr. McLEOD. Yes.

Mr. McLENDON. Introduced to both of you?

Mr. McLEOD. Yes.

Mr. McLENDON. You don't know whether Mr. McCloskey was introduced to Reynolds or not?

Mr. McLEOD. No; I can't say that for sure.

Mr. McLENDON. You can't say that for sure?

Mr. McLEOD. No, sir.

Mr. McLENDON. Was there anything said in that meeting to indicate that he and Reynolds knew each other?

Mr. McLEOD. Nothing that I can point my finger on; no, sir.

Mr. McLENDON. You said a minute ago that he must—I believe your language was—he must have known, they must have known each other.

Mr. McLEOD. I just assumed, the way he talked.

Mr. McLENDON. The way who talked?

Mr. McLEOD. Reynolds; the way he referred to him as Matt in talking, I just assumed that he knew the man.

Mr. McLENDON. He addressed him as Matt in that meeting?

Mr. McLEOD. I think he did; yes, sir.

Mr. McLENDON. You are pretty sure about that?

Mr. McLEOD. I think so.

Mr. McLENDON. Was there anything else said there that would indicate to you that McCloskey and Reynolds were acquainted with each other?

Mr. McLEOD. No, sir.

Mr. McLENDON. Nothing else. Have you told everything that you know about that meeting?

Mr. McLEOD. Yes, sir.

Mr. McLENDON. You say it lasted how long?

Mr. McLEOD. I would say 25, 30 minutes.

Mr. McLENDON. And who adjourned the meeting, if anyone did?

Mr. McLEOD. Well, they just started getting up and leaving. We weren't in any kind of session or anything.

Mr. McLENDON. Mr. McLeod, a number of documents have been introduced in evidence before the committee, among them being an invoice from Hutchinson, Rivinus to Don Reynolds Associates for the premium on the bond recited as being $73,000 plus. Did you ever see that document or any document like that?

Mr. McLEOD. Never saw it; no, sir. I know nothing about any such transaction at all.

Mr. McLENDON. Another document that has been introduced in evidence purports to be an invoice from Don Reynolds Associates to McCloskey & Co. for a total of $109,000 plus. Did you ever see that document?

Mr. McLEOD. Never saw that, either; no, sir.

Mr. McLENDON. Would you like to see them now?

Mr. McLEOD. No, sir. I have no desire to see them.

Mr. McLENDON. Are you sure you never have seen them without——

Mr. McLEOD. I am positive I have never seen them.

Mr. McLENDON. Sir?

Mr. McLEOD. Positive.

Mr. McLENDON. Maybe it might be a good idea to look at them.

Mr. McLEOD. If you have some reason you want me to look I will be glad to look.

Mr. McLENDON. Yes; I have a reason. Hand him this exhibit No. 20.

Mr. McLEOD. Thank you.

Mr. McLENDON. The next one is No. 18, and the invoice.

Mr. McLEOD. No, sir; I never saw either one of these.

Mr. McLENDON. Which one are you looking at? What number?

Mr. McLEOD. I have looked at both of them. I am looking at No. 20, and this is the back of it.

Mr. McLENDON. You are looking at exhibit No. 20, which purports to be a copy of the check from McCloskey Co. to Reynolds Associates in the amount of $109,205.60, is that correct?

Mr. McLEOD. Yes.

Mr. McLENDON. Is that the one you are looking at?

Mr. McLEOD. That is right.

Mr. McLENDON. You tell the committee you never saw that before?

Mr. McLEOD. Never saw it; no, sir.

Mr. McLENDON. Or a copy of it before?

Mr. McLEOD. Never saw a copy of it before.

Mr. McLENDON. Did Reynolds ever tell you that he had this check?

Mr. McLEOD. No, sir.

Mr. McLENDON. Tell you he had received it?

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

Mr. McLENDON. Did he ever refer to it in any conversation with you?

Mr. McLEOD. No, sir.

Mr. McLENDON. What is the one that you have in your hand now?

Mr. McLEOD. No. 18.

Mr. McLENDON. Number 18 is the letter signed by Don Reynolds addressed to Matthew H. McCloskey, dated September 14, 1963. Have you ever seen that letter before?

Mr. McLEOD. No, sir; I never saw that before.

Mr. McLENDON. Did you ever hear of it from Reynolds or Baker?

Mr. McLEOD. Never heard of it.

Mr. McLENDON. And attached to the letter is an invoice on the stationery of Don Reynolds Associates, Inc., stating a total premium, after the word "total," $109,205.60. Did you ever see that document before?

Mr. McLEOD. No, sir; never.

Mr. McLENDON. Had Reynolds ever mentioned it to you?

Mr. McLEOD. Never mentioned it to me.

Mr. McLENDON. Had Baker ever mentioned it to you?

Mr. McLEOD. Nobody ever mentioned it to me; no, sir.

Mr. McLENDON. It is in evidence, Mr. McLeod, that there was an agreement between Baker and Reynolds and Mr. McCloskey that the invoice was to be for an amount in excess of the true premium due on the performance bond, and that the excess was to be divided four ways: a part for you, a part for Baker, a part for the Democratic campaign fund, and a part for Reynolds. Did you ever take part in or participate in any conversation about such an agreement?

Mr. McLEOD. None at all; no, sir.

Mr. McLENDON. Do you have any information as to the existence of such an agreement?

Mr. McLEOD. Existence of what?

Mr. McLENDON. Of such an agreement?

Mr. McLEOD. No, sir; of course not.

Mr. McLENDON. Was there any reference made to that when you had your conversation with Reynolds about your two invoices?

Mr. McLEOD. No.

Mr. McLENDON. Did he make any reference to it when he paid you the $1,000 on one occasion and $500 on the other?

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

Mr. McLENDON. So your sworn testimony before the committee is that you never had any knowledge from any source about any such arrangement?

Mr. McLEOD. Yes, sir.

Mr. McLENDON. Is that correct?

Mr. McLEOD. Yes, sir. That is correct.

Mr. McLENDON. Did you ever receive from Reynolds or from Reynolds Associates, either directly or indirectly, any money in any amount other than the $1,000 and the $500?

Mr. McLEOD. Only the two checks that you placed in evidence.

Mr. McLENDON. They are the $1,000 and $500?

Mr. McLEOD. That is correct.

Mr. McLENDON. Is that right?

Mr. McLEOD. Yes, sir.

Mr. McLENDON. Your testimony is that you never received any other money from him?

Mr. McLEOD. No, sir.

Mr. McLENDON. Did he ever promise to pay you any more?

Mr. McLEOD. No, sir.

Mr. McLENDON. Other than your testimony——

Mr. McLEOD. The $500 which I didn't get.

Mr. McLENDON. And that is the only time that he had any conversation with you in which he promised to pay you any money?

Mr. McLEOD. That is correct.

Mr. McLENDON. These exhibits that the witness has been examined about are already in the record, and I won't put them in a second time, unless some member of the committee wants them in. That is all, Mr. Chairman.

(The exhibits heretofore referred to may be found in the printed hearings, pt. 2, of Tuesday, Dec. 1, 1964.)

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

Senator PELL. The $1,500 you did receive; did you consider that as a gift or as income?

Mr. McLEOD. Considered as a gift.

Senator PELL. So it was not reported as income by you?

Mr. McLEOD. It was not reported.

Senator PELL. And then presumably Reynolds——

Mr. McLEOD. I don't know what you are going to presume about Reynolds. I can't answer that.

Senator PELL. Right. If you gave him an invoice and you knew that you were doing that to assist him in reporting a deduction, shouldn't you then have reported it as income?

Mr. McLEOD. I got the money as a gift, and I considered it as a gift, and on the advice of the accountant who makes out my tax return, I didn't put it down on my return. As to what Mr. Reynolds did or how he treated it, I have no knowledge.

Senator PELL. That is all. Thank you.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mr. McLeod, did I understand you to say that Mr. Reynolds agreed to pay you $2,000?

Mr. McLEOD. Yes, sir.

Senator CURTIS. You are a lawyer?

Mr. McLEOD. Yes, sir.

Senator CURTIS. If this transaction was a gift, can a person make a valid agreement to make a gift to somebody else under circumstances such as this?

Mr. McLEOD. Can a person do what?

Senator CURTIS. Could there be a valid agreement existing between you and Reynolds to pay $2,000, if the money you got was purely and simply a gift?

Mr. McLEOD. No.

Senator CURTIS. So when you said there was an agreement, an agreement implies a consideration, does it not?

Mr. McLEOD. Well, maybe I should correctly refer to it as an understanding.

Senator CURTIS. An understanding. But you expected $2,000?

Mr. McLEOD. Yes, sir.

Senator CURTIS. Why did you expect $2,000?

Mr. McLEOD. That was the amount agreed on.

Senator CURTIS. Agreed on?

Mr. McLEOD. Yes, sir.

Senator CURTIS. Well, why would you have reason to expect somebody to give you $2,000 if there was no consideration?

Mr. MCLEOD. Well, I have explained to this committee and I have explained in executive session before, Senator Curtis, that because of our relationship over a period of about 20 or 21 years, many things that I had done for him, he explained that he wanted to do this. He said that I had two children to educate and he wanted to do it.

Senator CURTIS. He did give you $1,500?

Mr. MCLEOD. Yes.

Senator CURTIS. And that was by check?

Mr. MCLEOD. Yes.

Senator CURTIS. And there is no question but what it came from Don Reynolds and that you accepted it?

Mr. MCLEOD. It is a Don Reynolds check which you have in evidence; yes, sir.

Senator CURTIS. And some bills or invoices were transmitted to him?

Mr. MCLEOD. They were given to him; yes.

Senator CURTIS. And the invoices for legal services did not accurately set forth the facts?

Mr. MCLEOD. Well, as I have said before, he made the statement to me that he had these large family connections in South Carolina. I believe he had some interest in South Carolina, maybe real property or something, and said if he could avail himself of my services as an attorney in South Carolina, that he might call on me to do it.

Senator CURTIS. Then it was for future services?

Mr. MCLEOD. It could have been, because if he had——

Senator CURTIS. Well, was it?

Mr. MCLEOD. Well, that is what the invoice says, and if he had called on me to perform——

Senator CURTIS. Does the invoice say future services?

Mr. MCLEOD. No; it says during a certain period.

Senator CURTIS. Now you and Reynolds do disagree as to the conversation about the preparation of the invoices and who suggested it, don't you?

Mr. MCLEOD. From what Senator Jordan—from what Major McLendon read, yes, I would say——

Senator CURTIS. There is no disagreement that you got the $1,500?

Mr. MCLEOD. There is no dispute about that. I haven't denied that.

Senator CURTIS. Is there any dispute about the fact that you were active in the stadium matter?

Mr. MCLEOD. No, sir; I was active.

Senator CURTIS. And would your official duties require you to give attention to such matters as getting the bill moving along and clearance at various points?

Mr. MCLEOD. Yes, sir.

Senator CURTIS. And you did perform those duties?

Mr. MCLEOD. I did what was expected of me, what my job called for, and what I was instructed to do by the chairman of the committee and the members of the committee that I was employed by.

Senator CURTIS. Now you do not contend that at the time that you received the $1,500 or any part of it, that the stadium wasn't mentioned?

Mr. McLEOD. Wasn't mentioned by whom?

Senator CURTIS. You and Reynolds.

Mr. McLEOD. I doubt it very much. I mean I may have had some general conversation about how is the thing coming along, but as to performing any service or anything, no.

Senator CURTIS. Well now, here, based upon your best recollection, is it your statement that on or about the time you received these gifts or made out the invoice, that there was no conversation about the stadium?

Mr. McLEOD. Yes.

Senator CURTIS. There was none?

Mr. McLEOD. That is right.

Senator CURTIS. But you still contend he had an agreement to give you $2,000?

Mr. McLEOD. Yes, sir.

Senator CURTIS. And that was what; general acts of friendship over a period of years?

Mr. McLEOD. Yes, sir.

Senator CURTIS. Was there ever any thought that you should be paid for those acts of friendship?

Mr. McLEOD. I never did anything for anybody expecting to be paid for it, no, sir, not other than the job that I was in.

Senator CURTIS. Do you recall when you testified here before?

Mr. McLEOD. Yes, sir.

Senator CURTIS. I asked you this question. I am reading from page 588 at the bottom:

Senator CURTIS. Do you not think a gift of $1,500 is quite a sizable gift?
Mr. McLEOD. No, sir; I do not think so. I think——
Senator CURTIS. Is it your contention that a gift for $1,500 just between friends is not a sizable thing?
Mr. McLEOD. Is not what, sir?
Senator CURTIS. Is not a sizable gift?
Mr. McLEOD. Well, I think—it is a nice gift.
Senator CURTIS. Well, it is a pretty good-sized one, is it not?
Mr. McLEOD. Well, maybe you call it pretty good sized. But in this town, I do not know.
Senator CURTIS. How does it compare with other gifts?
Mr. McLEOD. Sir?
Senator CURTIS. How does it compare to other gifts?
Mr. McLEOD. Well, I do not know. I got a gift last year, since I left, in the amount of a thousand dollars.
Senator CURTIS. Was that from anyone doing business with the Government directly or indirectly?
Mr. McLEOD. I am not going to tell you who it is. I will pass it around and let the members of the committee see it.

Now it is still your feeling that $1,500 is not a sizable gift?

Mr. McLEOD. Well, I guess it was a pretty nice gift. It was the nicest gift I ever had.

Senator CURTIS. Why did Reynolds give it to you?

Mr. McLEOD. Senator, I have explained that so many times. I will go over it again. He told me he wanted to give it to me for all the things that I had done for him over a period of many years. He said, "You have two children to educate," and he had this money and he wanted to give it to me.

Senator CURTIS. To the best of your knowledge did the checks bear the correct dates or nearly so?

Mr. McLeod. Yes; I am sure they would. Do you mean were they postdated?

Senator Curtis. Well, in any way?

Mr. McLeod. No; I am sure the checks were correct.

Senator Curtis. Yes.

Mr. McLeod. Because they were given to me and they were placed in the bank, as you can well see here.

Senator Curtis. Did you have any conversation with him on the second invoice where, according to your testimony this morning, you wanted another thousand dollars and settled on $500. Tell us about arriving at the settlement on $500.

Mr. McLeod. It was not a settlement. It wasn't a question of a settlement. I explained to the committee that he said that he was not able to pay the whole thousand dollars, and I told him to forget about the whole thing, and he said, "I will give you $500 of it and give you the other $500 later on."

Senator Curtis. How did you receive these checks?

Mr. McLeod. He handed them to me.

Senator Curtis. Where?

Mr. McLeod. In my office.

Senator Curtis. Both of them?

Mr. McLeod. Yes, sir.

Senator Curtis. How were the invoices transmitted?

Mr. McLeod. I believe if I am not mistaken I gave them to him personally.

Senator Curtis. Who typed them up?

Mr. McLeod. I would assume that the girl in the office typed.

Senator Curtis. What was her name?

Mr. McLeod. Well, I wouldn't want to say because I don't know. There were several girls in there. I know I am not a typist and I don't try to type.

Senator Curtis. How long did you see Reynolds, over a period of years, and particularly over, say, the years 1958 to 1963 or 1964? Did you see him once in 6 months?

Mr. McLeod. No. I saw him sometimes as frequently as two or three times a week.

Senator Curtis. Two or three times a week. Did you ever have any talk with him about the stadium?

Mr. McLeod. No; not anything specifically. As I said, we may have mentioned it. It was written up in the newspaper and a lot of people would say, "I see you are coming along well with the stadium," or something of that kind. But any conversation relating to any specific angle of it, no.

Senator Curtis. Did you ever advise anyone that you mailed the invoices?

Mr. McLeod. I don't remember, sir.

Senator Curtis. Did you talk to Mr. Drennan, of the staff?

Mr. McLeod. I talked to two people with the staff. I don't remember the name.

Senator Curtis. Did you tell them that you mailed the invoices?

Mr. McLeod. I don't think I did. I don't remember.

Senator Curtis. Did you tell them that it was for legal services?

Mr. McLeod. No; I didn't. When they asked me what it was for I said the statement speaks for itself.

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

Senator Curtis. What did the statement say?

Mr. McLeod. For legal services.

Senator Curtis. So it is true then, that you conveyed to them the idea that it was for legal services?

Mr. McLeod. Well, I was in an informal meeting with them. I was not under oath.

Senator Curtis. I understand.

Mr. McLeod. And I sidestepped a few things, I think.

Senator Curtis. What else did you sidestep?

Mr. McLeod. Nothing that I can recall.

Senator Curtis. You just said you sidestepped——

Mr. McLeod. I just remembered that because you brought it up. And frankly, I was hoping that would have been the end of the thing. I didn't think it would have ever gone this far.

Senator Curtis. Now coming back to this idea, your contention that a $1,500 gift in this town isn't very big, have you received other gifts during the time that you have been an employee of the Congress of the United States? I am talking about gifts that might have value beyond a box of cigars or candy.

Mr. McLeod. No, sir.

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

Senator Curtis. None. Has the staff interrogated about that?

Mr. McLeod. I don't believe so. They may have. I am not sure.

Senator Curtis. Has the staff ever interrogated you about all your banking connections and any and all savings and loan accounts that you may have had during this period of time?

Mr. McLeod. No, sir.

Senator Curtis. Did you volunteer any information to them?

Mr. McLeod. No.

Senator Curtis. Are you prepared, if asked, to assemble a list of your savings accounts and account for from where the money came?

Mr. McLeod. From where the money came?

Senator Curtis. Yes.

Mr. McLeod. I would have no way of saying where it came from except from my salary and some investments that I have. I couldn't trace that; no. Even the Internal Revenue hasn't asked me to do that.

Senator Curtis. Haven't they? Do you have income beyond your salary? I am not asking you how much. I just want to know.

Mr. McLeod. Yes; I have income.

Senator Curtis. What is the source of it?

Mr. McLeod. Several people that I represent.

Senator Curtis. How long a time have you represented them?

Mr. McLeod. Well, I have represented one concern in South Carolina; I have been on a retainer since about 1957.

Senator Curtis. What is the nature of their business?

Mr. McLeod. Finance business.

Senator Curtis. Finance business. Do they do business in the District of Columbia?

Mr. McLeod. No, sir.

Senator CURTIS. What other types of representation have you had while you have been an employee of the Congress?

Mr. MCLEOD. Well, I have represented the Federal City Council here in Washington.

Senator CURTIS. What is that?

Mr. MCLEOD. It is kind of like a board of trade. It is made up of 100 of the outstanding businessmen of Washington, very wealthy people. I believe Bill Rogers is president of it at the present time—William P. Rogers, former Attorney General.

Senator CURTIS. They promote the city of Washigton?

Mr. MCLEOD. They are interested in legislation. They are interested in anything to the betterment of the city.

Senator CURTIS. How long have you had a retainer from them?

Mr. MCLEOD. Not since—this was since I left.

Senator CURTIS. Oh, since you left?

Mr. MCLEOD. Yes.

Senator CURTIS. I am confining it to the period when you were an employee of the Congress.

Mr. MCLEOD. Oh, well, the only other that I have to my knowledge is that I represented Sperry & Hutchinson once, the stamp people, in South Carolina.

Senator CURTIS. In South Carolina?

Mr. MCLEOD. Yes.

Senator CURTIS. They are the people that have these green trading stamps?

Mr. MCLEOD. That is right; yes.

Senator CURTIS. Trading stamps have been an issue in the District of Columbia legislation, have they not?

Mr. MCLEOD. I don't believe so. I know there—I believe some people were interested one time in trying to repeal the law they have now, but I just don't know. I don't know about that.

Senator CURTIS. Well, what is the law now?

Mr. MCLEOD. Well, they have them now, I think. Don't they? They have trading stamps in the District, I think.

Senator CURTIS. They wanted that repealed.

Mr. MCLEOD. I believe there was a move on to do that.

Senator CURTIS. What services did you render in South Carolina for the S. & H. green trading stamp people?

Mr. MCLEOD. Well, now as an attorney why should I have to disclose to you what——

Senator CURTIS. I don't want you to convey any confidential communications. I want to know the nature of your services.

Mr. MCLEOD. The nature was that I was just on a retainer to help with this bill if it got activated in the legislation in South Carolina.

Senator CURTIS. How much time did you spend on it?

Mr. MCLEOD. Very little. A couple of telephone calls.

Senator CURTIS. This was while you were an employee of the U.S. Congress?

Mr. MCLEOD. Over the what?

Senator CURTIS. While you were an employee of the Congress?

Mr. MCLEOD. Yes, sir.

Senator CURTIS. There has been no trading stamp legislation or proposed legislation or talk of it during the time you have been on this committee?

Mr. McLEOD. Senator, I am not sure. I don't believe so. I just don't remember.

Senator CURTIS. Who got you this retainer?

Mr. McLEOD. I got it from the general counsel of the Sperry & Hutchinson Corp. in New York. I can't remember his name.

Senator CURTIS. Did he know you?

Mr. McLEOD. He was introduced to me; yes.

Senator CURTIS. By whom?

Mr. McLEOD. By a lawyer from New York, I think.

Senator CURTIS. What was his name?

Mr. McLEOD. I don't remember, sir. Maybe I could look it up and tell you, but I don't know.

Senator CURTIS. Who introduced you to the lawyer in New York who introduced you to another lawyer in New York?

Mr. McLEOD. I can't answer that, sir. I don't know. I know that I got the money. It was $2,000 or $2,500. I submitted a bill for a retainer. They paid me. It was deposited and it was declared on my income tax. It may be that I could look it up and tell you, but I don't know.

Senator CURTIS. What caused you to say that a $1,500 gift to a Government employee is not a sizable one?

Mr. McLEOD. I supposed—I don't know why I said it. I guess the way—well, probably I was wrong in saying it.

Senator CURTIS. What facts do you have that caused you to say it is wrong?

Mr. McLEOD. Well, I have a right to change my mind. Now maybe I just changed my mind.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Senator Cooper?

Senator COOPER. In turning to the meeting held in Mr. Baker's office, I believe you stated that the meeting was held after the legislation had been enacted by the Congress authorizing the construction of the stadium?

Mr. McLEOD. Yes.

Senator COOPER. That was an act of September 1959. The meeting was held either in late 1959 or early 1960; is that correct?

Mr. McLEOD. Yes, sir. The legislation had already passed, the original act.

Senator COOPER. However, it was before the bids had been opened and the contract awarded for the construction of the stadium?

Mr. McLEOD. I am sorry; would you repeat that?

Senator COOPER. The meeting in Mr. Baker's office was held before the bids were opened and the contract awarded for the construction of the stadium?

Mr. McLEOD. That is correct; yes.

Senator COOPER. Now at the meeting in Mr. Baker's office, was the question of the contract for the construction of the stadium discussed?

Mr. McLEOD. Was what discussed? I didn't get one word.

Senator COOPER. The contract for the construction of the stadium.

Mr. McLEOD. Yes.

Senator COOPER. Did Mr. McCloskey discuss his interest in securing the contract?

Mr. McLEOD. He mentioned that he hoped he would get the contract.

Senator COOPER. What did he say?

Mr. MCLEOD. As well as I remember, he said something about that there was a lot of cement work to go in the thing, and that was one of the specialties or he specialized in that, and he thought he had a good chance to get it.

Senator COOPER. Did anybody else comment on his possibilities of securing the contract?

Mr. MCLEOD. No, sir.

Senator COOPER. You are sure about that?

Mr. MCLEOD. I don't think——

Senator COOPER. What was your official position in connection with the Armory Board at that time?

Mr. MCLEOD. Well, I was, of course, clerk of the House District Committee which handled the legislation, and then I was appointed as a member of the advisory committee; they have the stadium advisory committee, and they also had several other advisory committees. The one I was on was for the selection of a site, and I believe the other was the awarding of the contracts to the Redskins and the baseball team.

Senator COOPER. Now when Mr. Baker called you, what did he tell you was the purpose of the meeting to be held in his office?

Mr. MCLEOD. As well as I can recall, he just simply said that he was having a meeting in his office about the stadium, and that Mr. McCloskey, who was the bidder, was coming over, and that Mr. McMillan was coming over and would appreciate it if I could come over for a few minutes.

Senator COOPER. At that time had bids been submitted for the construction of the stadium?

Mr. MCLEOD. I don't think so; no, sir.

Senator COOPER. Are you sure about it?

Mr. MCLEOD. Well, I am not sure; no.

Senator COOPER. Did you know Mr. McCloskey was a bidder on the stadium?

Mr. MCLEOD. Did I know he was a bidder?

Senator COOPER. Yes.

Mr. MCLEOD. Yes, sir.

Senator COOPER. Did you think it was proper to go over there and talk about the stadium with the man who was a bidder for the stadium contract?

Mr. MCLEOD. I didn't go over there to talk to him about the stadium. I went over there to this meeting. I didn't know what the purpose of the meeting was.

Senator COOPER. I thought you testified Mr. Baker said that they were going to discuss the stadium?

Mr. MCLEOD. It was about the stadium, yes, but I mean not specifically he was going to talk about it.

Senator COOPER. He told you Mr. McCloskey was going to be there?

Mr. MCLEOD. I don't think the bids had been let.

Senator COOPER. He told you Mr. McCloskey was going to be there?

Mr. MCLEOD. Yes, sir.

Senator COOPER. Did you know at that time that Mr. McCloskey was bidding on the stadium or was going to be bidding on it?

Mr. MCLEOD. Naturally I assumed from that conversation he would be bidding on it.

Senator COOPER. Did you know it when you went over there?

Mr. MCLEOD. I doubt it. I don't think so.

Senator COOPER. Did Mr. Reynolds tell you or Mr. Baker or anyone in your presence at the meeting that because of your connection with the Armory Board you could be helpful in securing the insurance contract?

Mr. MCLEOD. No.

Senator COOPER. Why did you think you were invited over there?

Mr. MCLEOD. Well, if you remember my testimony before, frankly, I didn't know why I was there, and I still don't know why.

Senator COOPER. The insurance contract was talked about?

Mr. MCLEOD. I told you the conversation that Mr. McMillan had. Mr. McMillan, after Mr. Baker and some of them had done some talking, that Mr. McMillan expressed the desire that if anybody could do anything to help Don Reynolds, who was his friend and his constituent from South Carolina, that he would appreciate anything they could do.

Senator COOPER. You did know that when you went there Mr. Reynolds was interested in securing the insurance on either the performance bond or as you have said——

Mr. MCLEOD. No; I did not. I knew nothing about the performance bond, and at that time I knew absolutely nothing about the insurance because I don't——

Senator COOPER. You knew he was interested in securing some type of overall insurance?

Mr. MCLEOD. I knew later on. Not at that time I didn't know.

Senator COOPER. In your prior testimony discussing Mr. Reynolds you stated at page 582:

> I do not know, sir, why he was interested in it. I did not know he had any real interest in it until after I came back from Denmark, and then I think when the bill finally passed he thought he might have some chance of getting the overall insurance contract.

Had he discussed with you this matter of getting the insurance?

Mr. MCLEOD. Yes, sir. I made the statement before, and I will make it again, that he did discuss it with me and told me he would like for me to help him in any way that I could.

Senator COOPER. That was prior to the meeting——

Mr. MCLEOD. No; this was after the meeting. To try to help him get an insurance contract, and I told him that it was a matter of law that you had to let bids on the thing, and that the only place he could go would be to go to the Armory Board and put a bid in, and if he was the low bidder, he would get the contract. There was nothing I could do or anyone else could do to help him.

Senator COOPER. You have stated that the payments made by Mr. Reynolds were for certain services rendered in the past. Can you describe the nature of those services that you had rendered Mr. Reynolds?

Mr. MCLEOD. Well, Senator, there are just many things that are done, like getting hotel reservations, getting airplane reservations, getting inaugural ball tickets, getting baseball tickets, getting football tickets, the things that you are called on day in and day out to do.

Senator COOPER. Why were these bills made out by you to represent services which were rendered after this meeting, and, in fact, after the contract was let?

Mr. McLeod. Why was the bill made out?

Senator Cooper. Yes.

Mr. McLeod. I have testified that that was the way he had agreed to do it and that was the way he asked me to do it.

Senator Cooper. Services for the future?

Mr. McLeod. He asked me to do this, to make the bill out, and said being an attorney in South Carolina, "If I need your services as an attorney, I will call on you," but he never did call on me.

Senator Cooper. I think you have testified that Mr. Reynolds told you that Mr. Baker had been active in aiding the passage of the stadium bill in the Senate; is that correct?

Mr. McLeod. Yes, sir.

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

Senator Cooper. What did he tell you about that?

Mr. McLeod. Well, if you will remember when I testified before, I think when the most controversial part of this stadium thing came up, which was an amendment to the original act, it was House bill H.R. 892, and it became Public Law 86–378, the most controversial part of this thing came up, I was in Europe at the time. I was in Copenhagen in Denmark, and I didn't know what was going on about the thing, and apparently they got the bill out of the House, and as Mr. Gross said, for some reason he wasn't there to object to it. It came over to the Senate, and the Senate amended it, I don't remember how, but just a couple words. It went back to the House. The House agreed to the amendments and Mr. Gross had objected to it, and the only way they could get it back was to recall the bill, which they did. Senator Bible recalled the bill. And I think Mr. McMillan and Senator Bible had several conferences about the thing, and then when I came back after the thing had passed, Mr. Reynolds told me that he had called on Mr. Baker to help him in this, with the Senate, and he had helped.

Senator Cooper. Did he tell you what Mr. Baker had done with respect to the bill in the Senate?

Mr. McLeod. No, sir.

Senator Cooper. You said you knew at the time Mr. Reynolds paid you a thousand dollars that he was flush with money. What do you mean by that? How did you know he was flush with money?

Mr. McLeod. Well, he told me so.

Senator Cooper. He just told you that he was flush with money. Did you know at the time he paid you $1,000 and later $500 that he had also paid Mr. Baker $4,000?

Mr. McLeod. I didn't know it until I was in Major McLendon's office, I believe prior to my testifying in executive session that I believe we found it in the hearings. You showed it to me.

Senator Cooper. Senator Curtis asked you about a statement you made in your previous appearance before the committee in which you commented that you didn't think a gift of $1,500 was much of a gift in this town, or something to that effect. Then you also talked about other gifts to you. Now, do you know of any other gifts that have been made by persons interested in legislation to any employee of the Senate or any Member of the Senate?

Mr. McLeod. Do I know personally?

Senator Cooper. Yes, to your own knowledge?

Mr. McLeod. No, sir.

Senator COOPER. What did you do with this money that was a gift to you by Mr. Reynolds?

Mr. MCLEOD. It was put in the bank. If you have a copy of the hearings, the check is in there with the endorsement of the bank.

Senator COOPER. In your account?

Mr. MCLEOD. Yes, sir. I am not sure whether I put it in my account or in my children's account.

Senator COOPER. At one point you testified that you put it in your children's account.

Mr. MCLEOD. I may have or may not have. Probably they got it in the long run anyway.

Senator COOPER. It was for the children?

Mr. MCLEOD. Yes, sir; it went in the educational fund; I have a trust fund.

Senator COOPER. Is it still held——

Mr. MCLEOD. Sir?

Senator COOPER. Is it still held in the—in an account for your children?

Mr. MCLEOD. Yes, sir.

Senator COOPER. You served as clerk of the House Committee for the District of Columbia for 17 years?

Mr. MCLEOD. About that time; yes.

Senator COOPER. I am sure that the Senate District Committee has enacted legislation and I am sure in the House legislation also has been passed authorizing the construction of projects in the District of Columbia. Have you ever received any gift or fee or any kind of compensation in connection with any other construction project authorized by legislation? Have you ever received any money at all?

Mr. MCLEOD. No, sir.

Senator COOPER. Do you know of anyone else who has?

Mr. MCLEOD. No, sir.

Senator COOPER. You don't know of any other person that has received any money?

Mr. MCLEOD. Do I know it to my own knowledge?

Senator COOPER. To your own knowledge.

Mr. MCLEOD. No, sir.

Senator COOPER. I think that is all.

Senator CURTIS. One more question and I will yield. Do you have any stock in the MGIC?

Mr. MCLEOD. No; I do not, sir. I wish I did have. [Laughter.]

The CHAIRMAN. Senator Pell?

Senator PELL. Mr. McLeod, how do you account for the discrepancy between your statements and those of Mr. Reynolds, because there have been discrepancies?

Mr. MCLEOD. Well, I can't answer that. I can only let the committee take me for what I am and take him for what he is. You will have to make that decision yourself.

Senator PELL. Am I correct in saying that these gifts from Reynolds plus the one you got from the police association were the only gifts you got in the course of your career as a clerk of the House committee?

Mr. MCLEOD. Yes, sir.

Senator PELL. Did it not strike you as incorrect, unsuitable, wrong, to receive a gift of this size from Mr. Reynolds?

Mr. MCLEOD. No; under the circumstances, no.

Senator PELL. Thank you.

The CHAIRMAN. Any further questions? Major?

Mr. MCLENDON. Yes, sir; one or two questions. Mr. McLeod, what is the significance of the fact that these two invoices appear on your stationery with the title "Bishopville, S.C."?

Mr. MCLEOD. That is my home in South Carolina.

Mr. MCLENDON. You maintain a law office there?

Mr. MCLEOD. I do in my hometown; yes.

Mr. MCLENDON. You mean at the time these invoices were rendered——

Mr. MCLEOD. Yes.

Mr. MCLENDON (continuing). All the time you were serving as secretary to the House committee?

Mr. MCLEOD. Well, I just had an office; I mean it was an office in the home is what it was.

Mr. MCLENDON. You indicated by answers to questions here that you did some law practice there.

Mr. MCLEOD. No; I beg your pardon; I didn't say that.

Mr. MCLENDON. Maybe I misunderstood you. I thought you said it.

Mr. MCLEOD. I said I represented some people, I was under retainer; what I was handling was legislation.

Mr. MCLENDON. You handled that from South Carolina or from here?

Mr. MCLEOD. Pick up the phone and handle it from here.

Mr. MCLENDON. Were you under retainer from anybody while you were still serving as secretary to the House committee that required of you services in connection with legislation?

Mr. MCLEOD. In the District?

Mr. MCLENDON. Yes.

Mr. MCLEOD. No.

Mr. MCLENDON. You are sure about that?

Mr. MCLEOD. Yes.

Mr. MCLENDON. Have you told the committee all that you know about Reynolds' interest in the stadium bill?

Mr. MCLEOD. Yes, sir; I certainly have.

Mr. MCLENDON. There is nothing else you know about it?

Mr. MCLEOD. Nothing. I have tried to be perfectly frank with this committee.

Mr. MCLENDON. All right. That is all.

The CHAIRMAN. Thank you, Mr. McLeod.

Mr. MCLEOD. Yes, sir.

Senator CURTIS. Do I understand—one other question—do I understand this employment for the trading stamp company was after you left Government service?

Mr. MCLEOD. No, sir; you asked me while I was in Government service.

Senator CURTIS. Yes, sir; I did.

Mr. McLeod. But I also said it was in South Carolina. It was a retainer in South Carolina.

The Chairman. Thank you very much, Mr. McLeod. Mr. Baker? Mr. Baker, will you and your attorney come forward and take a seat, please, sir?

Mr. Baker, it is necessary that I read to you an opening statement in order that you might know your rights and privileges before this committee before you are sworn.

A quorum being present, the committee will please come to order. This committee is acting by direction and under the authority of Senate Resolution 367, agreed to on September 10, 1964, and Senate Resolution 212, agreed to on October 10, 1963. Senate Resolution 367 renews the powers authorized by Senate Resolution 212 and broadens the scope of the jurisdiction conferred.

The Committee on Rules and Administration has now been granted the power to investigate all interests or activities of present or former Members, officers, or employees of the U.S. Senate for the purpose of determining whether such interests or activities have involved any violation of law or other impropriety or have reflected unfavorably upon the integrity of the Senate, and whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interests or activities.

The study and investigation authorized by this resolution is directed to give particular emphasis to the allegations raised in connecton with the construction of the District of Columbia Stadium and matters related thereto. The committee believes that witnesses who are called to testify possess information which is material and pertinent to the subject matter under investigation as authorized, and will aid the committee in the fulfillment of its legislative purpose.

The Chair advises each witness that he is entitled, under the rules of procedure adopted by the committee, to retain and be accompanied by counsel who may advise the witness of his legal rights during the course of the inquiry, but who shall not coach or answer for the witness. Should the witness not fully understand any question directed to him, he may ask for clarification. The committee will now proceed to hear the testimony of the witness present under subpena or by request.

Mr. Robert G. Baker. Mr. Baker, will you please stand and be sworn in, sir, take the oath? Do you solemnly swear that the evidence you are about to give before this committee in the matter under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Baker. I do.

The Chairman. Thank you, sir.

Mr. Williams. Mr. Chairman.

Mr. McLendon. State your name and address for the record.

TESTIMONY OF ROBERT G. BAKER, ACCOMPANIED BY EDWARD BENNETT WILLIAMS, ATTORNEY

Mr. Baker. My name is Robert G. Baker; my address is 5115 Van Ness Street, Washington, D.C.

Mr. McLENDON. Are you accompanied by your private, personal counsel?

Mr. BAKER. Yes, sir; I am, Major.

Mr. McLENDON. Will your counsel state his name and address?

Mr. WILLIAMS. Yes, sir. My name is Edward Bennett Williams and my office is in the Hill Building in Washington, D.C. Mr. Chairman, at this time, I would like to invoke rule 11 and ask that the television cameras and the newsreel cameras and the news photographers' cameras and the lights that are incident thereto be turned off this witness on the grounds that they serve as a distraction, harassment, to the witness and that they further contribute to the physical discomfort of the witness as provided in rule 11.

Senator CURTIS. May I ask a question of counsel before action is taken on that? If these lights and cameras are turned off, does the witness expect to testify or avail himself of his constitutional privilege not to testify?

Mr. WILLIAMS. I don't think, if I may say so, Mr. Chairman, that that is germane, whether or not the lights are turned out, and I don't think there is any obligation on our part to state in this frame of reference, while the committee is considering whether the lights should be turned out, what the witness will or will not do. In fact, it isn't possible to make that judgment until the questions are propounded to the witness.

Senator CURTIS. I might say that rule 11 is not an absolute right on the part of a witness. It is a matter of discretion on the part of the committee, and other investigating committees on the Hill, to take into account whether or not the witness is willing to cooperate and provide the committee with all the information available at his command. And I think that that is pertinent to know before the committee acts upon his request.

Mr. WILLIAMS. Again, if I may say, Senator Curtis, I think that if you will examine the applicable law in the District of Columbia, you will find that this witness does have a right to make his answers, whatever they may be, absent these klieg lights and newsreel cameras and television cameras and news photographers. The decided case on that point in this jurisdiction is *United States* v. *Kleinman*, which was decided in 1952 and which you can find in 100 Fed. Supp. at page 408, which directly passed upon this question, and, in addition to invoking rule 11, which was promulgated by the committee, I also invoke the law of the District of Columbia as promulgated by the courts here.

Senator CURTIS. Was it this committee?

Mr. WILLIAMS. It was not this committee. It was in 1952, Senator Curtis.

Senator CURTIS. What committee was it?

Mr. WILLIAMS. It was the so-called Kefauver committee, which was the committee examining into organized crime on behalf of the U.S. Senate.

Senator CURTIS. Well, we can save an awful lot of time and I am sure you know whether or not your witness is going to testify or whether he is going to take the fifth amendment. Now, if he is going to

testify fully and freely and give all information that he has, I, as one member of the committee, want to cooperate with him in every request that he wants to make if it is humanly possible.

Mr. WILLIAMS. The rule as I read it, Senator Curtis, doesn't have any provision in it that a witness must give evidence in order to avail himself of the rights accorded to him here, nor as I read the decision to which I just referred does it make any reference to what he does. In fact, the witnesses in the case of *United States* v. *Kleinman* happened to be witnesses who did avail themselves of their constitutional rights under the fifth amendment, and the court expressly passed upon this, and I would like the same consideration shown to this witness as was shown to the previous witness and have these lights turned out.

I might also say, Senator, while we are on the subject, that I would like to find out from the committee, if I may, sir, which of these microphones are transmitting or are here for the purpose of transmitting the witness' voice outside of this hearing room. I have no objection to any microphones that are here on the table for the purpose of amplifying the witness' voice for the purpose of the committee so that they may hear him fully, but I have sharp objection to any microphones on this table which transmit his voice outside the hearing room because rule 8 of the committee rules affords him the right to counsel, as was just articulated by Senator Jordan, and I don't believe that he can have meaningful counsel so long as there is a live microphone before us transmitting our voices outside of this hearing room to places unknown to us.

Senator CURTIS. On what grounds?

Mr. WILLIAMS. Because it would constitute an invasion of the constitutional right to privacy guaranteed to the witness which is incident to his right to counsel.

Senator CURTIS. This is not a private hearing. This is a public hearing.

Mr. WILLIAMS. I readily accede to that, Senator Curtis, but he does have the right to counsel and if the right to counsel is to be meaningful then I suggest to you, sir, that that counsel must be given to him in private and he has the right to a confidential conference with his lawyer and I suggest to you, sir, that he cannot have that so long as there is a live microphone before him.

Senator CURTIS. Are you suggesting that the room be vacated of all the press?

Mr. WILLIAMS. No; of course not, because the press cannot hear what I am saying to Mr. Baker. They have no right to hear it because it is a confidential communication. But I found out, as the result of my last experience before this committee, that when I was conferring privately with Mr. Baker that our whispered conferences were being carried over the air and that is the basis for my objection to the live microphones.

Senator CURTIS. Well now, Mr. Williams, you could expedite our action here a great deal, and benefit your client if you would let us know whether or not he is going to answer questions today.

Mr. WILLIAMS. I think, Senator, for me to answer this question would be improper for two reasons. No. 1, it would be an acquiescence

in your position that what answers he is going to give are germane as to whether or not he should be photographed on live television or for newsreel cameras, and I don't think it is. No. 2——

Senator CURTIS. He is going to answer questions that are germane to this investigation?

Mr. WILLIAMS. No. 2, as a lawyer, Senator Curtis, you know that that kind of question cannot be answered in a vacuum. I can't tell you what Mr. Baker is going to respond to a specific question until the question is propounded to him.

Senator CURTIS. Now, can we rely upon that; that there will be some questions answered and some the privilege will be taken?

Mr. WILLIAMS. I didn't say that, Senator Curtis.

Senator CURTIS. You said you did not know what his response would be.

Mr. WILLIAMS. That is exactly so. But that does not mean, Senator Curtis, that you may rely on the fact that he is going to give answers to any questions because it may be that I will advise him not to answer the questions that are asked him, and that might include all of them and it might not, but I can't make that judgment in a vacuum. I don't know what questions you are going to ask him.

Senator CURTIS. I am sure that you have some idea of what this investigation is about.

Mr. WILLIAMS. Yes, sir; I do have an idea of what the investigation is about, but that doesn't afford me an inference as to what you are going to ask him, sir.

Senator CURTIS. Everything I ask him will be about his operations encompassed within the purview of the resolution, I assure you. Mr. Chairman, I won't carry on this dialog any more. Some of the others may want to inquire. So far as I am concerned, any witness that brings in a statement from his doctor or anything else, any other such statement, who is harassed by these things, I want to go the full length of cooperating with him. But if a former public official absolutely refused to give this committee any information because some of his information will be of protection to innocent people, too, I am not for granting the request under rule 11. That is all I wish to say.

The CHAIRMAN. Senator Cooper?

Senator COOPER. I would like to state my position on this matter. I will preface it by saying that I agree with Senator Curtis that I think Mr. Baker, as a former employee of the Senate, holds a larger duty to testify before this committee about any activities he may have had in connection with his Senate work than a person who had not been an employee. I think this fact was brought out when I asked, at the time the matter was before the committee earlier in the year, that he be recalled in addition to other witnesses who were not called.

But I am basing my vote on this matter upon the legal issues involved. The court has ruled, I recall, in this district at least or in a district court, that any witness has a right to claim as his constitutional right; not only the right to plead the fifth amendment but also to request that television not be used. Curiously enough, the courts so far as I know have not ruled upon the issue of whether or not he can claim to be relieved of testifying before radio. I know the court distinguishes between radio services and television services.

But I always thought as a result of the McCarthy hearings that a committee of the Congress is under the same rule regarding constitutional requirements as a court. While I regret very much that Mr. Baker won't testify and believe he is doing a great disservice to the Senate and our system of government in the country I feel bound to follow the rule laid down by the courts. I will have to vote that way.

Senator PELL. Mr. Chairman.

The CHAIRMAN. Senator Pell?

Senator PELL. I would like to point out to the counsel, too, the lights are just as bright on the Senators, or almost as bright, as on the witnesses. My only thought would be to grant this request to the witness with the understanding he will be a cooperative witness and then reexamine the decision later on.

Mr. MCLENDON. I didn't hear what you said.

Senator PELL. My own thought would be to grant the request to the witness on the assumption he will be a cooperative witness and examine the question later on.

Senator COOPER. I voted because the courts have held that if a witness claims he does not want to appear on television then television cannot be used. However, there is no prohibition by the courts respecting radio coverage.

Mr. WILLIAMS. Senator, I am sorry but I most respectfully contravene you on that. The Kleinman case did specifically hold on radio microphones also. I have the decision here if you are interested in reading it.

Senator COOPER. I know the case; I do not recall that point. But I do believe that the matter has never been passed upon by the Supreme Court. I see no difference in a witness' appearing here on television or on radio. It is a curious contradiction.

Mr. WILLIAMS. I am not objecting to the radio microphones, Senator Cooper, because this is harassment or discomfort to the witness. I am objecting to that because of the fact that such confidential communications as are made between us during the course of this hearing are transmitted over the air, because these microphones are so sensitive that the last time they were here they picked up our whispered conferences.

Senator COOPER. I can't really accept that. You realize that if you wish to consult with him you don't have to do so publicly; you can retire to another room to consult with him.

Mr. WILLIAMS. I don't object to the radio microphones if you are going to accord me that privilege.

Senator COOPER. There is no privilege concerning radio microphones.

The CHAIRMAN. Mr. Williams, I have polled the Democrats on this committee and, of course, you heard Senator Curtis and Senator Cooper.

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. The vote would be this way. We would turn the lights off at your request. But the radio will have to stay on, and the microphones remain live, and you will be allowed to excuse yourself if you want to whisper so that nobody can hear it.

Mr. WILLIAMS. Would you, Mr. Chairman, tell me which are the radio microphones, please, sir?

The CHAIRMAN. I don't know myself unless somebody tells me about it.

Mr. WILLIAMS. There are six microphones in front of us and I assume that two of them are——

The CHAIRMAN. I am advised that they are all connected through the instrument panel over there and that they are all live, so you would be——

Mr. WILLIAMS. All six of them are designed to carry our voices outside the hearing room?

Mr. MCLENDON. Yes.

The CHAIRMAN. That is correct.

Senator CURTIS. I think there are three different ones; is that right?

Mr. WILLIAMS. There are six before us here, Senator.

Senator CURTIS. But you have two people.

Mr. WILLIAMS. Four in front of the witness and two in front of me, and I take it now that all of them are live insofar as they are carrying our voices outside the hearing room.

The CHAIRMAN. I am advised that you can't cut out one without cutting them all off because they are all connected through this system here which is provided in the Capitol broadcasting system. So the television people will please turn their lights out and refrain from televising while this inquiry is being held.

Mr. MCLENDON. The oath was administered to you, was it not?

Mr. BAKER. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. MCLENDON. Mr. Baker, you and your counsel accepted service of a subpena for appearance before the committee. Do you have a copy of it?

Mr. WILLIAMS. I have a copy of it, Mr. McLendon.

Mr. MCLENDON. Will you identify the copy I am passing to you now and say whether or not it is a copy of the subpena which was accepted?

Mr. WILLIAMS. I accepted service for Mr. Baker, Major McLendon, from Mr. Meehan, your chief investigator, and the copy which you have handed to me appears to be in all respects identical with the one that was served upon me for Mr. Baker.

Mr. MCLENDON. Is there any point being made about the adequacy of the service?

Mr. WILLIAMS. No, sir.

Mr. MCLENDON. Any point being made by the witness that your counsel didn't have authority to accept service?

Mr. BAKER. No, sir.

Mr. MCLENDON. Give the copy I just handed to you to the reporter and the reporter will mark it as an exhibit with the appropriate number.

(The subpena referred to is as follows:)

EXHIBIT 27

558

UNITED STATES OF AMERICA

Congress of the United States

To Robert G. Baker

....., Greeting:

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to appear before the ..... Committee on Rules and Administration of the Senate of the United States, on December 2, 1964, at 9:00 o'clock a. m., at the ~~committee~~ Caucus room, 318 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: 1. Any and all documents of any kind showing receipt of money by you from Don B. Reynolds or Don Reynolds Associates, Inc. in 1960 or 1961 in connection with or as the result of the sale by Don B. Reynolds or Don Reynolds Associates, Inc. of the performance bond and insurance to McCloskey and Company as contractor for construction of the D. C. Stadium. 2. Any and all documents of any kind showing the collection or receipt by you of political campaign contributions in 1960 and 1961 from McCloskey and Company or any of its officers or agents, directly or indirectly through Don B. Reynolds or any other person.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To T. Ellis Meehan

to serve and return.

Given under my hand, by order of the committee, this 23rd day of November, in the year of our Lord one thousand nine hundred and sixty-four

Signed A Willis Robertson

Chairman, Committee on Rules and Administration

#57

Nov. 24, 1964

I made service of the within subpena

by Hand To Edward

Bennett Williams, Attorney for Robert E. Blake

the within-named at Williams

office, at

Suite 1000,

F 39 17th NW.

Wash. D.C.

at 12:05 o'clock P m., on

the Twenty Fourth day

of Nov., 1964.

W. E. Ellis Meehan

U. S. GOVERNMENT PRINTING OFFICE 84344

Mr. McLENDON. Mr. Baker, this subpena, service of which you accepted, requires that you bring with you and produce at this, your appearance before the committee, on December 2, 1964, and I quote:

Any and all documents of any kind showing receipt of money by you from Don B. Reynolds or Don Reynolds Associates, Inc., in 1960 or 1961 in connection with or as the result of the sale by Don B. Reynolds or Don Reynolds Associates, Inc., of the performance bond and insurance to McCloskey and Company as contractor for construction of the D.C. Stadium.

That is the first item. My question is: Do you have in your possession here in the presence of the committee any documents so described?

Mr. BAKER. Major, I have the documents here with me that you requested; yes, sir.

Mr. McLENDON. No. 2:

Any and all documents of any kind showing the collection or receipt by you of political campaign contributions in 1960 and 1961 from McCloskey and Company or any of its officers or agents, directly or indirectly through Don B. Reynolds or any other person.

Do you have those documents so described?

Mr. BAKER. Major, I have everything that you requested with me.

Mr. McLENDON. Will you now produce them and exhibit them to the committee?

Mr. BAKER. Major, I refuse to produce these records for the same reasons that I have refused to produce the records called for in the subpena served upon me on February 15, 1964. Those reasons were set forth in detail in the letter of my counsel, Edward Bennett Williams, to Senator Everett Jordan dated February 17, 1964. They were again set forth by me in detail when I appeared before this committee in executive session on February 19, 1964, and again when I appeared in open session on February 25, 1964. Specifically, I assert this:

(1) Today's proceedings are an unconstitutional invasion by the legislative branch into the proper function of the judiciary. I do not intend to participate as a defendant witness in a legislative trial of myself where there are no rules of evidence, where my counsel has no right to cross-examine my accusers or summon witnesses in my defense, when no charges have been furnished to me and when the testimony has been taken both in secret and in the open.

(2) The records are not pertinent to any bona fide legislative purpose.

(3) I am presently being investigated by two agencies of the executive branch: the Federal Bureau of Investigation, and the Internal Revenue Service. To force production of these records against this background would be to do indirectly for these agencies what they cannot lawfully do directly.

(4) A grand jury is presently sitting just three blocks from here for the express purpose of determining whether there is reason to believe that I have broken any law of the United States. If this committee or any witness called before it has any evidence that I have broken the law in any way, that evidence should be put before the grand jury immediately. If the grand jury finds any basis for charging me with wrongdoing, I shall meet these charges in a court of law before a

jury where I can cross-examine my accusers, call witnesses in my defense, and have the charges passed upon in their proper forum.

(5) My telephone conversations have been tapped by Government agents in violation of the criminal statutes of the United States. Until the recordings of these conversations are turned over to me or my counsel, I shall refuse to provide any additional information to any agents of Government.

(6) Against the background which I have outlined, I fear that the documents called for will be used to incriminate me. Therefore, on the advice of counsel, I invoke the protection of the first, the fourth, the fifth, and the sixth amendments to the Constitution and I specifically invoke the privilege against self-incrimination.

Mr. McLENDON. In simple language, you admit that you have the documents described in the subpena with you in the hearing room, but you decline to produce them for the reasons you have just stated?

Mr. BAKER. Major, I have brought to this committee such records as I have as requested by you.

Mr. McLENDON. As described in the subpena?

Mr. BAKER. That is correct.

Mr. McLENDON. Mr. Baker, I have handed you a letter and attached to it an invoice, the letter and the invoice being marked "Exhibit 18." The letter is dated September 14, 1960, purporting to be signed by Don B. Reynolds, and addressed to Mr. Matthew H. McCloskey, 1621 Thompson Street, Philadelphia, Pa., and reads:

> DEAR MATT: Enclosed is invoice as agreed. Please authorize payment at your earliest convenience.
>
> Thank you very much.
>
> Most sincerely,
>
> DON B. REYNOLDS.

The attached document is on the letterhead of Don Reynolds Associates, Inc., Silver Spring, Md., addressed to McCloskey & Co., 1620 Thompson Street, Philadelphia, and the invoice states that the company involved in the issuance of performance bond and general liability insurance is Aetna Casualty Co. The first item on the bill is performance and completion bond. Opposite that the figure $14,198,000, and the premium column where the premium would be stated is blank. The next item is a ditto, name, Aetna Casualty Co., and then the words "general liability" with the amount blank in the premium column and then under the column headed "Amount" is the word "total" and following that figure $109,205.60. My question is: Will you examine those two documents and tell this committee whether you ever saw them, or copies of them, before this morning?

Mr. BAKER. Major, I refuse to answer the question for the same reasons that I have previously refused to answer the questions propounded to me before this committee. Those reasons were set forth in detail in the letter of my counsel, Edward Bennett Williams, to Senator Everett Jordan, dated February 17, 1964. They were again set forth by me in detail when I appeared before the committee in executive session on February 19, 1964, and still again when I appeared in open session on February 25, 1964. Specifically I assert that:

(1) Today's proceedings are an unconstitutional invasion by the legislative branch into the proper function of the judiciary. I do not

intend to participate as a defendant witness in a legislative trial of myself where there are no rules of evidence, when my counsel has no right to cross-examine my accusers or summon witnesses in my defense, when no charges have been furnished to me, and when the testimony has been taken both in secret and in the open.

(2) The questions are not pertinent to any true legislative purpose.

(3) My telephone conversations have been tapped by Government agents in violation of the criminal statutes of the United States. Until the recordings of these conversations are turned over to me or my counsel, I shall refuse to provide any additional information to any agents of the Government.

(4) A grand jury is presently sitting just three blocks from here for the express purpose of determining whether there is reason to believe that I have broken any law of the United States. If this committee or any witness called before it has any evidence that I have broken the law in any way, that evidence should be put before the grand jury immediately. If the grand jury finds any basis for charging me with wrongdoing, I shall meet these charges in a court of law before a jury where I can cross-examine my accusers, call witnesses in my defense, and have the charges passed upon in their proper forum.

(5) I am presently being investigated by two agencies of the executive branch: the Federal Bureau of Investigation, and the Internal Revenue Service. Against all of this background I fear that any answer I might give will be used to incriminate me.

Therefore, on the advice of counsel, I invoke the protection of the first, the fourth, the fifth, and the sixth amendments to the Constitution and I specifically decline to answer because of the privilege against self-incrimination.

Mr. McLendon. Having read that statement twice, is it agreeable to you that hereafter if you interpose the same objection that you can do so by simply referring to the statement?

Mr. Williams. It is agreeable, Major. It was not the same statement; one related to documents and the other related to a question, and it is not our intention to reread it each time if you will permit us to say, "Same answer."

Mr. McLendon. If it is agreeable to the committee——

Mr. Williams. If the same answer is appropriate.

The Chairman. It is agreeable to the committee to use "The same answer" when you so desire, sir.

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

Mr. McLendon. Mr. Baker, I show you another document which has been marked "Exhibit 20." Let the record show that the document previously shown him was in the record of hearings yesterday afternoon, bearing the same number. Will you examine this document which is marked "Exhibit 20" and purports to be a check of McCloskey & Co., payable to Don Reynolds Associates, Inc., 8485 Fenton Street, Suite 308, Silver Spring, Md., in the amount of $109,-205.60, and on the reverse is a reproduction of the endorsements appearing on this check. Will you state to the committee whether you ever saw this check, the original check, or a copy of it?

Mr. Baker. Major, my answer is the same as the answer that I just previously read to you.

Mr. McLENDON. Did you have anything to do with the preparation of the invoice marked "Exhibit 18" about which I previously asked you?

Mr. BAKER. My answer is the same, Major.

Mr. McLENDON. Did you have any conversation with Don Reynolds about that invoice?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did he ever show you a copy of it?

Mr. BAKER. My answer is the same.

Mr. McLENDON. With respect to this check marked "Exhibit 20," did he ever show you that check?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did he ever tell you that he had it?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did you give him advice about how to deposit it?

Mr. BAKER. My answer is the same.

(The exhibits heretofore referred to may be found in the printed hearings, pt. 2, of Tuesday, December 1, 1964.)

Mr. McLENDON. Did you tell him that you had legal advice, naming Mr. Abe Fortas as the lawyer, to the effect that he should open an account in a bank, new account, with this check in a bank, and thereafter issue checks against it in such fashion that no one could trace the proceeds?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did you give him any advice about the deposit of this check?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did you ever have any conference with Mr. Matthew McCloskey about permitting Don Reynolds Associates to act as broker for the performance bond and/or insurance on the District of Columbia Stadium?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did you ever enter into any agreement with Reynolds and Mr. McCloskey by which a bill would be rendered to the McCloskey Co. for an amount in excess of the real and true premium on the performance bond and that this excess amount, which according to his testimony was about $35,000, was to be divided among you, Reynolds, McLeod, and the Democratic campaign fund?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did Mr. Reynolds ever pay you any money in amounts of $5,000 cash at any one time?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did he in fact pay you $25,000 out of the proceeds from this check about which you have been asked?

Mr. BAKER. My answer is the same.

Mr. McLENDON. Did you discuss with him the question of providing campaign funds through this means; namely, of sending a false invoice to McCloskey & Co. which would be paid and the excess funds used for campaign funds?

Mr. BAKER. My answer is the same.

Mr. McLENDON. I believe you previously were asked on your other appearance about the meeting held in your office about which witnesses have testified in 1960—1959—or 1960, I believe, attended by you,

Mr. McCloskey, and Mr. Reynolds, Mr. McMillan, and Mr. McLeod. I ask you now if any such meeting was held.

Mr. BAKER. My answer is the same.

Mr. MCLENDON. Did you introduce Mr. McCloskey to Don Reynolds?

Mr. BAKER. My answer is the same.

Mr. MCLENDON. Were you ever with McCloskey and Don Reynolds anywhere at any time?

Mr. BAKER. My answer is the same.

Mr. MCLENDON. Did you ever attend a breakfast meeting at a hotel in Washington attended by Reynolds, yourself, ex-President Truman, and some person whose identity has not been disclosed?

Mr. BAKER. My answer is the same.

Mr. MCLENDON. And following such meeting did you have any conversation with Mr. McCloskey in the presence of Reynolds about your effectiveness in helping get the stadium bill passed, the possibility that Reynolds could be helpful in getting that passed, and that McLeod could be helpful in getting it passed?

Mr. BAKER. The answer is the same.

Mr. MCLENDON. Do you have any statement that you want to make concerning the allegations and the testimony of Mr. Reynolds to the effect that you did participate——

Mr. BAKER. The answer is the same.

Mr. MCLENDON. Well, you haven't waited for me to ask the question. I will start all over again. Do you have any statement you wish to make to this committee with respect to the testimony of Mr. Reynolds and his allegations, many of which and most of which have been published in the Congressional Record, to the effect that you did have an agreement with McCloskey & Co. to file with him an invoice which was not true for the purpose of obtaining an amount of money in excess of the true premium due to be used for any purpose?

Mr. BAKER. Major, a grand jury is presently sitting just three blocks from this committee room for the express purpose of determining whether there is reason to believe that I have broken any law of the United States. If this committee or any witness called before it has any evidence that I have broken the law in any way that evidence should be put before the grand jury immediately. If the grand jury finds any basis for charging me with wrongdoing, I shall meet these charges in a court of law before a jury where I can cross-examine my accusers, call witnesses in my defense, and have the charges passed upon in the proper forum, and my answer is the same.

Mr. MCLENDON. Since you last appeared before the committee, have you acquired from Fred Black, or from the bank that held it as collateral, some Serv-U stock?

Mr. BAKER. My answer is the same.

Mr. MCLENDON. Are your holdings in the Serv-U Co. now the same as they were at the time you appeared before the committee before?

Mr. BAKER. My answer is the same.

Mr. MCLENDON. I take it from your answer to the previous question that there is no aspect of this investigation that you are willing to testify about before this committee sitting here today.

Mr. BAKER. My answer is the same.

Mr. MCLENDON. That is all, Mr. Chairman.

The CHAIRMAN. Senator Pell?

Senator PELL. I think as a matter of public record we should know whether the grand jury has yet requested the information from us. Has there been any contact between our committee and the grand jury?

Mr. MCLENDON. Well, only through the Department of Justice; not directly by the grand jury.

Senator PELL. But the grand jury has the right to ask for whatever information and records we have, does it not?

Mr. MCLENDON. Well, the committee, as you recall, authorized the Department of Justice to have access to everything we have, and they have availed themselves of that up to this moment and have had access to all the records in the committee's files in addition to the regular transcribed testimony that has been taken in the hearings before the committee.

The CHAIRMAN. I might add to that that the Department of Justice, all of the Government agencies involved, interested, have had complete access to all the files, including yesterday's hearing, that this committee has, not only that have been heard in public, but executive or in interviews. They have all of the information which we have. They have had them almost continuously in our offices, and all information we have had has been made available to those agencies, and we will continue to do that as long as this investigation is conducted.

Senator PELL. Excuse me, Mr. Chairman. I think also as a matter of public record we should point out to the witness that a great deal more is at stake than his own individual welfare. Grave charges are being made, the reputation of our great Senate is being jeopardized and damaged, and I know we all have the hope eventually that these charges will be correctly answered. I realize we are bound by the limits of the law. We obey the law and are governed by the law. In this connection I regret I am not a lawyer, but I only hope that out of this tangle will come the answers which are justifiably needed by our people.

The CHAIRMAN. Thank you, Senator.

Senator Curtis?

Senator CURTIS. Mr. Baker, what position, if any, have you held in connection with the U.S. Senate over the last 5 or 6 years?

Mr. WILLIAMS. Excuse me. Senator, the last time we were here such a question was propounded to Mr. Baker, and I told him to answer the question because I did not see any way in which such an answer could inure to his prejudice legally. I was conscious of the fact that someone might seize on the fact and say that he had waived his rights under the Constitution by answering it.

Senator CURTIS. My purpose in asking the question, I don't mind having the record show, is I want to know whether the gentleman sitting before us is a former employee of the Senate subject to this investigation.

Mr. WILLIAMS. We will stipulate to that, Senator. But I was about to say that the moment I advised Mr. Baker to answer a question which appeared to be wholly innocuous, Senator Scott, who was with us the last time, seized upon it and claimed that Mr. Baker had waived his rights under the Constitution and, therefore, should be held in contempt for not answering subsequent questions. So, for that reason, I would say to you that we would have to take the same position unless

you would be willing to ask the committee not to regard such an answer as a waiver under his constitutional rights in which case I would tell him to answer the question immediately.

Senator CURTIS. I certainly would waive it.

Mr. MCLENDON. You mean as to this particular question?

Senator CURTIS. I wouldn't regard it as a waiver.

Mr. MCLENDON. If all the committee agree to that.

Mr. BAKER. Yes.

Mr. WILLIAMS. I was sure we would come to some questions we would answer, Senator, when we were talking about the television.

Senator CURTIS. Where in the Senate Office Building or in the Capitol did you have an office? And I do not expect to treat the answer as a waiver of any other question. It is my opinion that a constitutional right can be raised in any proceeding at any point and that no man can waive the Constitution.

Mr. WILLIAMS. I take it the committee feels the same as Senator Curtis, and I advise the witness to answer the question.

Senator COOPER. I am not going to accept it, if at some point he gives an answer, that he doesn't waive his rights. I think in this particular case, no, but I don't think you could say that he can't waive his rights. If he makes some statement which opens up the question he can waive his right.

Mr. WILLIAMS. It is a matter for the committee. If the committee is going to contend that by answering this question he waives his rights heretofore asserted I am not going to advise him to answer. But if the committee does not feel this is a waiver I will advise him to answer.

Mr. MCLENDON. You are making a point, Senator Cooper, that you don't think a waiver——

Senator COOPER. That is the matter for him to decide. I don't think we are under any duty to pass on each question. It is up to them to decide whether they want to answer it or not. Certainly I am not going to waive any rights I may have as a member of this committee to ask questions. If he has waived when he makes a statement it is up to him. I am not going to pass on it. It is up to counsel.

Mr. BAKER. Senator Curtis, in view of the discussion you have just had, my answer to your last question about where my office was located would be the same unless you want me to read this statement that I previously read.

Senator CURTIS. No; I don't.

Mr. BAKER. All right, sir.

Senator CURTIS. By answering, you mean an objection to the answer that you read?

Mr. BAKER. My position is that my answer is the same answer that I have previously read and your question——

Senator CURTIS. Which is in the nature of an objection; isn't that right?

Mr. BAKER. It is in the nature of an objection; yes, sir.

Senator CURTIS. All right. Now then, did one Maywood Boggs use your office address as a mailing address?

Mr. BAKER. My answer would be the same.

Senator CURTIS. Did he ever have mail from the MGIC Corp. sent to your office address?

Mr. BAKER. My answer is the same.

Senator CURTIS. Did you ever open any of it?

Mr. BAKER. My answer is the same.

Senator CURTIS. Now, Mr. Baker, the evidence before this committee establishes the fact that you know one Ellyn Rometsch and you traveled some with her. I want to ask you: Did she ever in your presence make any statement about being an employee at any time of any part of the East German Government?

Mr. BAKER. My answer is the same.

Senator CURTIS. Mr. Baker, did you have anything to do with influencing the award of the TFX airplane contract that is the controversy that is being studied by the Committee on Government Operations as to whether or not the award was proper?

Mr. BAKER. My answer is the same.

Senator CURTIS. Did anyone at any time bring you any money, currency, or other thing of value to your office that was in any way connected with the TFX airplane contract award?

Mr. BAKER. My answer is the same.

Senator CURTIS. Mr. Baker, the news media reports a settlement between you and Mr. Ralph Hill, who previously testified before this committee, and our official records show certain business transactions were alleged to have taken place between the two of you. Was such a settlement made?

Mr. BAKER. My answer is the same.

Senator CURTIS. Will you tell the committee what individuals besides your attorney, yourself, Mr. Hill, and his attorney, if there was such a settlement, who had any part in the negotiations or arrangement of that settlement?

Mr. BAKER. My answer is the same.

Senator CURTIS. Did Mr. Walter Jenkins participate in any of the conversations relating to that settlement?

Mr. BAKER. My answer is the same.

Senator CURTIS. Mr. Baker, have you ever had, received any funds directly or indirectly transmitted to you or to others for you, from anyone interested in legislation referred to as legislation affecting freight forwarders?

Mr. BAKER. My answer is the same.

Senator CURTIS. Mr. Baker, did you ever participate in any way with the collection or receipt of money purported to be for political contributions from any official in the International Telegraph & Telephone Corp.?

Mr. BAKER. My answer is the same.

Senator CURTIS. Mr. Baker, have you ever had any business dealings, either in an undisclosed way, secret partnerships or others, with any U.S. Senators or former Senators?

Mr. BAKER. My answer is the same.

Senator CURTIS. Mr. Baker, Mr. Reynolds testified concerning a transaction, to which our general counsel has referred, involving an overpayment of the premium on a performance bond by the McCloskey Co., and part of that overpayment is alleged to have gone for political purposes. Did you handle any part of this?

Mr. BAKER. My answer is the same.

Senator CURTIS. Was it intended for candidates in the 1960 campaign?

Mr. BAKER. My answer is the same.

Senator CURTIS. Did you actively support a candidate or candidates in 1960?

Mr. BAKER. My answer is the same.

Senator CURTIS. Whom did you support?

Mr. BAKER. My answer is the same.

Senator CURTIS. It is hard to believe that would incriminate you.

Mr. WILLIAMS. If the committee will regard the answer as not waiving his constitutional rights as heretofore asserted I will be glad to waive it. I will advise him to waive it.

Senator CURTIS. I have no further questions.

Senator PELL. Mr. Counsel, may I ask a question? If the answer is "No," does that include a waiver of the rights?

Mr. MCLENDON. That is a fine legal question and it may be debatable.

Mr. WILLIAMS. I don't think it is debatable, major. I think it is clearly a waiver, Senator. That is my view of it.

Mr. MCLENDON. It depends on what the question is, I think.

Mr. WILLIAMS. Well, the questions that the Senator from Rhode Island is referring to I think were the last series with respect to——

Senator PELL. Yes.

Senator CURTIS. I shall not pursue it.

Mr. MCLENDON. I thought he was referring to all questions.

Senator PELL. My question is if the answer is "No." Is that a waiver of his rights?

Mr. MCLENDON. It depends on the question.

Senator PELL. For instance, I was thinking of the questions of Senator Curtis.

Mr. MCLENDON. Yes; I think it would be.

Senator PELL. It would be.

Mr. WILLIAMS. In other words, Senator Pell, if Mr. Baker were asked if he participated in the Brink's robbery under the rule he has imposed here he would have to refuse to answer because it might be regarded as a waiver and that is why he has refused to answer many of these questions here because there has not been a willingness to accede to our request that it not be a waiver with respect to his position heretofore asserted.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Mr. Chairman, first I want to ask whether Mr. Williams is trying to place the burden on this committee in determining whether his own client waives his constitutional rights? I don't accept this viewpoint.

Mr. WILLIAMS. I don't think the burden is on you.

Senator COOPER. We cannot accept your contention. The witness determines whether or not he will answer and what kind of questions he will answer, and we can't waive our constitutional rights to proceed. If he answers a question which we believe constitutes a waiver of his constitutional rights then we can pursue it and if he refuses to answer the question he can be cited for contempt. I want to make it clear that so far as I am concerned we have not made any decision here which he can claim accords him a right to refuse to answer questions. That is a right of the witness, not of this committee.

Mr. WILLIAMS. Senator, I don't think we have any disagreement on the law. I think the burden is on the witness and his counsel to make that decision, but in an effort to cooperate with the committee and yet not imperil this witness' rights, I asked the committee whether it would regard some of the answers as a nonwaiver. The committee said, "No," and so out of an abundance of caution I have to advise him as I have advised him so he will not imperil or jeopardize any of the rights he has asserted here. I didn't suggest the burden was on the committee to make this decision for me. I welcome its assistance so I can reciprocate and advise him to answer some of the questions.

Senator COOPER. So far as I am concerned, I want to make certain that we make no decisions about what the witness does in answering questions. He makes his own decisions. I will just ask this question to determine whether or not I will ask any further questions. Mr. Baker, will you tell the committee whether or not you will continue to refuse to answer questions that will be addressed to you, might be addressed to you, by me or other members of the committee?

Mr. BAKER. My answer is the same, Senator.

Senator COOPER. In explaining at the outset of this session of this committee that you were claiming the right to remain silent and not testify, you said in substance several times that a grand jury is sitting, and that if any member of the committee has any evidence it should be presented to the grand jury. I think that was the substance of your statement. I draw the implication from your statement that you consider that we do not know of any evidence of wrongdoing. If this is so, then might I ask why you do not testify to the committee and explain your position in various matters before the committee and why you do not clear yourself and any other innocent person?

Mr. BAKER. My answer is the same, Senator.

Senator COOPER. I have one other question: Since the hearing was reopened, I think it has been made clear, if it has not been made clear before, that the scope of the hearing includes not only employees and former employees of the Senate but present and former Members of the Senate as well. May I ask if you will tell the committee of any facts that you know concerning any wrongdoing or improper conduct or any conflict of interests respecting any Member or former Member of the Senate?

Mr. BAKER. My answer is the same.

Senator COOPER. I have no further questions.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Nothing further.

The CHAIRMAN. Senator Pell?

Senator PELL. No.

The CHAIRMAN. Thank you very much.

The committee will adjourn until 2 o'clock. We will meet here again at 2 o'clock.

(Whereupon, at 12:25 p.m., the committee recessed, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

(Present at the opening of the hearing were Senators Jordan, the chairman; Hayden, Pell, and Curtis.)

The CHAIRMAN. The committee will please come to order.

Mr. Matthew H. McCloskey, will you please take the stand, sir, with your counsel?

Mr. MCCLOSKEY. Yes, sir.

The CHAIRMAN. Good to see you, Mr. McCloskey.

Mr. MCCLOSKEY. How are you?

The CHAIRMAN. Mr. McCloskey, it is necessary that I read an opening statement to you in order that you may know your rights and privileges before this committee.

A quorum being present, the committee will please come to order. This committee is acting by direction and under the authority of Senate Resolution 367, agreed to on September 10, 1964, and Senate Resolution 212, agreed to on October 10, 1963.

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

The CHAIRMAN. Senate Resolution 367 renews the powers authorized by Senate Resolution 212 and broadens the scope of jurisdiction conferred. The Committee on Rules and Administration has now been granted the power to investigate all interests or activities of present or former Members, officers, or employees of the U.S. Senate for the purpose of determining whether such interests or activities have involved any violation of law or other impropriety or have reflected unfavorably upon the integrity of the Senate, and whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restraining any such interests or activities.

The study and investigation authorized by this resolution is directed to give particular emphasis to the allegations raised in connection with the construction of the District of Columbia Stadium and matters relating thereto. The committee believes that witnesses who are called to testify possess information which is material and pertinent to the subject matter under investigation as authorized, and will aid the committee in the fulfillment of its legislative purpose.

The Chair advises each witness that he is entitled under the rules of procedure adopted by the committee to retain and be accompanied by counsel who may advise the witness of his legal rights during the course of the inquiry, but who shall not coach or answer for the witness. Should the witness not fully understand any question directed to him, he may ask for clarification. The committee will now proceed to hear the testimony of the witness present under subpena or by request, Mr. Matthew H. McCloskey.

Senator CURTIS. Mr. Chairman, before the witness is sworn, I would like to make another request. This morning the witness William McLeod testified about certain retainers and money that he received from a company engaged in or whose business is trading stamps and premiums of that sort. Over the noon hour information has come to me that there was a bill passed through Congress within the last 4 or 5 years relating to the District of Columbia involving trading stamps, and I would like to request that the staff be directed to ascertain if there was such legislation, what became of it, and what committees handled it.

The CHAIRMAN. I will be glad to direct that to the staff and ask them to get that information.

Mr. McCloskey, will you please stand, sir, and be sworn? Place your left hand on the Bible and raise your right hand, please, sir. Do you solemnly swear that the evidence you are about to give before this committee in the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MCCLOSKEY. I do.

The CHAIRMAN. Thank you very much, sir. Be seated, sir. Major McLendon, you may proceed.

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

TESTIMONY OF MATTHEW H. McCLOSKEY, ACCOMPANIED BY THOMAS D. McBRIDE, ATTORNEY

Mr. MCCLOSKEY. Matthew H. McCloskey, 308 Ingeborg Road, Philadelphia, Pa.

Mr. MCLENDON. Mr. McCloskey, are you accompanied by your personal counsel?

Mr. MCCLOSKEY. Yes, sir.

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

Mr. MCBRIDE. Thomas D. McBride, Philadelphia, Pa. May I make a two-sentence statement regarding our position as to television and radio and so forth?

The CHAIRMAN. You may proceed, sir.

Mr. MCBRIDE. Mr. McCloskey, having cooperated fully with all investigating agencies, including the FBI and this committee, is prepared to testify fully and openly here today to all questions asked him which are within the scope of the investigation. As to television and radio, if the committee can take it, if the newsmen sitting around here can take it, so can Mr. McCloskey.

The CHAIRMAN. That is the most unusual statement we have had in quite a while. We appreciate it very much. You may proceed, sir.

Mr. MCLENDON. Mr. McCloskey, would you mind telling us your age?

Mr. MCCLOSKEY. Well, if I live until the 26th day of next February, I shall be 72.

Mr. MCLENDON. What business are you engaged in?

Mr. MCCLOSKEY. Well, that is a very difficult question to answer. I retired from the construction business when I went to Ireland as Ambassador, and I resigned in June of this year, and since that time I have been putting in my time doing what might come naturally from day to day, poking my nose into anything that I think might interest me, but I wouldn't say that I am engaged in any particular business at this minute.

Mr. MCLENDON. Are you an officer in McCloskey & Co.?

Mr. MCCLOSKEY. Not only am I not an officer but I am not even a stockholder.

Mr. MCLENDON. Were you an officer of that company in 1959 and 1960?

Mr. MCCLOSKEY. I was president of the company at that time.

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

Mr. McLENDON. In those 2 years?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. What kind of business was that company engaged in, briefly?

Mr. McCLOSKEY. Construction, building construction.

Mr. McLENDON. Did that company have a number of contracts in the District of Columbia in 1959 and 1960?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. Does the company do business in other States?

Mr. McCLOSKEY. Yes.

Mr. McLENDON. Was it at that time doing business in other States?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. Were you active in the business of the corporation in 1959 and 1960?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. Did you devote any of your time personally to the supervision of contracts that the company had?

Mr. McCLOSKEY. Some.

Mr. McLENDON. During 1959 and 1960 did you have any official connection with the Democratic National Committee?

Mr. McCLOSKEY. I was the treasurer of the Democratic National Committee from January 1955 until April of 1962.

Mr. McLENDON. Did you maintain an office?

Mr. McCLOSKEY. Yes.

Mr. McLENDON. Where?

Mr. McCLOSKEY. Here in Washington. First we were at 1001 Connecticut Avenue. Then we moved around to L Street and then finally back into K Street.

Mr. McLENDON. Did you use that office exclusively for your official position and duties in connection with the campaigns?

Mr. McCLOSKEY. And for no other purpose.

Mr. McLENDON. No other purpose. It was not in any way used by your corporation?

Mr. McCLOSKEY. No. We had our own office.

Mr. McLENDON. When did you first become acquainted with Robert G. Baker?

Mr. McCLOSKEY. That would be a very difficult question to answer, but my guess is that it was some time about the time I took on the job as national treasurer. It may have been before that, 1955.

Mr. McLENDON. How well acquainted with him did you become?

Mr. McCLOSKEY. I became very well acquainted with him. As treasurer we had many things in common. We had a lot of things that we had to do together, and as a result I was able to get to know him quite well.

Mr. McLENDON. Did you ever visit his office, the office of the secretary to the majority here in the Capitol?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. How often did you visit? I am continuing to refer to 1959 and 1960.

Mr. McCLOSKEY. You mean just in those 2 years?

Mr. McLENDON. Yes, sir.

Mr. McCLOSKEY. Not too many times. Most of our business we would do by telephone. Occasionally I would drop in if I were in

the neighborhood. We sometimes—we were building the House Office Building at the time, and we would stop in maybe to the Architect's Office over there, Stewart's. Bobby was just one flight above. I might run upstairs and sit down and chat with him a little bit.

Mr. McLENDON. Did he ever come to your office to see you?

Mr. McCLOSKEY. I wouldn't say that he never did, but I have no recollection of him as coming there.

Mr. McLENDON. Mr. McCloskey, I had reference to your construction office.

Mr. McCLOSKEY. Yes; that is what I said.

Mr. McLENDON. Did he ever come to your construction office?

Mr. McCLOSKEY. Not only the construction office; I don't recall him ever coming to the office of the Democratic Committee, either.

Mr. McLENDON. Mr. McCloskey, the committee has evidence before it tending to show that sometime in the fall of 1959 or early 1960—the exact date has not been fixed very definitely by witnesses—there was a meeting in Robert G. Baker's office, the office of the secretary for the majority, which you attended. Can you tell the committee whether you did attend such meeting?

Mr. McCLOSKEY. Yes. I know the meeting that you refer to and I attended together with one of our vice presidents, Mr. William K. Stewart.

Mr. McLENDON. Can you help the committee fix the day, Mr. McCloskey?

Mr. McCLOSKEY. Yes; I think so. I think it was probably late April or early May.

Mr. McLENDON. 1960?

Mr. McCLOSKEY. 1960.

Mr. McLENDON. Late April or early May?

Mr. McCLOSKEY. Yes.

Mr. McLENDON. Who else do you recall were present?

Mr. McCLOSKEY. Well, I know that Bobby Baker was there and that Mr. Reynolds was there. Since this investigation has been going on, I of course have read in the papers that there were two other people present there. If I hadn't read that in the paper, I would not have recalled that they were there, because I mean there wasn't any reason for me to remember at all. But I understand that Mr. McMillan and McLeod were there, they tell me.

Mr. McLENDON. Are they the two you wouldn't have recalled, you say, if you hadn't read it in the paper?

Mr. McCLOSKEY. Yes. I don't know either of the gentlemen, and that is the only time that I ever saw them if they were there, and I have never seen them before or since.

Mr. McLENDON. Can you tell the committee how this meeting happened to be arranged, and by whom?

Mr. McCLOSKEY. Well, that is a difficult thing also to say, because as I said, it was quite frequently we would stop in there, but it seems to me I went into the office—whether it was prearranged or not I couldn't tell you—but I was there and these people that I tell you about were there.

Mr. McLENDON. Were you introduced to Mr. Don B. Reynolds at that meeting?

Mr. McCLOSKEY. Yes; and whoever else was there I was introduced to.

Mr. McLendon. To the other people who were there?

Mr. McCloskey. Yes.

Mr. McLendon. What transpired at that meeting, Mr. McCloskey?

Mr. McCloskey. Well, there was some conversation about this new stadium that was going to be built here in Washington, and whether or not our company would be interested in bidding on it, and of course as the record will indicate, any building of that magnitude down here we always bid on. So I told them it was very probable that we would be bidding. I wouldn't know of any reason why we wouldn't be. Then Bobby told me that if we bid the job and got the contract, he had an interest in the firm of Don B. Reynolds Insurance, and that he would be very grateful if I would let him write whatever insurance we could arrange.

And of course at the time I wasn't even sure we would bid the job and, too, we had to get the job before I could be able to do it. So I didn't think I was making too much of a commitment at the time when I said of course I would be glad to do it. So that when we bid the building—we finally did bid it; we were the successful bidders—why we let them write this insurance for us.

Now at the time we had this meeting, Mr. Reynolds, Mr. Stewart, and Baker and I, we were talking about what insurance he talked about writing. He said they were primarily interested in writing the bond, but that he was equipped to write all the other insurance. He and Reynolds said he would like to write it all. I told him that I wasn't certain as to how much of the other insurance we could let him write, but that I would have to turn him over to Mr. Stewart who would work out and let him write any insurance that will be agreeable to write that wouldn't cost McCloskey & Co. any more money than what we were having to pay. So whatever the additional insurance that he wrote besides the bond was negotiated between Stewart and Reynolds. I hadn't anything to do with that.

Mr. McLendon. Where did this conversation that you have just narrated take place?

Mr. McCloskey. In Mr. Baker's office at that meeting that I am telling you about.

Mr. McLendon. Were the other people all there at that time?

Mr. McCloskey. I don't know. I wouldn't say yes or no. I thought that one of them got up and went out. I wasn't sure. But whatever they testified to I would subscribe to. I wouldn't contradict them. If they said they were there or if they said they didn't, I wouldn't contradict them.

Mr. McLendon. Was that the extent of your conversation with Baker and Reynolds?

Mr. McCloskey. Well, maybe aside from some pleasantries or something else that hadn't any—this was all I know that had to deal with this particular business at point here.

Mr. McLendon. Subsequent to that meeting in the office of Baker that you have been testifying about, did you turn out to be the successful bidder, your company?

Mr. McCloskey. Yes, sir. I think there were 11 or 12 bidders, and that we were the lowest among them.

Mr. McLendon. Who handled the filing of the bid for your company?

Mr. McCLOSKEY. Well, William J. Ryan was our chief estimator, and I know that I wasn't there the day the bid went in. I had been in Washington the night before, I think, in going over some of the figures with them, but they put it up and I am not too certain. I would have to find out who filed the bid.

Mr. McLENDON. Did you attend the opening of the bids?

Mr. McCLOSKEY. No; I did not.

Mr. McLENDON. Did you attend the awarding of the contract?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. Did you have anything to do with any communication directly with the Armory Board or anyone representing the Board, with respect to the bids?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. The opening of the bids or the awarding of the contract?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. Who were those details handled by in your company?

Mr. McCLOSKEY. Well, usually what happened I think in this instance was that they took bids on a certain date, and they were not able to advertise for the sale of the bonds until they knew how much this was going to cost. And as soon as the bids were opened, I think if I am not mistaken now—the record would indicate what transpired—I think there was a 30-day lapse from the time we bid the job until they advertised and sold the bond. And when they sold the bonds, and found out that they had been sold, they called up and wanted to—they called someone in our organization—not me—and said that they wanted to have the signing of the contract right away, and would we get the representative of the bonding company to come, I think, to the office of the Armory Board. I am talking from hearsay. And so everybody went down there to the Armory Board, and I think there was some kind of a ceremony on the signing of the contract and the filing of the necessary papers.

Mr. McLENDON. You were not there?

Mr. McCLOSKEY. I was not there.

Mr. McLENDON. Now, when you found that you were the low bidder and that you would be awarded the contract, did you communicate with Baker with reference to this insurance and bond question?

Mr. McCLOSKEY. I don't think I communicated with him. I think he communicated with me.

Mr. McLENDON. Well, you tell what happened.

Mr. McCLOSKEY. Well, he called on the phone—I am not too certain whether he called me or whether he called Mr. Stewart—to congratulate us on being the low bidder, and hoped that we wouldn't forget to let them write this insurance.

Mr. McLENDON. What happened then?

Mr. McCLOSKEY. Well, I don't know what happened next after that.

Mr. McLENDON. Did you have a meeting with him and Mr. McHale and Reynolds?

Mr. McCLOSKEY. No. What happened was we do all of our business with the Aetna Casualty & Surety Co. They write all our bonds. It doesn't make any difference where, in what State, or where we are

located. We found out over the years that if you can confine yourself to some company that knows how you are and what you are, why you don't have all of the difficulties that you encounter once in a while in getting bonds. They know who you are and they are willing to write it.

All we do is call them on the telephone and tell them to have their representative here, which they did, and they signed this bond, and they—naturally, they thought it was going to go through Hutchinson, Rivinus. I have examined the record up there, and found out that Hutchinson, Rivinus billed McCloskey & Co. direct for the bond, and when that bond came in there, Mr. Stewart found out that they had billed direct; he came and told me about it and I said, "Now, we are going to have to put this through Reynolds." And so we sent the bill back to Hutchinson, Rivinus and told them to bill the Reynolds agency, because they were going to be the broker of record. And so that is what was done.

Then when I told that to my son-in-law, he said that their company thought that they ought to meet with Mr. Reynolds, and so they would know who they were doing business with. So I called Bobby Baker and asked him would he set up a meeting. It was going to be down in Washington, and we had breakfast one morning at the Mayflower Hotel—Reynolds, Baker, McHale, and myself—for the purpose of letting Mr. McHale know who these people were that he was doing business with. There was nothing more than just an acquaintance meeting. We had our breakfast and so they could get to know each other, and left. And that was that.

Mr. McLENDON. Was ex-President Truman present?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. Did you ever meet with Reynolds and Baker at any hotel for breakfast with ex-President Truman?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. At this meeting that you narrated, breakfast at the Mayflower, was any decision made with respect to what business the Reynolds Co. would do; that is, whether he would write the bond or whether he would write the insurance or anything of that sort?

Mr. McCLOSKEY. No, because I understand that Reynolds and Stewart had already made some arrangements for what he could or couldn't do.

Mr. McLENDON. And you did not participate in that?

Mr. McCLOSKEY. No; I did not.

Mr. McLENDON. Mr. McCloskey, there is evidence before the committee to the effect that a meeting was held at the Mayflower Hotel for breakfast attended by you, Mr. Reynolds, and Mr. Baker, President Truman, and one other person who was not identified, and that you and Baker and Reynolds after the breakfast walked off to one side, and that you and Reynolds and Baker had a conversation with respect to writing the bond, the performance bond on this contract for the construction of the stadium, so that it would be billed to your company in excess of the real amount of the premium, and the excess money used in other ways.

Mr. McCLOSKEY. That is not correct, sir; no such conversation ever took place.

Mr. McLENDON. Then or at any other time?

Mr. McCLOSKEY. At no time, ever.

Mr. McLENDON. Was that ever mentioned to you by anyone?

Mr. McCLOSKEY. Not until I read it in the newspapers.

Mr. McLENDON. The evidence is to the effect that this meeting was held before the stadium bill was passed by the Congress and that you were told that Mr. Reynolds could be helpful in getting the bill passed, Mr. Baker could be helpful, and I believe there was mentioned also Mr. McLeod. Did any conversation like that take place?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. What, if anything, did you do in connection with the passage of the stadium bill?

Mr. McCLOSKEY. Well, that really strikes me a little funny. After all, you know I think that back in those days I was a pretty busy fellow. We did maybe $25 or $30 or $40 million worth of construction business a year, and in 1959 and 1960 that they are talking about—as a matter of fact I deny that I ever talked to Reynolds or Baker about this in 1959; it was in early 1960; we were in the throes of a campaign at the time, and between the job that I had in the Democratic National Committee and the other things that I was involved in, I certainly wasn't getting myself involved in trying to get any legislation through.

I don't think there are many Senators or Congressmen that I haven't had—I mean of the Democratic Party that I haven't had— an opportunity to meet during those 7 years, and I think that if you were to bring them all in here and put them on the stand, you would find that at no time did I ever ask any one of them to be for or against any legislation. That was never any part of my job, and we never tried to influence in any way, shape, or form. So I certainly had nothing to do with this stadium business.

Mr. McLENDON. Did you express any interest in the passage of the stadium bill?

Mr. McCLOSKEY. Absolutely not. With us we go on this theory, that the volume of business that we do, if we don't get a contract to build that stadium, we get a contract to build something else. We only do so much business in a year, and we also get our quota. So we are not interested in whether they pass a bill for a stadium. For instance, right now they had on the agenda up in Philadelphia this last go-round whether they would build a stadium up there, and it passed. I didn't lift a finger to have the bill passed. I am not interested in passing bills for some construction work. We can get all of it we want without getting our fingers in on that kind of pie.

Mr. McLENDON. Did Bobby Baker ever tell you in the presence of Reynolds that the two of them could be influential in getting the stadium bill passed?

Mr. McCLOSKEY. No, sir. Not only did they not tell me that, but if they told me that the two of them could be influential, I might have believed that maybe Bobby could, but I certainly wouldn't have thought Mr. Reynolds would, a total stranger to me. I never saw him before, and outside of that meeting at breakfast, I have never seen him since.

Mr. McLENDON. You mean those are the only two occasions you ever saw him?

Mr. McCLOSKEY. The only two occasions I ever saw him in my life.

Mr. McLENDON. Before I get too far away from it, I want you to

look at a document here marked "Exhibit 28." See if you can identify that as a letter transmitted from Hutchinson, Rivinus for the premium on the performance bond.

Mr. McCloskey. What is it you want to know about this?

Mr. McLendon. The question I am asking you: Is this letter addressed to McCloskey & Co. from Hutchinson, Rivinus & Co., signed by Atwood H. Bent, the letter transmitting the bill for the premium on the McCloskey bond direct to your company that you referred to earlier in your testimony?

Mr. McCloskey. Yes, sir.

Mr. McLendon. And after the receipt of this bill, what steps were taken with respect to whether the company would pay the bill or what should be done? This hasn't been introduced before, so mark it as exhibit 28.

(The letter referred to is as follows:)

Exhibit 28

July 28, 1960

McCloskey & Co.
1620 W. Thompson St.
Philadelphia 21, Pa.

Att: Mr. William I. McCloskey

Dear Bill:

We are enclosing herewith bill in the amount of $73,631.28 representing premium in connection with bond in support of your contract with the District of Columbia for the construction of Columbia Stadium.

AHB:PS

Yours very truly,

HUTCHINSON, RIVINUS & CO.

By:
Atwood H. Bent

PS There is also included an application in connection with this bond to be signed and returned to us.

Mr. McCLOSKEY. As I said before, this bill was returned to Hutchinson, Rivinus after I had talked with my son-in-law, Mr. McHale, and told him that he was to bill Reynolds instead of McCloskey Co., which he did.

Mr. McLENDON. Did you see the bill, a copy of the bill, from Hutchinson, Rivinus to Don Reynolds Associates?

Mr. McCLOSKEY. I would doubt very much if I did.

Mr. McLENDON. They told you that they had followed your instructions?

Mr. McCLOSKEY. That is right.

Mr. McLENDON. And sent the bill to Reynolds?

Mr. McCLOSKEY. Yes. But I know that they did because then Reynolds billed us.

Mr. McLENDON. Will you look at two documents marked "Exhibit 18," both of which have already been put in evidence?

(Exhibit 18 will be found in the printed hearings, part 2, of Tuesday, December 1, 1964.)

Mr. McLENDON. Exhibit 18 purports to be a copy of a letter dated September 14, 1960, addressed to you as an individual, and Mr. Reynolds has testified that the envelope in which it was mailed was marked "personal and confidential." Exhibit 18 includes a copy of an invoice dated 2 days earlier, September 12, you will notice, to McCloskey & Co. on the stationery of Don Reynolds Associates. Did you see this bill?

Mr. McCLOSKEY. I wouldn't say that I saw that bill at the time it was received on September 12 or whatever date it came in. But if you notice on the letter that he writes to me, the bill, for instance, is sent to McCloskey & Co. at 1620 Thompson Street, which is the correct address. On the letter he sends to me he sends it to 1621 Thompson Street, and it is a couple of days later. This letter was never sent to us. We never received this letter. We have searched the record. There isn't anybody in our organization that has ever seen this, and I doubt very much if Mr. Reynolds ever referred to me as Matt.

Mr. McLENDON. Matt?

Mr. McCLOSKEY. Yes. He says, "Dear Matt," which is a lot of hokum in my book. We were never on any such—I never saw the fellow but twice in my life, once in Baker's office and another time at breakfast, and then he writes me a letter and says "Dear Matt."

Mr. McLENDON. How about the envelope that he says that he sent you marked "personal and confidential"?

Mr. McCLOSKEY. If it was marked personal and confidential, it would come to my attention, and it certainly did not.

Mr. McLENDON. Mail that comes addressed to you personal and confidential according to the plans and operations of your office would be delivered to you personally?

Mr. McCLOSKEY. That is right.

Mr. McLENDON. No such letter was delivered to you; is that what you are saying?

Mr. McCLOSKEY. No such letter was ever delivered to me.

Mr. McLENDON. Will you look at this invoice, Mr. McCloskey?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. It has two items on it, you will notice.

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. One is performance and completion bond and the contract amount is stated opposite that; is that not right?

Mr. McCLOSKEY. That is correct.

Mr. McLENDON. Approximately?

Mr. McCLOSKEY. Approximately correct.

Mr. McLENDON. Is any amount of premium stated in the column designated "premium"?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. And is the name of the company given?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. And the next item is, the company's name is dittoed, is it not?

Mr. McCLOSKEY. That is right, meaning the Aetna.

Mr. McLENDON. And then following that under the name of the property coverage is general liability?

Mr. McCLOSKEY. That is correct.

Mr. McLENDON. What do those words mean?

Mr. McCLOSKEY. Well, I tell you, one of the things I have never bothered myself about is this insurance business. It is almost a business by itself, in the volume that we do, and I don't think I can answer that for you correctly. We have people here who will answer that for you from the Aetna. They will tell you exactly what that is. Mr. Stewart, who is familiar with it, he will be able to tell you what it is. But I wouldn't attempt to tell you what I think it is.

Mr. McLENDON. All right. And opposite the words "general liability" there is no amount given for premium, either, is there?

Mr. McCLOSKEY. Not any.

Mr. McLENDON. Then follows the word "total."

Mr. McCLOSKEY. Yes, the total.

Mr. McLENDON. $109,205.60.

Mr. McCLOSKEY. That is correct.

Mr. McLENDON. How did you interpret that?

Mr. McCLOSKEY. Well, you see this bill never came to my attention. It went to Mr. Stewart. Mr. Stewart had already worked out with Mr. Reynolds this general liability insurance and the cost of it, and the two of them were at it together and it came in there in a lump sum.

Mr. McLENDON. The use of the word "total" on an invoice of this sort—would it indicate to you that there were at least two items to make a total?

Mr. McCLOSKEY. Certainly. There had to be because the bond only cost $77,000—$73,000.

Mr. McLENDON. Would it be your opinion that the insurance company would not bill you using the word "total" unless there were two or more items involved?

Mr. McCLOSKEY. That is correct.

Mr. McLENDON. Now, Mr. McCloskey, the records show that your company mailed a check to the Don B. Reynolds Associates for $109,205.60. Will you show him that exhibit 20? This one is also in the record. This was identified and put in the record yesterday.

(Exhibit 20 will be found in the printed hearings, pt. 2, of Tuesday, December 1, 1964.)

Mr. McLENDON. Look at that check and tell the committee whether you can identify the signature of the person who signed it for your company.

Mr. McCLOSKEY. Yes, sir. That is my son, Thomas D., signed it T. D.

Mr. McLENDON. What connection did he have with the construction of the District of Columbia Stadium?

Mr. McCLOSKEY. He succeeded me as president, and this was his job to look after it, to see it was constructed in accordance with plans and specifications and in accordance with the terms of the contract.

Mr. McLENDON. Would you state whether it was not regular, in the regular course of business, that he would have signed such a check?

Mr. McCLOSKEY. Yes.

Mr. McLENDON. And did you know about this check before it was mailed to Reynolds Associates? Did you personally know about it?

Mr. McCLOSKEY. No, sir.

Mr. McLENDON. You did not?

Mr. McCLOSKEY. I wouldn't know anything about it. If the bill was approved in our office, they go right into the auditing section. The checks are drawn and the checks go out.

Mr. McLENDON. Do you remember when your attention was first called to the fact that your company had issued such a check?

Mr. McCLOSKEY. No, sir. I would have never known anything about it if it hadn't been for this investigation.

Mr. McLENDON. Are you saying that your attention was first called to it after this investigation got underway?

Mr. McCLOSKEY. When this investigation got underway is the first I ever heard of it.

Mr. McLENDON. Did you make inquiry about it at the time?

Mr. McCLOSKEY. I made inquiry immediately about it at the time.

Mr. McLENDON. Did you find that this check had been issued by the company?

Mr. McCLOSKEY. Yes, sir.

Mr. McLENDON. Do you happen to have the original check with you?

Mr. McCLOSKEY. Yes, sir.

Mr. McBRIDE. May I hand it up, sir?

Mr. McLENDON. Yes, sir. I would like to look at it if you don't mind. Pass it over here.

Mr. McBRIDE. I think these photostats that are being used were furnished by us, weren't they, from the original check?

Mr. McCLOSKEY. Yes.

Mr. McLENDON. I think the photostat of the check and the voucher were furnished by you. The covering letter which Mr. McCloskey said was never received, that was furnished to the committee by Senator Williams, who had read it into the Congressional Record on September 1.

Mr. McBRIDE. That is the copy.

Mr. McLENDON. Sir?

Mr. McBRIDE. The retained copy.

Mr. McLENDON. Well, this appears to be a copy.

Mr. McCLOSKEY. Yes; it was a copy.

Mr. McLENDON. It is not in original type. And Mr. Reynolds has testified that it was his retained copy. The main reason I wanted to look at the original check was that in the reproducing of it it is right difficult to read some of the endorsement on the back of it, and I wanted the committee to have the opportunity to see the check.

Mr. McBride. May I respectfully ask: Would the committee like to keep it for a while and then ultimately turn it over to us?

Mr. McLendon. If you can trust us.

Mr. McBride. I have no objection to your doing it.

Mr. McLendon. We will try to return it to you. Mr. McCloskey, I won't ask you about these other records since you testified that other officers of the Rivinus Co. can identify them.

Mr. McCloskey. Yes, sir.

Mr. McLendon. Unless there are some of them that you want to talk about.

Mr. McCloskey. No. I am here to answer any questions that might come to your mind here that I can answer for you. But I have nothing more.

Mr. McLendon. Were you interviewed over the telephone, transatlantic telephone, by a member of the staff of the committee at some time?

Mr. McCloskey. Yes, sir.

Mr. McLendon. Do you have any recollection of the date, the approximate date of that interview?

Mr. McCloskey. It must have been sometime between February and June while I was there.

Mr. McLendon. While you were in Ireland?

Mr. McCloskey. While I was in Ireland; yes.

Mr. McLendon. You were in Ireland as American Ambassador to Ireland, were you?

Mr. McCloskey. Yes, sir.

Mr. McLendon. This interview, as reported by the staff member, Mr. Meehan, states that it occurred on March 18, 1964, by transatlantic telephone, gives the number, and it reports the staff man's summary of your statement to him. Can you tell the committee what you did tell Mr. Meehan in that conversation, or would you like to have a copy of the record to refer to?

Mr. McCloskey. I would like to see a copy of the record to see what his interpretation was of what I told him, because you know I didn't make this statement other than over the telephone, and I am certain he reported it accurately, but I would like to see it.

Senator Curtis. May I ask was this the first telephone call you got from the committee in regard to the stadium bond?

Mr. McCloskey. Yes, sir; the first and only.

Senator Curtis. Senator Clark did not call you?

Mr. McCloskey. Never; not to my knowledge, in any case.

Senator Clark. Will the Senator yield?

Senator Curtis. Yes, sir.

Senator Clark. I think Mr. McCloskey will recall that I did call him, in my recollection, in Ireland, about certain matters, some of them involving Pennsylvania politics, and I believe I did mention to you that you were going to be called by a representative of the committee. Doesn't that refresh your recollection?

Mr. McCloskey. Maybe I should say to you, Senator, that I had no recollection of it, but now that you refresh my memory, it is entirely possible.

Senator Clark. I would like to say for the record that I am pretty sure that I did call Mr. McCloskey about several matters, some of

which involved Pennsylvania politics, and that I told him that a representative of the committee would be calling him shortly to get a statement about this matter about the stadium bond. I don't know whether it is regular or not, but I wonder if Mr. Meehan would confirm my recollection that he and I talked about it, and it was decided that I should call Mr. McCloskey before Mr. Meehan did.

Mr. MEEHAN. Exactly correct.

Mr. MCCLOSKEY. I will accept that. I won't dispute that at all, but when you asked me the question, it had entirely escaped my mind that he had made another call.

Mr. MCLENDON. All right. Now will you go ahead and tell the committee what occurred in this transatlantic telephone call?

Mr. MCCLOSKEY. May I read this for a minute, please?

Mr. MCLENDON. Yes; you may.

Mr. MCCLOSKEY. Well, I think that that is in substance exactly what I have already said to you—what took place.

Mr. MCLENDON. The question arises as to why you referred to the bond in the conference, the telephone conference, as carrying a premium of approximately $73,000 rather than refer to the bill that the company actually received from Reynolds Associates.

Mr. MCCLOSKEY. I think I have already testified, sir, that I didn't know that the bill was $109,000 when I was in Ireland, and didn't know about it until I came back here when Senator Williams made the statement on the floor of the Senate. It was then that I looked it up to find out what it was, because the other part of the insurance was something that was handled by Mr. Stewart.

Mr. MCLENDON. Did you have any recollection of the bond premium being $73,000?

Mr. MCCLOSKEY. I am not too certain whether I said it was $73,000 or whether Mr. Meehan said to me, "Was it about $73,000?"

I don't know why I would know it to be $73,000 when I was over there, because—you see, the formula for the premiums of those bonds it is not so much a thousand. It is so much for the first hundred thousand; it is so much for the next $1,400,000 or $2,400,000, and then as it goes up, the price goes up, the bond premium goes down. But I didn't have those figures over there with me. I wouldn't have been able to tell what the premium was. And I am certain that probably what happened was that Mr. Meehan probably said to me, "Well, was it in the neighborhood of $73,000?" and it sounded reasonable to me and I think I said it was approximately so. And the commission, of course—you could pretty well figure from that. It runs somewhere in the neighborhood of 15 percent. So that would have been $10,000.

Mr. MCLENDON. But your explanation for not mentioning the $109,000 check, and invoice for $109,000, was that you didn't know it at that time?

Mr. MCCLOSKEY. If I did know it, I had forgotten about it. And I never even gave it a second thought until, as I say, it was brought up on the floor of the Senate. And then we went out and dug up the check and found out what it was and got out the bills and found out what it was, what it was for.

Mr. MCLENDON. That is all.

The CHAIRMAN. Senator Clark?

Senator CLARK. No questions.

The CHAIRMAN. Senator Pell?

Senator PELL. Mr. McCloskey, as a matter of efficiency in your office, I am fully aware that you can't follow these individual bills yourself. What sort of procedure do you establish to prevent padded bills coming in, because as I understand the situation from your viewpoint, you have paid $35,000 more than you should. Do you have any procedure to prevent this recurring? Do you have any plans to try and recoup this $35,000?

Mr. MCCLOSKEY. We have plans to recoup it. That is for sure. But as I said, we didn't know about this. I know that there have been several instances when like situations have happened, and usually they were with some honest people who would come up and tell you about it. These things, somebody goofs every once in a while, and not only us but we have people goof with us the other way around, and of course we expect that they will, you know, stand up and be counted and tell you when these things happen.

Senator PELL. Have you already inaugurated steps to try and recoup the money?

Mr. MCCLOSKEY. Yes. No; we haven't yet because we didn't know about it until now, but we turned it over to our counsel, who is going to take the appropriate action.

Senator PELL. Which would mean suing Mr. Reynolds for $35,000?

Mr. MCCLOSKEY. We are certainly going to get that money back if he has got it.

Senator PELL. Thank you.

Mr. MCLENDON. May I ask him a question before you begin? My attention has been called, Mr. McCloskey, to my failure to ask you a question concerning charges that have been made to the effect that you may have been shown favoritism in being awarded the contract for the stadium, and that, after your company got the contract, you collected almost $3 million in excess of the contract price for change orders. Are you familiar with what happened with respect to change orders?

Mr. MCCLOSKEY. Well, only in a very general way.

Mr. MCLENDON. Suppose you tell the committee what you do know about it.

Mr. MCCLOSKEY. I know only this much about it; that any change orders that were instigated, they were initiated by the advisory board, not by McCloskey & Co. We hadn't any reasons to ask for any changes. And actually there weren't any changes. When you are talking about change orders, they were additional works that were ordered, things that they had forgotten about themselves or saw fit to have done. We were just told, "You have to do it." If you read our contract you will see we have no rights in the matter at all. If they said to us, "You have got to do it," we have got it to do.

If we can't agree on a price, we still have to do it on a time and material basis, and then let them check our costs and do it. All of the changes that were made on that building down there was at their initiation, not ours. As a matter of fact, they are a nuisance as far as we are concerned. We don't care whether it is $3,000 or $3 million. These change orders never get you anything. They interrupt your whole schedule of progress; your whole thing is thrown out of gear. You set out to plan a job, to get a job on a certain date, and the first thing you know somebody hollers "Whoa," and we have got to stop,

and we stop while somebody makes a plan, and they tell you what the changes are. So there was no favoritism on our part—I can guarantee you that—shown to us.

Mr. McLendon. What is your answer to the suggestion that you may have been shown favoritism in being awarded the contract?

Mr. McCloskey. Well, if you analyze it just a little bit, there was an advertisement put in all of the trade publications, that on a certain date bids would be received from responsible bidders for the construction of this building. I think there were 11 or 12—I am not sure which—outstanding firms in the United States that submitted a proposal to build this building. Our proposal was the lowest of all of them, and the contract was awarded. They didn't show us any favoritism. They just awarded us the contract in accordance with the law, as I understand it. They have to give it to the lowest responsible bidder, and I don't think anybody has ever said that we were not responsible.

Mr. McLendon. Do you have any inside information, as the expression goes?

Mr. McCloskey. The only inside information that anybody had on that job we all had. We had a set of plans and specifications that said what you had to do. Now, you tell us how much you want and we will award the contract to the lowest bidder. That is the only information anybody had.

Mr. McLendon. Was your bid submitted as a sealed bid?

Mr. McCloskey. The sealed bids; they were all sealed.

Mr. McLendon. All sealed?

Mr. McCloskey. All sealed. As a matter of fact, I wasn't in Washington the day the bids were in, went in.

Mr. McLendon. Did you have any advance knowledge or information with respect to what any other bidder was going to bid?

Mr. McCloskey. Not at all. I tell you this is a legal sideline into the construction industry that might be worth listening to. It doesn't have too much bearing on this case, however. But if you, if any of you, would ever like to get an insight as to how these things are done, the next time there is a bid letting down here that we are bidding on, we will invite any or all of you to come over and see what goes on. We don't know. We send somebody down to where they are going to open the bids, and a fellow calls up on the phone, and we tell him over the phone what price to put in there because we never know until the last bell rings how much that bid is going to be. All of these subcontractors wait until the last day to send you the prices, and you have never seen such a crazy way of doing business in your life. It would be worth your while, and I am willing to invite any or all of you to come over sometime when we are bidding one of these big jobs. You wouldn't trade places with us for anything. It is a crazy business.

Mr. McLendon. I am not sure about that. All right. Is there anything else you want to say about it?

Mr. McCloskey. No. I have nothing further to say.

Mr. McLendon. That is all.

The Chairman. Senator Curtis.

Senator Curtis. Mr. McCloskey, has Robert Baker ever handled any campaign funds for you or coming from you?

Mr. McCLOSKEY. Not from me. He may have done for the committee.

Senator CURTIS. For the committee of which you were treasurer or for you as an individual or through you or in any way that you were connected?

Mr. McCLOSKEY. If I had to answer that real quick, I would have to say "No"; I can't think of anything that he has ever done.

Senator CURTIS. Robert Baker has never handled any campaign funds you have had any connection with at all?

Mr. McCLOSKEY. I have to say "No" to that. I don't think so.

Senator CURTIS. You are a heavy contributor yourself?

Mr. McCLOSKEY. I am a heavy contributor in time and effort; not quite so much in dollars.

Senator CURTIS. I mean dollars.

Mr. McCLOSKEY. No; I wouldn't think so; not when you call it a heavy contributor.

Senator CURTIS. Do you contribute——

Mr. McCLOSKEY. Of course, we ought to establish what you mean by a heavy contributor. Some people think a dollar and a half is a lot of money.

Senator CURTIS. I would say in four figures.

Mr. McCLOSKEY. About how much?

Senator CURTIS. In four figures.

Mr. McCLOSKEY. A thousand dollars?

Senator CURTIS. Or above.

Mr. McCLOSKEY. Well, you have got to quit at five. You really quit at three, usually. I have been in those kind of brackets.

Senator CURTIS. Have you contributed to more than one committee or individual in the same year?

Mr. McCLOSKEY. Yes.

Senator CURTIS. That would include the Democratic National Committee?

Mr. McCLOSKEY. That is right.

Senator CURTIS. The Democratic senatorial committee?

Mr. McCLOSKEY. No. I don't think I ever contributed to them. I am not sure. You would have to examine the record.

Senator CURTIS. The congressional senatorial committee, Democratic congressional?

Mr. McCLOSKEY. No, sir.

Senator CURTIS. Contributed to individual candidates for House or Senate?

Mr. McCLOSKEY. No.

Senator CURTIS. Or to any of the committees or individuals running for the nomination for President or Vice President?

Mr. McCLOSKEY. Well, I would have to say that that is a possibility. I can't think of any especially.

Senator CURTIS. Did Robert Baker handle any of those?

Mr. McCLOSKEY. No, sir.

Senator CURTIS. Did you have any conversation with Robert Baker in Reynolds' presence or when Reynolds was absent about political campaign contributions?

Mr. McCLOSKEY. Well, I think you will have to explain what you mean by that. You mean personal campaign——

Senator CURTIS. In any way.

Mr. McCLOSKEY. Well, I wouldn't be a bit surprised but what there might have been times. It would be quite difficult for me to give you specific instances, but certainly he, in the position that he was in and the position that I was in, it is entirely possible that we would discuss where he might be able to be helpful to get us some political contributions or vice versa. I can't think of any particular instance.

Senator CURTIS. Well, I am thinking of the instance about which Mr. Reynolds testified, and it was not denied by Mr. Baker. Mr. Reynolds testified that there was approximately $35,000 in this bill that was in excess for which no insurance was issued or delivered, and after his take from it the balance went to Bobby Baker for political purposes. Now, is that true or isn't it?

Mr. McCLOSKEY. That is not true.

Senator Curtis. Did you ever have any conversation with Bobby Baker about this particular $35,000 or any part thereof?

Mr. McCLOSKEY. This $35,000, sir, that we don't get mixed up about it, was for the general insurance.

Senator CURTIS. Will you produce that general insurance contract?

Mr. McCLOSKEY. Mr. Stewart will give you all of the details of that when he gets on the stand.

Mr. McLENDON. We have a copy in the files. It has been furnished to us.

Mr. McCLOSKEY. And he will explain this. This is his department, and he will tell you all about it when he gets on the stand.

Senator CURTIS. Who was it written by?

Mr. McCLOSKEY. The Aetna.

Senator CURTIS. The Aetna?

Mr. McCLOSKEY. Aetna Casualty & Surety Co.

Senator CURTIS. And who was agent for it?

Mr. McCLOSKEY. The thing went through the Hutchinson, Rivinus office just the same as the bond did.

Senator CURTIS. Did they ever send it to Don Reynolds?

Mr. McCLOSKEY. I beg your pardon?

Senator CURTIS. Did they ever send it to Don Reynolds?

Mr. McCLOSKEY. What?

Senator CURTIS. The general insurance policy.

Mr. McCLOSKEY. No; they wouldn't. We had a general insurance policy. We just broke down this particular job.

Senator CURTIS. But they——

Mr. McCLOSKEY. The blanket policy.

Senator CURTIS. They did bill Reynolds for the performance bond on a bill that can be identified?

Mr. McCLOSKEY. That is correct.

Senator CURTIS. Did they ever bill Reynolds for the general liability?

Mr. McCLOSKEY. I understand not.

Senator CURTIS. They did not?

Mr. McCLOSKEY. Yes.

Senator CURTIS. So then Reynolds would have no basis to bill you for general liability?

Mr. McCLOSKEY. He had the same basis for doing it as he would have—we assumed that the Aetna had done it, and we didn't know until Senator Williams brought this to our attention that he had not paid, that the Aetna had not billed them, and that he in turn had paid

them. We thought he had. I never asked him whether he even paid for the bond.

Senator CURTIS. But the records show that Reynolds transmitted some $63,000 to Hutchinson, Rivinus & Co. for the performance bond.

Mr. MCCLOSKEY. That is correct.

Senator CURTIS. Well, now, you have nothing to show at all, to back up your claim that Reynolds had anything to do with——

Mr. MCCLOSKEY. Now listen; just a second——

Senator CURTIS (continuing). With general liability insurance.

Mr. MCCLOSKEY. Now, wait a minute now. Mr. Reynolds—I have no more knowledge than you have that Mr. Reynolds sent them $63,000, other than I have been told that he has.

Senator CURTIS. Oh, no.

Mr. MCCLOSKEY. Now I have since been told that he never sent them the money that he was supposed to send them for the general liability insurance.

Senator CURTIS. Did he ever bill them for any general liability insurance?

Mr. MCCLOSKEY. Who?

Senator CURTIS. Hutchinson, Rivinus.

Mr. MCCLOSKEY. No; they did not, because somebody in our place goofed and didn't tell them to bill them.

Senator CURTIS. How do you know they did?

Mr. MCCLOSKEY. That is what had to happen.

Senator CURTIS. Now, are any members of your family in that firm of Hutchinson, Rivinus?

Mr. MCCLOSKEY. My son-in-law is a member of that firm.

Senator CURTIS. What is his name?

Mr. MCCLOSKEY. James B. McHale.

Senator CURTIS. And does he spend more or less full time with that firm?

Mr. MCCLOSKEY. Yes, sir. He is a partner. They write all our business.

Senator CURTIS. And do you have or does Mr. Stewart have any general liability policy, the premium of which would be in the neighborhood of $35,000, in your possession that any part of which ever went through Reynolds' office?

Mr. MCCLOSKEY. I would, of course, rather you get all of this information from Mr. Reynolds—I mean from Mr. Stewart, who is more familiar with it than I am.

Senator CURTIS. Now, you are familiar——

Mr. MCCLOSKEY. Wait a minute, now. I am going to answer your question—let me finish.

Senator CURTIS. All right.

Mr. MCCLOSKEY. We have a blanket policy that covers all of the business we do. Now, I could say tomorrow to Hutchinson, Rivinus, I want our general liability policy on this job or that job or the other job—"I want you to bill John Doe." That is what was supposed to have been done in this instance. We estimated what that premium was going to be. You can do it just as easily as you can the bond premium. And we knew what it was, and Stewart and Reynolds had agreed on what the price was. He sent us a bill, put it all, lumped it all together. I don't know why I never saw the bill until, as I told

you, here a while ago, until this year, and the bill was approved by Stewart and paid. And that is all there is to the whole story.

Senator CURTIS. Now, did you ever pay Hutchinson, Rivinus for this $35,000?

Mr. MCCLOSKEY. Yes, sir; we have paid Hutchinson, Rivinus.

Senator CURTIS. When did you pay them?

Mr. MCCLOSKEY. I don't know.

Senator CURTIS. Now, you must know something about it.

Mr. MCCLOSKEY. I know nothing about it. Now, wait a minute, Senator. When I tell you I didn't know, I am under oath down here, and don't forget that.

Senator CLARK. Mr. Chairman, I ask that the witness be given an opportunity to answer the question and not be bullied.

Senator CURTIS. I am not bullying. He has stated he was going to sue Reynolds for it. What do you base that on?

Mr. MCCLOSKEY. What is that?

Senator CURTIS. You said you were going to sue Reynolds for the $35,000. Now, either you did know what the details are, or you don't.

Mr. MCCLOSKEY. I do now know what the details are, but I didn't know it then.

Senator CURTIS. What are the details?

Mr. MCCLOSKEY. I am telling you that what I am going to give you is something that I am giving you hearsay. Mr. Stewart, who is here, and who is willing and ready to testify, will tell you the exact story of how this came about.

Senator CURTIS. Will his testimony be, do you know, whether or not this liability insurance was channeled through Reynolds?

Mr. MCCLOSKEY. We know that we paid Reynolds. He billed us for it, as you can see there on the bill. He billed us for it.

Senator CURTIS. I don't know what the bill is for.

Mr. MCCLOSKEY. And we paid it. I beg your pardon?

Senator CURTIS. I don't know what the bill is for.

Mr. MCLENDON. The bill is right there in front of you. Just take a look at it.

Senator CURTIS. The general counsel said he couldn't make it out yesterday.

Mr. MCCLOSKEY. I can't help what the general counsel said.

Senator CURTIS. What it was; that there was no identification as to what the amount——

Mr. MCCLOSKEY. Well, now everybody—all you have to do is get the contract, and right on the contract it tells you how much the bond was. Now, I am certain that I don't have to tell you if you subtract that from the total amount you know what the other was.

Senator CURTIS. Who arranged to have the general liability policy; who sent the bill to Reynolds and authorized him to bill you?

Mr. MCCLOSKEY. I have already answered that question. I told you that Mr. Stewart and he sat down and worked out what the general liability insurance on this particular job would amount to, what the premium would amount to, just like we check the premium on the bond. And he billed us for it. He added it to the other and sent us a bill. Now, the idea was that Hutchinson, Rivinus was supposed to have billed Reynolds, and Reynolds was supposed to pay them, less his commission, which he didn't do.

Senator CURTIS. Did they bill?

Mr. MCCLOSKEY. No; they didn't bill because I am telling you our fellows goofed.

Senator CURTIS. Where did he get the figure as to how much to bill you for?

Mr. MCCLOSKEY. I am telling you there is a set formula that you can sit down and take a pencil and a paper and figure it out for yourself.

Senator CURTIS. Well, you would have to know what the general liability was.

Mr. MCCLOSKEY. It is predicated on the estimated labor on the job, and then you apply the rate to it. Now, I am not familiar with it, but Mr. Stewart—and we have the insurance people here from the Aetna who will tell you exactly how to do it. You can check it yourself.

Senator CURTIS. Now, Mr. McCloskey, you do considerable building for the Federal Government.

Mr. MCCLOSKEY. That is correct.

Senator CURTIS. As a Government contractor have you ever been called upon to make a political contribution?

Mr. MCCLOSKEY. You mean called upon?

Senator CURTIS. Yes.

Mr. MCCLOSKEY. What do you mean by that?

Senator CURTIS. Asked to make a political contribution.

Mr. MCCLOSKEY. Well, of course, I am always the guy doing the asking. I have never been asked. I ask.

Senator CURTIS. Have you ever asked other contractors?

Mr. MCCLOSKEY. Certainly. I ask everybody that I think will do it. If I thought you would make a contribution I would even ask you.

Senator CURTIS You have asked other contractors?

Mr. MCCLOSKEY. I beg your pardon?

Senator CURTIS. You have asked other contractors?

Mr. MCCLOSKEY. Listen; in the political field—and I am certain, I would hate to think that you are that naive, that in a political campaign if you are out to collect some funds to put on a legitimate campaign, that you ever draw the line anywhere. You will ask anybody that you think it is proper and fitting and that they can afford to do it. Now, unless they do things differently out there in your State than they do in the rest of the States that I have been around in, why I am sure that is what happens out there.

Senator CURTIS. Does that include corporate gifts?

Mr. MCCLOSKEY. No, sir; we shy away from corporate giving. We never take any corporation checks. We might ask the heads of corporations for funds, and we have done that many times, and they have come up and they have paid them, but they have given it to you as an individual, not as a corporation. We never take corporate checks.

Senator CURTIS. We have a matter that has been laid before us here now where a corporate executive was asked to make a contribution, and he was told how he could recover it in his expense account, and another officer of the same company admits that he did recover it. Did you have anything to do with any such plan in your——

Mr. MCCLOSKEY. Let me have that again, Senator, please.

Senator CURTIS. We have laid before this committee the statement of a man who was a corporate executive who was asked to make a polit-

ical contribution, and he ended up making one, I believe, of $1,200. He was told that he could recover it a little at a time out of the expense account. He did not do it. But in following this lead, the staff has interviewed another official in the same company who gave a substantial contribution, and he did recover it in that manner. I make no accusation. I ask you: Has any such device been used by the Democratic National Committee or any of its subcommittees or agents during the time you were treasurer?

Mr. McCLOSKEY. All I can say to you, Senator, is this: That we are law-abiding citizens the same as you are, and we know what the laws are. We wouldn't have taken that job. And we do not disobey the laws. We stay within the law all the time. We have the attorneys up there to see to it that if we get corporation checks, we send them back. What people do if they give us money and how they get it back again is something that there is no way in the world—I wouldn't be at all surprised, even in your own campaigns, that some of the people that have given you money have done the very thing that you are talking about. But there is no way for you or I to know what they do, once they give you the money.

Senator CURTIS. Did you ever have any conversation with Baker or anyone else about paying more for this performance bond than was the regular premium and that part of it go back through Baker's hands for political purposes?

Mr. McCLOSKEY. Absolutely not. There was never any such conversation as that. Bobby Baker told me when he introduced me to Reynolds that he had an interest in this insurance firm, and that it wasn't going to cost me any more money to do business with him than it would with anybody else. Now that might seem a bit strange coming from me when you think about it, but my son-in-law is in the business and he might have derived some benefit from this. But if you would sit down and do a little estimating on it, he had a 15-percent interest in Hutchinson, Rivinus & Co.—my son-in-law.

Now, the commission on this bond is about $10,000, so that—and it cost them, because I have checked it out with them, it costs them about 60 percent to do business, so they had about $4,000 left after they paid their business expenses, and he had 15 percent of that, which would be $600, and of that $600, he is in about a 60- or 70-percent bracket himself, so I cheated him, my son-in-law, out of about $240 by letting Reynolds write this bond. That has baffled a lot of people around here. Why would you take that away from your own daughter's bread and butter. We are talking about $250.

Senator CURTIS. Did you know that Mr. Baker was to get $4,000 out of this?

Mr. McCLOSKEY. Mr. Baker told me he had an interest in the firm.

Senator CURTIS. Did you know he was to get or did get $4,000?

Mr. McCLOSKEY. Listen; all I know, Senator, is this: Bobby Baker, over the years that I have known him, never asked me to do anything for him personally until this happened. I saw no reason why—and don't forget something else. When he asked me would I let them do this business for them, they hadn't even advertised for bids yet. It was just before the bidding advertising date. So we had to go get the plans and specifications. I think there were 11 or 12 firms submitted a bid and there was no way in the world that anybody would know

whether you were ever going to get it or not. When I told him "Yes," I would let him write this insurance, it was—first off, you could go out and get yourself 10 to 1 I wouldn't get the job because there are 10 other bidders, and it is a tossup who will get a job in a deal like this. So we weren't promising him anything. Well, we got the job and the same as I have always done, if I tell somebody I am going to do something, I do it for them, as a lot of the people sitting around that table know.

Senator CURTIS. Perhaps they do. What portion of your construction business was for the Federal Government or some other unit of government?

Mr. MCCLOSKEY. Well, now, if you would like to have that I could could get it for you exactly. I would have to hazard a guess, and I don't see why we should guess when we can get the facts. I will send it to you.

Senator CURTIS. Well, is it half or three-fourths or 90 or 10 percent?

Mr. MCCLOSKEY. Oh, I think it is a good percentage. I wouldn't even hazard a guess.

Senator CURTIS. Has the General Accounting Office in the last 3 or 4 months asked you for an estimate as to all of your Government contracts over the last——

Mr. MCCLOSKEY. Yes; and they said it was at your request.

Senator CURTIS. Did you give it to them?

Mr. MCCLOSKEY. No, sir.

Senator CURTIS. How much did the stadium cost beyond the original bid?

Mr. MCCLOSKEY. I couldn't tell you. The record will speak for itself.

Senator CURTIS. Would it be about $3 million?

Mr. MCCLOSKEY. The record speaks for itself.

Senator CURTIS. You have no idea?

Mr. MCCLOSKEY. I haven't a clue.

Senator CURTIS. I have got some notes here which say it was approximately $3 million and 28 percent.

Mr. MCCLOSKEY. I won't argue with you. You have got the records. Whatever the record says, that is it.

Senator CURTIS. Is that about the usual overrun on change orders?

Mr. MCCLOSKEY. I don't know what the overrun was.

Senator CURTIS. Back in 1957——

Mr. MCCLOSKEY. And don't forget they were all originated by the Armory Board, not by us. We don't go around looking for change orders.

Senator CURTIS. Did you ever suggest any?

Mr. MCCLOSKEY. Never; learned that many years ago.

Senator CURTIS. Did you ever call attention to anything that you thought they ought to know that would cause them to ask for a change order?

Mr. MCCLOSKEY. Well, if I thought there was something that was really important, but I couldn't think of one instance when we ever did it.

Senator CURTIS. You had met Reynolds before you attended this meeting in Baker's office?

Mr. McCLOSKEY. Senator, I think you sat there and heard me testify that I never did; that I only met him in Mr. Baker's that one instance and the other time when I had breakfast with him with McHale. I don't know why you are asking me that question again.

Senator CURTIS. Well, because the testimony——

Mr. McCLOSKEY. I don't care what the reason for it is. I told you that is the only two times I have ever seen Mr. Baker.

Senator CURTIS. Well, I will put it—I mean Mr. Reynolds.

Mr. McCLOSKEY. Mr. Reynolds. I am talking about Reynolds, not Baker.

Senator CURTIS. All right. Mr. Reynolds testified——

Mr. McCLOSKEY. I don't care what Reynolds testified. He hasn't told the truth up here once. Every time he tells a story he tells a different one and you know that as well as I do.

Senator CURTIS. No; I do not.

Mr. McCLOSKEY. Look at the record.

Senator CURTIS. I have looked at the record.

Mr. McCLOSKEY. Then you——

Senator CURTIS. I have listened to the questions and the things propounded to him and I have looked at the record and studied it plenty.

Mr. McCLOSKEY. Well, you are not a very good studier then, I don't think, because I looked at the record, too.

Senator CURTIS. Well, you did not meet him then at a breakfast meeting——

Mr. McCLOSKEY. Look, Senator, I am not going to answer any more of those questions. I met Mr. Reynolds on two occasions. One in Baker's office, and one when I had breakfast with Baker and McHale and myself, and that is it. You can sit there and ask me a million questions and that is all you are going to get out of it.

Senator CURTIS. Well now, Mr. McCloskey——

Mr. McCLOSKEY. Well now, Mr. McCloskey, your grandmother, that is it. [Laughter.] After all, I didn't come down here—I am under oath and you are not.

Senator CURTIS. I know you are. And you have stated under oath here and that you were at the breakfast and President Truman was there.

Mr. McCLOSKEY. Call up President Truman and see what he says about it.

Senator CURTIS. And Reynolds was there. What are the facts about it?

Mr. McCLOSKEY. Why don't you get President Truman down here and ask him?

Senator CURTIS. I don't want to bother him.

Mr. McCLOSKEY. Well, I took the trouble to bother him.

Senator CURTIS. What do you say about it?

Mr. McCLOSKEY. What do I say about it?

Senator CURTIS. Yes.

Mr. McCLOSKEY. I told you. I told you I never met the guy in my life until I met him in Baker's office and this once afterward when I had breakfast with McHale.

Senator CURTIS. He was not at the breakfast?

Mr. McCLOSKEY. He was not at the breakfast.

Senator CLARK. When you say "he," you mean President Truman?

Senator CURTIS. No.

Mr. MCCLOSKEY. Reynolds was not at the breakfast with President Truman. I had breakfast with him many times.

Senator CLARK. But you were never there with President Truman and Reynolds?

Mr. MCCLOSKEY. Not unless he was there under a fictitious name, under the table or something.

Senator CURTIS. Now, Mr. McCloskey, in your telephone interview with Mr. Meehan, was any mention made of the $73,000, approximate amount of the premium on this performance bond?

Mr. MCCLOSKEY. I just read the statement. Have you read it? It is exactly what it says; $73,000, approximately.

Senator CURTIS. How did you happen to remember that?

Mr. MCCLOSKEY. I am telling you that I don't think I did remember it. I think Mr. Meehan must have said was it in the neighborhood of $73,000 and I probably said "Yes." I think I have already testified, Senator; I hope you were paying attention.

Senator CURTIS. Oh, yes.

Mr. MCCLOSKEY. Well, you don't seem to be. You are asking me the same thing over again.

Senator CURTIS. I am sorry that inquiry has upset you.

Mr. MCCLOSKEY. I am not upset but I just want you to know I am not in the habit of not telling the truth and you don't have to ask me four or five times to see whether I will slip up on it because I won't.

Senator CURTIS. There are certain details here I want to inquire about it and I am sorry they are irritating you.

Mr. MCCLOSKEY. I will answer any question you haven't asked before.

Senator CURTIS. All right. Who do you know on the Armory Board?

Mr. MCCLOSKEY. The what?

Senator CURTIS. Who do you know on the Armory Board?

Mr. MCCLOSKEY. None of them.

Senator CURTIS. None of them. None of the men that made up the Armory Board?

Mr. MCCLOSKEY. No, sir. Unless I had a chance meeting with them somewhere but when you are talking about knowing them I don't know any of them.

Senator CURTIS. That is all at the moment.

The CHAIRMAN. Senator Cooper.

Senator COOPER. Mr. McCloskey——

Mr. MCCLOSKEY. Yes.

Senator COOPER (continuing). It is your recollection that the meeting with Baker and Reynolds was held in April or May 1960?

Mr. MCCLOSKEY. Yes, sir. I will tell you how I remember, because we were talking about this stadium contract and it was just about the time when they were going to advertise for bids, and the bids, if I remember correctly, were in June. So this had to be maybe 5 or 6 weeks before that.

Senator COOPER. The record of the hearings held on October 1 and 2 show that invitations for bids for the contract were advertised,

or were advertised first, on April 19, then through the 23d and 25th, of 1960. Was this meeting before——

Mr. McCLOSKEY. It was just prior, before they advertised for bids. They said they were going to advertise for bids when I was talking to them.

Senator COOPER. At that time had your company decided to submit a bid?

Mr. McCLOSKEY. No. I think at the time when they asked about were we going to bid I told them we very probably would because we usually bid on all those contracts that run into that magnitude.

Senator COOPER. When did you go to Ireland?

Mr. McCLOSKEY. On July 15, 1962.

Senator COOPER. Not until July 15, 1962?

Mr. McCLOSKEY. Yes, sir.

Senator COOPER. Then you were actively engaged as president of the company at the time the bids were opened?

Mr. McCLOSKEY. That is right.

Senator COOPER. And the contract awarded?

Mr. McCLOSKEY. That is correct.

Senator COOPER. Were you yourself familiar with the events connected with the submission of the bids, the opening of the bids, and the award of the contract?

Mr. McCLOSKEY. In a general way I was, Senator.

Senator COOPER. Who would you say can testify here who knows the details about the transactions relating to the opening of the bids and the award of the contract?

Mr. McCLOSKEY. Well, I couldn't—I think anyone; I think maybe I could probably answer any question about that.

Senator COOPER. All right; I will ask it then. Did you know that at the time the contract was signed or shortly thereafter and as a part of the contract, on June 18, there was attached to it a copy of a performance and payment bond between McCloskey Co. and the Aetna Casualty & Surety Co. in which the premium was stated to be $73,631.28?

Mr. McCLOSKEY. Yes, sir.

Senator COOPER. And the performance bond.

Mr. McCLOSKEY. It was a performance bond, Senator.

Senator COOPER. That you talked to Baker and Reynolds about?

Mr. McCLOSKEY. That is correct, Senator. Wasn't that the 7th of July, Senator?

Senator COOPER. The contract says June 18—the performance bond had been filed; copies had been filed.

Mr. McCLOSKEY. That was a bid bond. What is the date of it?

Senator COOPER. It is in the record. Will you look at it?

Mr. McCLOSKEY. Whatever date's on there.

Senator COOPER. Copy of the performance bond dated July 7, and the premium stated to be $73,631.28.

Mr. McCLOSKEY. That is correct.

Senator COOPER. Now thereafter, I think it is correct that Reynolds sent to Hutchinson, Rivinus——

Mr. McCLOSKEY. Senator, for your information that bond is dated the 7th of July. We have a copy of it right here, our original.

Senator COOPER. That is correct, the 7th of July. But the first payment made to Reynolds was for $63,599 and the difference of $10,031.66 represented the commission to Hutchinson, Rivinus & Co. on this performance bond.

Mr. MCCLOSKEY. What was that again, Senator?

The CHAIRMAN. It is the other way round.

Mr. MCCLOSKEY. It is the other way round.

Senator COOPER. The payment of $63,000——

Mr. MCCLOSKEY. $73,000.

Senator COOPER. $73,000——

Mr. MCCLOSKEY. And he paid $63,000 for it and gave him the commission of $10,000.

Senator COOPER. By a later check, McCloskey & Co. did pay Reynolds—Don Reynolds Associates—$109,205.60.

Mr. MCCLOSKEY. That is correct.

Senator COOPER. You yourself do not know what the difference between the two sums represents?

Mr. MCCLOSKEY. Well, I do know. I didn't at the time.

Senator COOPER. You have stated it represents payment for some type of general insurance.

Mr. MCCLOSKEY. Yes.

Senator COOPER. Is that correct?

Mr. MCCLOSKEY. That is right. It is right on the bill. He has got it written. Read the bill.

Senator COOPER. Do you know whether the records of your company show what this general insurance is for?

Mr. MCCLOSKEY. Yes; Mr. Stewart when he testifies will give you all details on that.

Senator COOPER. What?

Mr. MCCLOSKEY. Mr. Stewart when he testifies will give you all the details on that.

Senator COOPER. You say this represents a kind of goof on the part of your company?

Mr. MCCLOSKEY. That is right.

Senator COOPER. And in all of your experience as president of your company—and how many years has that been—was it——

Mr. MCCLOSKEY. You are getting personal, Senator. If I was a girl I wouldn't answer that. [Laughter.]

Senator COOPER. How many years?

Mr. MCCLOSKEY. I have been in business since 1914.

Senator COOPER. Did you ever recollect any similar goof?

Mr. MCCLOSKEY. Yes.

Senator COOPER. On the part of your company?

Mr. MCCLOSKEY. Yes, sir.

Senator COOPER. It is a pretty big goof.

Mr. MCCLOSKEY. We make goofs like that every once in a while. We made a goof in adding up a bid on the Woodrow High School adding up to $150,000 up there. You know if it would be of any interest to you in telling you about some of these goofs I will be glad to tell you. We bought a building from the Pennsylvania Railroad—now, that is a pretty good outfit—and went over to Camden to settle for it, Suburban Station Building in Philadelphia, and everybody

kissed and made up and went home, and I think about 18 months later Pennsylvania Railroad called me up and said, "You owe us $92,000 or some such figure as this," and I said, "For what?" He said, "You never paid your share of that year's taxes that you bought that building." So, you see everybody makes goofs, but we were honest and so we sent them the $92,000 or whatever it was. And those things happen every once in a while. Are you interested, Senator? Here I am telling him something; he is not paying any attention to me. [Laughter.] I had better keep quiet. I thought maybe he would enjoy it.

Senator COOPER. You know that your first request on August 9, for partial payment, to the District of Columbia Armory Board was for an amount including $100,000 as payment on a bond. Do you know that?

Mr. MCCLOSKEY. Yes.

Senator COOPER. What does that represent?

Mr. MCCLOSKEY. Well, of course, usually on these jobs you add on a few of the items that are not—if you look down that list there, there are many other items that enter into the cost of the job that are not shown and so you cotton on to the items you do first and that is one of them. That is the bond that should have been "et al.," probably, but it wasn't. Anyway, we were talking about a lump-sum contract, you know. They only paid us so much money when we got finished.

Senator COOPER. You know that Reynolds claims that he did not write any additional insurance.

Mr. MCCLOSKEY. I know that he didn't.

Senator COOPER. None other than the performance bond?

Mr. MCCLOSKEY. Yes; that is right.

Senator COOPER. Who wrote the insurance policies for the general liability insurance certificate you had to furnish to the District of Columbia Armory Board?

Mr. MCCLOSKEY. He didn't even write the bond, Senator.

Senator COOPER. I understand.

Mr. MCCLOSKEY. The Aetna Casualty & Surety Co. wrote the bond.

Senator COOPER. He was broker for it.

Mr. MCCLOSKEY. And they also wrote the general insurance, and Hutchinson, Rivinus or McCloskey somewhere along the line goofed and didn't see they paid him after they paid the Aetna. That is all; there isn't any more.

Senator COOPER. The Aetna Insurance Co?

Mr. MCCLOSKEY. The Aetna Casualty & Surety Co., the same company that wrote the bond wrote the other.

Senator COOPER. What company——

Mr. MCCLOSKEY. The Aetna Casualty & Surety.

Senator COOPER. I know that Aetna wrote the performance bond. But what company procured the general insurance for McCloskey & Co.; Hutchinson, Rivinus?

Mr. MCCLOSKEY. Yes, but so you get it straight, I have an idea that if you ever trace it back to the origin, I wouldn't know who originally procured that policy because we have had that policy in effect for years and we change brokers. For instance, my son-in-law didn't get

in this family of ours until 1942. We were in business long before that, but the Aetna was writing it still before that; even so, I don't know who was the originator.

Senator COOPER. You knew that Blaser, the contracting officer of the District of Columbia Armory Board, wrote Hutchinson, Rivinus at least on two occasions asking them to furnish the Armory Board with certificates of general liability insurance.

Mr. MCCLOSKEY. No; I didn't know that until now.

Senator COOPER. It was not until after that occasion the check was written to Reynolds for $109,000. It is your contention then that Hutchinson & Rivinus paid Reynolds some $35,000 more——

Mr. MCCLOSKEY. No; that is not it at all, Senator.

Senator COOPER. They paid him $109,000?

Mr. MCCLOSKEY. McCloskey & Co. did that; not Hutchinson, Rivinus.

Senator COOPER. They as your agents executed the check.

Mr. MCCLOSKEY. No.

Senator COOPER. McCloskey then overpaid Reynolds, according to your contention?

Mr. MCCLOSKEY. What we did we paid them both; we paid Reynolds and Hutchinson, Rivinus and we paid them both; that is where the goof was.

Senator COOPER. Then to make the matter clear, you contend that McCloskey owed Reynolds only the premium on the performance bond?

Mr. MCCLOSKEY. At the time that we paid him, Mr. Stewart, who approved the bill, was convinced that we owed him the $109,000. We thought he was going to pay Hutchinson, Rivinus the difference between the $73,000 and the $109,000 less his commission on that general insurance, the same as he did on the bond, which he didn't do. The reason he didn't do it probably is that Hutchinson, Rivinus never sent him a bill like they did send him a bill for the bond, and Hutchinson, Rivinus says we never told them about it so there is nothing; you can only blame it then on our own people up there who didn't tell Hutchinson, Rivinus what the deal was, and that is it. There is not anything more to it.

Senator COOPER. You have two suggestions; one, that McCloskey & Co. overpaid Reynolds some $35,000.

Mr. MCCLOSKEY. I say to put it this way——

Senator COOPER. And Reynolds kept the money; is that correct?

Mr. MCCLOSKEY. That is exactly right. He should have sent it back to us when he didn't get a bill for it; but he kept it, and we are going to see if we can't get it back.

Senator COOPER. When you were talking there to Reynolds and Baker, the only type of insurance you were discussing with him was the performance bond?

Mr. MCCLOSKEY. Senator, I am convinced you weren't listening to my testimony.

Senator COOPER. Yes; I am listening to everything.

Mr. MCCLOSKEY. I don't believe it, because I testified that Baker first talked about the bond and then Reynolds said he wanted to know why couldn't he write all of the insurance. I went into great detail with you about this and you were sitting right there.

Senator COOPER. I was listening; I read the testimony, also.

Mr. MCCLOSKEY. Right.

Senator COOPER. Do you know the restrictions the law makes respecting corporations making political contributions?

Mr. MCCLOSKEY. Yes; I certainly do. And I hope all the Senators do, too.

Senator COOPER. Do you know the limit in amount for a political contribution by an individual?

Mr. MCCLOSKEY. Yes, sir.

Senator COOPER. What is it?

Mr. MCCLOSKEY. Well, I think we all know that, Senator. Don't you know it?

Senator COOPER. Yes; I know, but I want it in the record.

Mr. MCCLOSKEY. All right. It is $5,000.

Senator COOPER. Anything further?

Mr. MCCLOSKEY. And you might even be subject to the tax on $2,000. When you passed that bill you could have done a lot of people including yourself some good if you would have cleared that up that if you made a political contribution of $5,000 you wouldn't have to pay a gift tax on the other $2,000. You got a conflict in the wording of those two acts. You know, gift tax $3,000 is one thing but a political contribution to go to $5,000 and—yet the Internal Revenue Department, if they catch you, they make you pay a gift tax on the other $2,000 and that is very tough on the treasurer of your party, too. [Laughter.]

Senator COOPER. Who is going to testify about this insurance transaction?

Mr. MCCLOSKEY. We have got several people here who will testify. The Aetna Casualty will testify—the Hutchinson, Rivinus man will testify, and our man will testify, Mr. Stewart. There are three of them here.

Senator CURTIS. Just one question. Who are your auditors?

Mr. MCCLOSKEY. I beg your pardon?

Senator CURTIS. Who are your company's auditors?

Mr. MCCLOSKEY. Who is it? You know I have to ask these people because I am no longer connected with the outfit. Lybrand, Ross Bros. & Montgomery.

Senator CURTIS. They were the ones during the time this performance bond transaction was handled?

Mr. MCCLOSKEY. Yes, sir.

Senator CURTIS. When, do you know, if you know, did Hutchinson, Rivinus & Co. discover that they had not been paid by Reynolds, if such were the case?

Mr. MCCLOSKEY. Well, I think, Senator, if you just recap what we have already talked about here, it would have been McCloskey & Co.'s joy to have told Hutchinson, Rivinus to bill Reynolds for that general insurance the same as we told them—I told McHale—to bill him for the bond. The general insurance was worked—don't forget the bond was written on the 7th of July, and we never worked this thing out; he never sent us a bill until sometime in September, a couple of months later. We didn't pay the bill until October and it was because Mr. Stewart was in Europe for awhile and couldn't work this thing out with him until he came back from Europe. When he came back

from Europe he worked this deal out with Reynolds on the insurance, general insurance, and then he sent us a bill for the whole thing and Stewart approved it and paid it and that was it.

Senator CURTIS. Now, you stated that it was a simple matter to figure out what the commission would be on the premium on the performance bond. Is that same true as to the general liability policy?

Mr. MCCLOSKEY. Yes.

Senator CURTIS. What was the premium on that general liability policy?

Mr. MCCLOSKEY. What?

Senator CURTIS. What was the premium?

Mr. MCCLOSKEY. The premium or the commission?

Senator CURTIS. The commission.

Mr. MCCLOSKEY. The commission. I think that only runs about 5 or 10 percent. It is very low. He said commission.

Senator CURTIS. The commission about 5 or 10 percent?

Mr. MCCLOSKEY. Something like that. You mean—the Hutchinson, Rivinus man is here, as is the man from Aetna; he can tell you exactly what the broker's commission is on that. I, you know I have been out of this thing now for—I haven't been mixed up in that building business since I went to Ireland which was back in April. I mean I resigned. I went over there in June or July, you know, of 1962, so I don't know exactly what these commissions are. But you can ask the same questions of these people and they will tell you.

Senator CURTIS. Do you know what the premium was?

Mr. MCCLOSKEY. It was the difference between the $73,000 and the $109,000. They have got it all worked out here. They are going to give you the figures, the computations, how it was arrived at and everything else.

Senator CURTIS. That is all.

The CHAIRMAN. Senator Cooper, do you have any further questions?

Senator COOPER. I would like to ask one more question. Back in March when this question first came to the notice of the committee and you were called by Mr. Meehan—and you must have known at the time that Reynolds had testified that he received this $10,000 commission and that he had paid Baker $4,000 and a man named McLeod $1,500—there was no evidence then that Baker had an interest in this insurance business, and according to all the evidence before the committee, the payment was a payoff to Baker.

Mr. MCCLOSKEY. For what?

Senator COOPER. Well, I don't know. I am not talking about you now. According to the testimony of Reynolds, Reynolds had given Baker $4,000 in a fake transaction whereby Baker had executed a fake note for the $4,000. There is testimony by McLeod that he had received $1,500, and that he had pretended it represented a bill for legal services. This was all the evidence that was testified to before the committee and which was known. We asked that you be called here as a witness, and according to the report of Mr. Meehan you said the following:

He concluded by stating he would be glad to be of any help to the present inquiry before the Senate Rules Committee but in the light of his minute involvement he didn't think it would be very helpful.

By my questioning I am not connecting you in any way with the transactions between Baker and Reynolds and McLeod. But in view of all of the testimony before this committee, all the questions that have been raised about this transaction, don't you think it would have been helpful for you to have come before the committee and testified at that time?

Mr. McCLOSKEY. Well, I was never asked.

Senator COOPER. That I know.

Mr. McCLOSKEY. When you ask me, you didn't have to subpena me here today, you know. I have been—I think I was probably more disappointed than anybody else that this thing was postponed even until December. Everybody who had anything to do with it as far as I was concerned would have liked to have this thing the day after Senator Williams broke this on the floor. I would have liked to come down here and have my say in court. I had to wait until today and take all the abuse I have taken in the last 3 months. It is not funny. I will tell you that.

Senator COOPER. That is all.

The CHAIRMAN. Senator Pell?

Senator PELL. Mr. McCloskey, I have one general question, and that is how do you account for the complete discrepancy; do you have any reason, any explanation, as to the complete discrepancy between Mr. Reynolds' testimony on the stand yesterday, from the facts as you have recounted them?

Mr. McCLOSKEY. Senator, I want to tell you something. You people are sitting up there in judgment. You have read the testimony of this the same as I have. I think you are better qualified to answer that question than I am.

Senator PELL. Thank you.

The CHAIRMAN. Senator Clark?

Senator CLARK. No questions.

The CHAIRMAN. Thank you very much, Mr. McCloskey.

Mr. McCLOSKEY. Thank you, sir.

The CHAIRMAN. Thank you very much.

Mr. McBRIDE. I thank the committee.

Mr. McLENDON. Mr. Stewart.

The CHAIRMAN. While Mr. Stewart is taking his chair, the committee will take a 5-minute recess.

(Short recess.)

The CHAIRMAN. The committee will come to order.

Mr. Stewart, will you come around, please, sir? Mr. Stewart, I believe you heard the opening statement I read in the presence of Mr. McCloskey?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Will you stand and put your hand on the Bible, please, and take the oath? Do you solemnly swear the evidence you are about to give to this committee in the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STEWART. I do.

The CHAIRMAN. Thank you, sir. Please be seated.

Mr. McLENDON. Will you state your name and address for the record?

TESTIMONY OF WILLIAM K. STEWART, ACCOMPANIED BY HOWARD GITTIS, ATTORNEY

Mr. STEWART. William K. Stewart, 1638 Mount Pleasant Road, Villanova, Pa.

Mr. MCLENDON. Are you accompanied by your counsel?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Will you state his name and address?

Mr. GITTIS. My name is Howard Gittis. My address is the Packard Building, Philadelphia, Pa. And, Major, in accordance with the complete attitude of cooperation exhibited by Mr. McCloskey, by McCloskey & Co., and any of its officers or employees, we have no objection whatever to the televising or the taking of movies or putting his testimony across the radio.

The CHAIRMAN. Thank you very much.

Mr. MCLENDON. Mr. Stewart, what position did you hold with the McCloskey Co. in the years 1959 and 1960?

Mr. STEWART. Vice president.

Mr. MCLENDON. Were you assigned any duties in Washington?

Mr. STEWART. I handled—I was more the financial vice president, handled most of the financial matters of the company and related corporations.

The CHAIRMAN. Speak up a little bit louder.

Mr. MCLENDON. We cannot hear you very well. Would you make your answer over again? I couldn't hear it very well myself.

Mr. STEWART. I said I was more in the nature of a financial vice president of McCloskey and handled various financial matters.

Mr. MCLENDON. Did you attend a conference or a meeting or assembly in Baker's office—Robert G. Baker's office—sometime in the spring of 1960?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. What were the circumstances under which you happened to be there?

Mr. STEWART. Well, I just happened to run into Mr. McCloskey, and I was going back to Philadelphia on a plane with him, and he had been invited to Baker's office, and took me along. There was no—as far as I was concerned, I just happened to be there.

Mr. MCLENDON. Will you tell us who else was present?

Mr. STEWART. Mr. Reynolds, Mr. Baker, and two other gentlemen who I understand were Mr. McLeod and Representative McMillan.

Mr. MCLENDON. Was Mr. McCloskey introduced to any of the people there?

Mr. STEWART. Yes, sir. He was introduced to everyone except Mr. Baker whom he already knew. I was introduced to all of them. I hadn't met any of them before.

Mr. MCLENDON. You didn't know Baker before that?

Mr. STEWART. No, sir.

Mr. MCLENDON. And didn't know Reynolds before that?

Mr. STEWART. No, sir.

Mr. MCLENDON. What, if any, conversation took place there with respect to the possibility that McCloskey Co. might be awarded the stadium contract?

Mr. STEWART. Well, they asked if we were interested in bidding the contract, and we said—Mr. McCloskey said—that we would normally bid that type of job. It is the type of work we liked, and most likely we would bid it.

Mr. MCLENDON. Well, was anything said about who Mr. Reynolds was and what business he was in?

Mr. STEWART. He was introduced to Mr. McCloskey and myself as a business associate of Mr. Baker's in the insurance business, and a friend, a longtime friend.

Mr. MCLENDON. Do you remember anything specifically that was said about the insurance business in connection with the stadium or the bond, performance bond?

Mr. STEWART. Yes, sir. Mr. Baker said if we were low bidder on the job or awarded the job, he would very much appreciate it, since he had an interest in the business, having Mr. Reynolds handle the insurance.

Mr. MCLENDON. That Mr. Baker had an interest in the Reynolds insurance business?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Is that all you can recall about the conversation that related to the stadium?

Mr. STEWART. That is—well, we spoke for, I wouldn't say, more than 10 or 15 minutes. There was a—Mr. Reynolds said he would like to handle all the insurance and not just the performance bond, and I interjected and said that I didn't think we would want to work out any sort of an arrangement of that sort even if we were the successful bidder because we had regular channels, and complicated matters, and so on, and we discussed workmen's compensation, I remember specifically, for a very brief moment. That was the type of insurance I wouldn't want him to handle because of the peculiar nature of the business.

Mr. MCLENDON. This particular discussion you are talking about now was in an aside or was it in the presence of everybody?

Mr. STEWART. No; Mr. McCloskey was in somewhat of a hurry, and got me off and we left.

Mr. MCLENDON. All right. When did you next see Mr. Reynolds?

Mr. STEWART. Well, the next time I saw Mr. Reynolds was as a result of the call from him to meet with him, and I had luncheon with him in Washington, D.C., sometime late July or sometime during the month of August.

Mr. MCLENDON. Was that after the contract had been awarded?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. On July 7?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. And you say that meeting was at the request of Reynolds or Baker; which one?

Mr. STEWART. Reynolds.

Mr. MCLENDON. Reynolds.

Mr. STEWART. It may have been Baker might have called me; I wouldn't want to say for certain. But at any rate, the meeting was with both of them.

Mr. MCLENDON. You and Baker and Reynolds?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Where did you meet?

Mr. STEWART. Well, they picked me up in an automobile across the street from the Capitol, and we went to a restaurant called the Market Restaurant.

Mr. McLENDON. Market Restaurant?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Or New Market; which is it?

Mr. STEWART. They referred to it both ways in town here.

Mr. McLENDON. Market Inn, Senator Curtis tells me. Is that more correct?

Mr. STEWART. It is over near the railroad around Third Street, I believe.

Mr. McLENDON. I beg your pardon.

Mr. STEWART. It is over near the railroad around Third Street; in that area somewhere.

Mr. McLENDON. All right. What took place at this meeting?

Mr. STEWART. Well, at this meeting we had a complete discussion of the coverage, and Reynolds said he would like to handle all the insurance; that we had already been awarded the job, and I said, no, we couldn't work anything like that out; that we would give him—name him as the broker of record on the bond and the general liability. He talked about the workmen's compensation, and I told him that we had certain statutory provisions and a lot of claims, and it was my understanding that previous brokers had always told me it was considered to be the junk insurance as far as brokerage was concerned, and it was, the commissions were low and that I had concern about taking it out of any normal channel.

Mr. McLENDON. Yes.

Mr. STEWART. And he said all right, that would be all right; and the builder's risk insurance, which is your fire and extended coverage insurance, is not handled by Aetna. Anything that is handled by Aetna I know I have automatic coverage on, but the builder's risk at that time was handled by various insurance companies, and I wanted to confine it to anything that Aetna wrote.

Mr. McLENDON. Confine it to business that Aetna wrote?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Well, did you reach any understanding at that meeting?

Mr. STEWART. Yes, sir. The understanding was that he was to write the performance or payment bond and be broker of record of the general liability insurance. The general liability insurance includes public liability, property damage, bodily injury, as it is sometimes called, and contractual.

Mr. McLENDON. We are having difficulty in hearing you, Mr. Stewart.

Mr. STEWART. You want me to speak closer here?

Mr. McLENDON. Pull the microphone a little nearer to you. Did you and Mr. Reynolds on that occasion discuss the premiums, No. 1, for the bond, and premium No. 2 for the general liability?

Mr. STEWART. Yes, sir; we had a complete discussion of all that charge, including the rates, the amount of compensation, payrolls, and that sort of thing. I gave him any information he wanted.

Mr. McLENDON. What did you and Reynolds decide, if you decided, the premium would be, approximately, on the bond?

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

Mr. STEWART. Well, the premium on the bond and the premium on the general liability insurance—we knew exactly what it would be because we had included it in the bid. It is the same as brick and mortar so far as we were concerned. I knew what they were.

Mr. McLENDON. What was the figure on the bond?

Mr. STEWART. The figure on the bond was approximately $73,000.

Mr. McLENDON. What was the premium on the general liability insurance?

Mr. STEWART. Approximately $36,000.

Mr. McLENDON. Were both of those figures discussed there with the three of you?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And did you definitely agree, representing the McCloskey Co., that Reynolds Associates could act as broker for both the bond and the general liability insurance?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And with whom was he to handle it?

Mr. STEWART. Well, he was to be the broker of record. It was to go through Hutchinson, Rivinus, as agent.

Mr. McLENDON. Why?

Mr. STEWART. As agent.

Mr. McLENDON. They are the regular agents?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And who was the bill to be prepared by?

Mr. STEWART. Well, Reynolds would bill us as broker, which he did, and then Hutchinson, Rivinus would, in turn, bill him for the other insurance, for the insurance, minus the commission. That would be the normal procedure.

Mr. McLENDON. It would be the normal procedure?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Do you recall what the total of the two premiums was, as a result of your conversation?

Mr. STEWART. I have given you the figures, which approximate $109,000.

Mr. McLENDON. Is this the calculation you are talking about?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Tell the committee what that calculation shows, first, with respect to the premium on the bond and, second, with respect to the premium on the general liability insurance.

Mr. STEWART. Well, the premium on the general liability insurance aggregated $36,278.65; and the premium on the performance bond, which is off the original bond, was $73,631.28, or a total of $109,909.93.

Mr. McLENDON. I notice a note——

Senator CURTIS. Pardon me; whose calculation is that?

Mr. STEWART. That is our calculations.

Senator CURTIS. By whom?

Mr. STEWART. By ourselves and by Hutchinson, Rivinus. I have checked it.

Senator CURTIS. What date is that?

Mr. STEWART. Recently.

Senator CURTIS. Recently?

Mr. STEWART. Yes.

Senator CURTIS. Not back at the time it was written?

Mr. STEWART. Well, it was calculated at that time, too, Senator. We had to know in order to bid the job. It is exactly the same rate. It is the rate in effect in 1960 in the District of Columbia.

Senator CURTIS. What is the rate?

Mr. STEWART. For what, sir?

Senator CURTIS. Both.

Mr. STEWART. Well, the performance bond is a graduated rate. It is $10 on the first $100,000 of risk, and $6.50 for the next $2.5 million; $5.25 for the next $2.5 million; $5 for the next $2.5 million; and $4.70 for the next $7.5 million. This is right off the bond, Senator.

Senator CURTIS. Yes. That comes to the $73,000 figure?

Mr. STEWART. Yes, sir.

Senator CURTIS. What is the rate on the other?

Mr. STEWART. Pardon me, sir?

Senator CURTIS. What is the rate on the general liability?

Mr. STEWART. The rate on the property damage and bodily injury is——

Mr. MCLENDON. We are talking about general liability.

Mr. STEWART. That is; that is general liability.

Mr. MCLENDON. I am sorry.

Mr. STEWART. Is $1.2538 of payroll.

Senator CURTIS. How much?

Mr. STEWART. $1.2538 per $100 of payroll.

Senator CURTIS. That is based on payroll?

Mr. STEWART. For the contractual part of the general liability it is $0.34629 per $1,000 of contract cost.

Senator CURTIS. Is it one or the other, or is it both?

Mr. STEWART. No, sir; it is both of them.

Senator CURTIS. Both of them.

Mr. STEWART. I would like to point out, Senator, something that there was an error on the part of the insurance company on that bond. That second bracket is actually an error. It should be $2.4 million, so there is a mistake there. So far as the performance bond is concerned this made this premium slightly in error.

Mr. MCLENDON. Lower or higher than it should have been?

Mr. STEWART. Gee, I think it made it lower. I would have to recheck it, but it is $2.4 million which is the second category, instead of $2.5 million. I am talking now about the original bond.

Mr. MCLENDON. Yes.

Mr. STEWART. So these rates will never add up to that premium that is on there, but that was the premium that was billed.

Mr. MCLENDON. I tried to calculate it, and according to my calculation the premium on the bond should have been $74,116.78. Is that about right?

Mr. STEWART. I think that is about it.

Mr. MCLENDON. Is mine more accurate than yours?

Mr. STEWART. Well, this isn't mine. This is the insurance company's.

Mr. McLENDON. All right. Let us get this clear now. The calculation that you have before you which you furnished me at my request——

Mr. STEWART. You will note that it says it is a bond premium paid. That was the amount paid. There is a slight error, but it is the amount paid.

Mr. McLENDON. That is not what I am going to ask you. This calculation you have before you there, which was furnished to me at my request; state whether or not the figures you use there on this typewritten statement are the figures that you and Reynolds discussed at the time you have been testifying about when you had lunch.

Mr. STEWART. Yes, sir; they were the rates in effect. They would have had to be.

Mr. McLENDON. He then knew from the conversation exactly what the bill was——

Mr. STEWART. Yes, sir.

Mr. McLENDON (continuing). To the dollar.

Senator CURTIS. Did he carry a memorandum with him that day?

Mr. STEWART. I don't recall, Senator. I have no idea whether he did. He probably jotted down the amount of labor. He would have to know that.

Senator CURTIS. What date was that meeting?

Mr. STEWART. In late July or sometime in August of 1960.

Senator CURTIS. July or August?

Mr. STEWART. Late in July or during the month of August 1960.

Senator CURTIS. 1960?

Mr. STEWART. Yes, sir.

Senator CURTIS. When was the policy and the bond dated?

Mr. STEWART. Well, I heard Mr. Reynolds testify yesterday that he had called me in July or August in order to get financial statements of the McCloskey Co. to supply to his bonding company. It so happened I was in Europe from the 1st of July until the 21st. By the time I got back not only had the bid bond been filed, which was on Aetna, but also the performance bond had been supplied to the Government also, so I can't possibly understand why he would call me on that matter.

Senator CURTIS. Who was the third person at this lunch?

Mr. STEWART. Mr. Baker.

Senator CURTIS. Have you verified this conversation with him?

Mr. STEWART. No, sir.

Senator CURTIS. Did you ask him?

Mr. STEWART. I haven't seen him, sir, except this morning in here.

Senator CURTIS. Was there ever a general liability policy issued?

Mr. STEWART. Yes, sir.

Senator CURTIS. Now——

Mr. STEWART. Which has been supplied to the committee.

Senator CURTIS. Is that a separate policy for the stadium?

Mr. STEWART. Our general liability insurance is issued on a policy of Aetna which covers any and all work performed anywhere in the United States, and it is the same policy for any situation whether it was one broker or another or a different broker. It makes no difference.

Senator CURTIS. Well, this computation then of the cost; was that for the District of Columbia Stadium only?

Mr. STEWART. This is the rate for the District of Columbia. The rate varies between cities. For instance in Omaha, Nebr., where we are doing a job, we have one rate. Buffalo, N.Y., where we have a job, is a different rate. Philadelphia is a different rate, but this is a District of Columbia rate.

Senator CURTIS. And you pay an additional premium on each job?

Mr. STEWART. No, sir. They do not bill us on a job basis. They bill us on a city basis. If we are doing one job in a city by coincidence, it happens to be that job. For instance, in the District of Columbia at this time we were doing several jobs, and our billings at this time were on a citywide basis, which is one of the reasons that this was not picked up quickly.

Senator CURTIS. How do you segregate the stadium general liability business if it was one policy and one billing for everything in the District of Columbia?

Mr. STEWART. There is one policy for all building anywhere, Senator.

Senator CURTIS. Yes.

Mr. STEWART. Anywhere.

Senator CURTIS. Yes.

Mr. STEWART. But we have to compute a premium, and there is a particular cost involved on each job for bidding purposes, and we compute it on each one of them, and also for a certain amount of job-cost basis. You have to do it on each job on an estimate.

Senator CURTIS. Well, did Reynolds ever write any general liability insurance for you?

Mr. STEWART. Well, he was supposed to be the broker of record. He wasn't supposed to write anything, general liability insurance or performance or payment bond.

Senator CURTIS. To your knowledge, did Hutchinson, Rivinus ever correspond with Reynolds about any general liability insurance?

Mr. STEWART. To the best of my knowledge, they did not.

Senator CURTIS. Never billed him for it?

Mr. STEWART. He never paid them for it, apparently. I was very interested yesterday——

Senator CURTIS. Was he ever notified of any losses or claims?

Mr. STEWART. Loss or claim having reference to general liability?

Senator CURTIS. Yes.

Mr. STEWART. That would have been handled directly with Aetna.

Senator CURTIS. So that so far as you know Reynolds had nothing to do with the general liability.

Mr. STEWART. Well, as far as I know he was supposed to have been broker of record in the general liability. But as far as I have been able to ascertain he did not perform——

Senator CURTIS. Who told you he was to be broker of record?

Mr. STEWART. That was the understanding between he and I.

Senator CURTIS. Did you ever convey that information to Hutchinson, Rivinus?

Mr. STEWART. I would normally have done it, Senator, and in this particular case apparently I did not do it or they did not follow through if I did do it.

Senator CURTIS. Do you think you did?

Mr. STEWART. I was interested yesterday in Mr. Reynolds' testimony that he deposited this sum and he accounted for the disbursement many months later, which makes me believe that he sat on the money waiting to see whether it would come up. He disbursed it, I think he said, as recently as 1962. It looked to me——

Senator CURTIS. You say you made the arrangements with him. Now, did you or did you not inform Hutchinson, Rivinus & Co. about this?

Mr. STEWART. I should have informed them. I have no recollection of whether I did or not.

Senator CURTIS. At any rate, you didn't do it in writing?

Mr. STEWART. No, sir.

Senator CURTIS. How did they find out about the performance bond?

Mr. STEWART. Well, a performance bond was written by Aetna, and they would have found it out that way in any event.

Senator CURTIS. How did they find out?

Mr. STEWART. They knew we were low on the job.

Senator CURTIS. How did they find out that Baker was in that transaction?

Mr. STEWART. Reynolds.

Senator CURTIS. Reynolds.

Mr. STEWART. I may have told them. I think I probably did, and if I did, I undoubtedly told them about the general liability. Mr. McCloskey may have told them.

Senator CURTIS. Now, who was Mr. McCloskey talking about when he said, "We goofed on it."

Mr. STEWART. I think he was talking about me. [Laughter.]

Senator CURTIS. In what way did you goof?

Mr. STEWART. Well, I should have followed the transaction a little more closely.

Senator CURTIS. But you said if you told them about the performance bond you also told them about the general liability. Well, now, they found out about the performance bond someway because they sent him a bill for it.

Mr. STEWART. They sent us a bill; they sent Reynolds a bill.

Senator CURTIS. You told them to send it to Reynolds?

Mr. STEWART. I believe I would have done so, Senator. That would have been my normal——

Senator CURTIS. Well, who did return that bill?

Mr. STEWART. I returned the bill that Hutchinson, Rivinus sent in error. I directed it to be returned to them.

Senator CURTIS. Did you return it in writing?

Mr. STEWART. No, sir.

Senator CURTIS. How did you return it?

Mr. STEWART. Well, it went through the mail. We also have a messenger service, and occasionally we will send it through——

Senator CURTIS. When did you do that?

Mr. STEWART. When it came across my desk.

Senator CURTIS. Do you have any records?

Mr. STEWART. Pardon me, sir?

Senator CURTIS. Do you have any records?

Mr. STEWART. Of having returned it?

Senator CURTIS. Yes.

Mr. STEWART. I have a recollection of having returned it; yes, sir.

Senator CURTIS. I say, "Do you have any record of it?"

Mr. STEWART. No. Any written record?

Senator CURTIS. Yes.

Mr. STEWART. No; but that would not be unusual. Our communications with them are normally by telephone or rather informal. We look on them as an insurance department of our firm, really.

Senator CURTIS. An insurance department of your firm?

Mr. STEWART. Yes, sir.

Senator CURTIS. Do any of the McCloskeys have an interest in there besides the son-in-law, McHale?

Mr. STEWART. No, sir; but we don't have such a thing as an insurance department within our company. They function in that.

Senator CURTIS. Mr. Chairman, I wonder if Senator Williams could ask a question? Senator Williams.

Mr. GITTIS. We would object, Mr. Chairman, on the ground that Senator Williams is not a member of the committee and, as such, is not authorized to ask any questions here.

Senator WILLIAMS. I think I can understand the objection.

The CHAIRMAN. With that objection, I guess, we had better not, Senator Williams.

Senator CURTIS. That is all for the moment.

The CHAIRMAN. I think if Senator Williams would turn his questions over to one of the Senators or to counsel it can be asked through them. We don't want to keep the question from being asked just on a technicality.

Mr. GITTIS. We would have no objection to that procedure.

The CHAIRMAN. Did you have a question?

Senator PELL. One question to the general counsel, I guess. Do we have in the records anywhere a copy of the duplicate bill, the other bill, from Rivinus?

Mr. MCLENDON. Yes, sir.

Senator PELL. For the same general liability?

Mr. MCLENDON. Yes, sir; we have the original bill sent by Rivinus.

Senator PELL. I am talking about liability, not performance.

Mr. MCLENDON. The only bill we have for liability is a bill sent by Reynolds to McCloskey & Co.

Senator PELL. There should be a bill somewhere in the records that was actually paid for the liability insurance.

Mr. GITTIS. Unfortunately, Senator Pell, such is not the state of the records because at that time McCloskey was billed on a per-city basis, so if they had five jobs going in the District of Columbia, as I believe they did, they would get one bill for the District of Columbia, and there would be no breakdown as to general liability insurance for any particular job.

Senator PELL. Wouldn't there be a breakdown somewhere in the records in preparing that bill; the company had prepared the bill in the city?

Mr. GITTIS. We have not been able to discover any, sir.

Senator WILLIAMS. That is the point, if the Senator will yield, that I wanted to ask the witness about.

The CHAIRMAN. Ask it through Senator Cooper, please.

Senator WILLIAMS. I am not directing the question to him now, but just pointing out because this policy to which he refers is policy No. 4–AL9337 of the Aetna Casualty, and this casualty insurance is written on a blanket form which totals $1,250 in one instance for $200,000 for each person, so much for each accident, aggregate products, and then there is another $1,250, and the total advance premium is $2,500, and then after they get through with each of these projects, as I understand it, they audit the projects and find out the extent of the labor, and they are sent bills in addition at periodic intervals, and the point, the question I wanted to ask, is how did they know in advance exactly what this was going to be, because it has been my experience with the insurance that these are——

Mr. STEWART. I would be happy to answer it if you like. We had to know in order to bid the job what the general liability insurance was. It is just like brick or mortar or any other element of the cost of the job.

Senator WILLIAMS. You had it in advance?

Mr. STEWART. Yes, sir; we had to know within a reasonable amount.

Senator WILLIAMS. Well, will you furnish these figures which you have furnished to the insurance company?

Mr. STEWART. I have already given them.

Senator WILLIAMS. I have seen them and they don't correspond. Maybe there are others. Are there copies of it there?

Mr. STEWART. This is the computation.

Senator WILLIAMS. And the date of the various payments both by Hutchinson, Rivinus & Co. to the insurance company, the date of the payments to McCloskey & Co. to the Hutchinson, Rivinus?

Mr. STEWART. This is what counsel was explaining, that the bills from Aetna to Hutchinson, Rivinus to McCloskey & Co. are citywide bills. They are not—I don't know what you are looking at, Senator.

Senator WILLIAMS. I am looking at the same policy which you furnished to the committee which has no relationship to the figures whatsoever of the overpayment.

Mr. STEWART. May I see it, sir? I don't think I supplied it. This is the Aetna Casualty & Surety Co. comprehensive liability policy which was in effect from 1958 to 1961, and this policy is a national policy. This covers anything in a liability phase anywhere. The initial premium here doesn't really mean anything. It is just to get the policy into effect, you pay an initial premium. From here on no matter where you work you are billed separately citywide for the work you do within that city.

Senator WILLIAMS. That is correct, and that is what I was going to ask you; where are those bills that would come to this total of the $35,000 and the allied dollars right to a penny and the dates they are paid? That is what I was asking.

Mr. STEWART. Well, those bills would not total that because they are on a citywide basis. They would total maybe $600,000 or $700,000, but the rate involved and the amount of labor involved on the contract times the rate for the contractual will result and does result in this $36,000 figure.

Senator CURTIS. Do I understand this would be handled from Aetna to Hutchinson, Rivinus, and a lump sum for a city and not broken down by job?

Mr. STEWART. Yes, sir; that is correct.

Senator CURTIS. A lump sum?

Mr. STEWART. It is not broken down by jobs. It is a figure for the insurance for a particular period in that on all the jobs.

Senator CURTIS. How does the company get their information upon which to bill?

Mr. STEWART. The——

Senator CURTIS. The insurance company.

Mr. STEWART. They do it by audit.

Senator WILLIAMS. May I see a copy of that $35,000 figure that you totaled there?

Senator COOPER. May I ask a question, Mr. Chairman?

The CHAIRMAN. Certainly.

Senator COOPER. In calculating this sum you stated that the $36,278.65 represented the premium on the general liability insurance, and ultimately that had to be paid to the Aetna?

Mr. STEWART. Yes, sir.

Senator COOPER. Do you have anything in the record to show it has been paid?

Mr. STEWART. It has been paid in connection with the billings on all the other general liability insurance.

Senator COOPER. Was this agreement that you made with Mr. Reynolds to cover a general liability policy connected with the construction of the District of Columbia Stadium?

Mr. STEWART. No, sir.

Senator COOPER. What?

Mr. STEWART. No, sir. He was not going to write any policy. He was going to be the broker of record.

Senator COOPER. I understand that. Aetna Insurance wrote the insurance. Hutchinson, Rivinus was the agent. Reynolds was the broker; that is correct, isn't it?

Mr. STEWART. Was to be the broker; yes, sir.

Senator COOPER. But at some time Aetna Insurance Co. had to be paid its premium upon the writing of this general liability insurance?

Mr. STEWART. Yes, sir.

Senator COOPER. Have you got any records to show——

Mr. STEWART. We have paid them? Yes, sir.

Senator COOPER (continuing). That that has been paid?

Mr. STEWART. Our general liability——

Senator COOPER. To Aetna Insurance Co.?

Mr. STEWART. Yes, sir. We paid them all the premiums.

Senator COOPER. Can you produce those records?

Mr. STEWART. We have gone further than that——

Senator COOPER. What?

Mr. STEWART. We have gone further than that, Senator. In order to make certain of it, we have asked Aetna if there are any outstanding amounts for those years and they tell us, "No."

Senator WILLIAMS. Do you have copies of those bills which you paid?

Mr. STEWART. These bills, Senator, are, as I say, several hundred thousand dollars. Do we have any with us?

Mr. GITTIS. Pardon me, Senator, but they never have been asked for because they would be most unenlightening. There is no one bill that you can look at and find a $35,000 figure for. There is no one bill that you can look at and find a charge for the District of Columbia Stadium.

Senator WILLIAMS. You can find two or three?

Mr. GITTIS. Or you could find there would be a charge for the District of Columbia, which includes general liability insurance for the period covered by the bill for all work being done in the District of Columbia during that period.

Senator COOPER. At some point the premiums due Aetna Insurance would have to be increased by the amount of insurance, general liability insurance, taken out because of this agreement that you had with Reynolds; wouldn't that be correct?

Mr. STEWART. Well, Reynolds should have——

Senator COOPER. Answer my question. Wouldn't it be?

Mr. STEWART. I don't follow you, Senator, on that; I am sorry.

Senator COOPER. You said that you made an agreement with Reynolds that he would be the broker.

Mr. STEWART. Broker of record.

Senator COOPER. Hutchinson, Rivinus would write the policy.

Mr. STEWART. No; would be the agent.

Senator COOPER. Aetna would write the policy for this additional general liability insurance that was to be taken out; isn't that correct?

Mr. STEWART. Yes, sir.

Senator COOPER. Well, now, at some point wouldn't Aetna have to know that they were furnishing additional general liability insurance?

Mr. STEWART. They are not furnishing additional insurance, Senator. I think you are a little confused between what a broker is——

Senator COOPER. Don't say that.

Mr. STEWART. Can I answer——

Senator COOPER. Answer my question. At some point Aetna would have to know that it was incurring additional liability.

Mr. STEWART. We are automatically covered.

Senator COOPER. And it was being paid for incurring that liability. Isn't that correct?

Mr. STEWART. We are already, we are automatically, covered in all instances by Aetna in any case. They don't need any notification whatsoever. We are covered. When they come through and make an audit to ascertain, which they do on about a 3-month basis, I believe, to adjust, because it changes payroll and whatever, if you have extras on the job, they adjust the amount of the premium, and then we pay them. That was done on a citywide basis by them.

Senator COOPER. That adjustment would be made at some point, wouldn't it?

Mr. STEWART. Yes, sir; by them. They do that; we don't.

Senator COOPER. You believe that Aetna would have a record showing this adjustment which represents the figure of some $36,000?

Mr. STEWART. No, sir; not a figure of $36,000. The figure of $36,000 is the amount of general liability insurance estimated on this job, the

beginning of the job. That figure will always be corrected upward or downward depending upon the amount of actual payroll, and even on the amount of the contract, increased or decreased. But that is done by audit by Aetna who does it directly on our books every 3 months.

Senator WILLIAMS. That is the point I was making. It is done by audit after the original estimate, and you could not possibly, as I see it, have had this $35,000-some-odd figure. That is what I am wondering.

Mr. STEWART. Sir, how do you think I could bid the job without knowing the general liability?

Senator WILLIAMS. You have an estimate on it.

Mr. STEWART. It would have to be awfully close.

Senator CURTIS. How much did you pay Aetna for general liability on the District of Columbia Stadium?

Mr. STEWART. On the District of Columbia Stadium I don't know. It would have been adjusted by audit.

Senator CURTIS. Who does?

Mr. STEWART. And it has never been on a job basis, so I don't have any idea, but it would have approximated this amount, I presume.

Senator CURTIS. Does not anybody know what you paid for this general liability bond?

Mr. STEWART. Exactly?

Senator CURTIS. Yes.

Mr. STEWART. No, sir.

Senator CURTIS. Now that it is all over?

Mr. STEWART. No, sir.

Senator CURTIS. No way to find it out?

Mr. STEWART. I wouldn't want to say that, but it would be rather difficult at this date.

Senator CURTIS. Well, suppose it is. A lot of things are difficult. Here are people's reputations at stake, contractor's reputation at stake. I have a simple question of what was paid to Aetna for general liability insurance on the District of Columbia Stadium.

Mr. STEWART. The only one that can answer it would be Aetna, I suppose, Senator. We wouldn't. We don't maintain our records in that way, but Aetna might. You could ask them. They are the ones who make up the figures and send it to us, bill us. We never get into the audit.

Senator CURTIS. And this thing here was made up recently?

Mr. STEWART. Based upon the rates in effect at the time.

Senator CURTIS. Will you produce your original estimate?

Mr. STEWART. Original estimate on the job? I don't have it, sir.

Senator CURTIS. On general liability.

Mr. STEWART. I don't have such a record, Senator.

Senator WILLIAMS. Is this the——

Mr. STEWART. That would have been the thing——

Senator WILLIAMS. Is this, to the best of your knowledge, exactly what it was on the overall project?

Mr. STEWART. On the District of Columbia; yes, sir.

Senator WILLIAMS. District of Columbia.

Mr. STEWART. Anywhere in the District of Columbia.

Senator WILLIAMS. Isn't it a strange coincidence that you can make an estimate 3 years ago and come out to a penny as to exactly what this is?

Mr. STEWART. I don't think it is unreasonable.

Senator WILLIAMS. You don't think so. If you are so accurate that you were able to make an estimate in 1961 that came out right to a penny, $109,909.93 and right out to a penny, and now you come back and look it over and reaudit your books, and still come out right to that same figure, don't you have an estimate of your papers earlier?

Mr. STEWART. You obviously don't understand.

Senator WILLIAMS. No, sir; I do not. And I might say I have handled insurance for several years, and I think I know a little bit about insurance, about how insurance operates.

Mr. MCLENDON. Would you let me try to straighten this out?

Senator WILLIAMS. Yes, sir.

Mr. MCLENDON. Mr. Stewart, I think the difficulty you are having is that you have not made it clear that the amount of general liability business that you agreed Reynolds was the broker for was the premium allocable to the District of Columbia Stadium.

Mr. STEWART. Yes, sir.

Mr. MCLENDON. And you used the regular rate of Aetna, and then took the figures, estimated figures for your stadium, and multiplied it and got this figure of $36,000——

Mr. STEWART. Yes, sir.

Mr. MCLENDON (continuing). Which was the amount allocable to the stadium.

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Not a policy but the amount of the premium that was allocable to the stadium; is that right?

Mr. STEWART. Yes, sir; that is exactly right.

Mr. MCLENDON. So when you have made that calculation you made it upon the premium rates that your company pays everywhere except, as has been pointed out here, variations in cities.

Mr. STEWART. Right, sir. It is the rate effective in the District of Columbia.

Mr. MCLENDON. But this figure is only the amount that is applicable to the liability insurance on the stadium.

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Is that right?

Mr. STEWART. Yes, sir.

Senator CURTIS. When was that done?

Mr. MCLENDON. I was going to ask him. Let me have that calculation. When we interviewed you and the other representatives of the Aetna and McCloskey Co. we raised this question with you, did we not?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. And was it ascertained that a certificate of insurance had been furnished to the armory?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. At the request of Mr. Blaser, the contracting officer?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And did you furnish a copy of the policy, the general liability policy?

Mr. STEWART. The certificate is in lieu of a policy.

Mr. McLENDON. Is what?

Mr. STEWART. The normal procedure is you supply a certificate, not the policy.

Mr. McLENDON. The certificate is one thing and the policy is something else. This is Aetna's comprehensive liability policy?

Mr. STEWART. Yes, sir; that is not supplied to anyone.

Mr. McLENDON. Sir?

Mr. STEWART. That is not supplied to anyone except ourselves. We supply a certificate to evidence the fact that there is such a policy in existence.

Mr. McLENDON. But there is a policy under which you were protected by Aetna?

Mr. STEWART. Yes, sir; that is this one here, sir; yes, sir.

Mr. McLENDON. The same thing I have here?

Mr. STEWART. It is dated in 1958.

Mr. McLENDON. Yes. So let me ask you again now, is it correct that the only thing you and Reynolds had to do was to take the rate for this policy and compute the amount of the premium allocable to the stadium in the District of Columbia?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And what figure did you come out with?

Mr. STEWART. Well, I came out with this figure here. I would have had to come out with a figure similar to this. I don't know whether I went that far. He was an insurance man. I acquainted him with the rate, I acquainted with him the amount of the estimated labor on the job and, of course, he already knew the amount of the contract. And they were the only elements you have to know to come up with $36,000.

Mr. McLENDON. Yes.

Mr. STEWART. And he came—his bill, when I received it, included both. It was aproximately right. It was a little low.

Mr. McLENDON. I notice the total on this summary estimate here which you furnished at the request of the staff is $109,909.93.

Mr. STEWART. Yes, sir.

Mr. McLENDON. And the total on the invoice—exhibit 18, isn't it?—the total on the invoices rendered by Reynolds, exhibit 18, is $109,205.60, making a difference of about $700?

Mr. STEWART. Yes, sir.

(The exhibits referred to during Mr. Stewart's testimony may be found in the printed hearings, pt. 2, of Tuesday, December 1, 1964.)

Mr. McLENDON. Did Mr. Reynolds ever communicate with you after this conference you had with him when you and he made the calculation of what the premiums would be? Did he ever call you and ask you anything about the premium?

Mr. STEWART. I can't recall ever having done so. I am sure he never did.

Mr. McLENDON. Before we get too far away from this, mark this as exhibit 29.

(The summary referred to is as follows:)

EXHIBIT 29

SUMMARY

Computation of Premium for General Liability Insurance

Estimated Labor $ 2,500,000.00	x	Rate for Property Damage and Bodily Injury $1.2538 per $100	=	$ 31,345.00
Contract Bid Price $14,247,187.50	x	Rate for Contractual Liability $ .34629 per $1,000	=	4,933.65
				$ 36,278.65

Computation of Premium for Performance Bond
as per Original Bond on File*

$10.00 per	first	$100,000	
6.50 per	next	$2.5 Million	
5.25 per	next	$2.5 Million	
5.00 per	next	$2.5 Million	
4.70 over		$7.5 Million	= $ 73,631.28
			$109,909.93

* Mathematically this computation is incorrect. When the rates set forth on the bond are computed they do not total $73,631.28 which is the correct bond premium paid.

Mr. McLENDON. Would you look at exhibit 18? You have a copy of it before you?

Mr. GITTIS. Would you tell us what it is, please?

Mr. McLENDON. It is a letter which Reynolds testified he mailed to Mr. McCloskey enclosing the Reynolds Associates bond—I mean the bill for the bond—and a general liability.

Mr. STEWART. Yes, sir; I have that.

Mr. McLENDON. Do you have that before you?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Disregarding the letter and addressing my questions to the invoice, will you explain to the committee whether or not the way this bill is made up is consistent with your understanding with Reynolds except that it does not separate the amount of the premium for the bond and the amount of the premium for the general liability insurance?

Mr. STEWART. Yes, sir; it is.

Mr. McLENDON. Can you explain why those premiums were not stated separately?

Mr. STEWART. Well, I suppose it is his policy not to do it; just to state one figure.

Mr. McLENDON. Well, after naming both——

Mr. STEWART. I don't know why.

Mr. McLENDON. Sir?

Mr. STEWART. I say I wouldn't know why he does it in that particular way.

Mr. McLENDON. Well, after naming the company, Aetna Casualty, and the performance and completion bond, and the general liability, he uses the word "total" and the sum of $109,205.60. What is the significance of that?

Mr. STEWART. It is the premium total on both elements. The performance and completion bond and the general liability.

Mr. McLENDON. Could not Mr. Reynolds have prepared this invoice based on your and his understanding and agreement that day without further information from anybody?

Mr. STEWART. Yes, sir.

Senator CURTIS. May I ask a question at that point?

Mr. STEWART. Yes, sir.

Senator CURTIS. Could not Baker have told him what to do on that? Was Baker present?

Mr. STEWART. Baker was present, but you are asking me to speculate on something——

Senator CURTIS. No; I am not.

Mr. STEWART (continuing). He could do. I already answered counsel he could do it.

Senator CURTIS. Was Baker present all the time Reynolds was?

Mr. STEWART. Yes, sir.

Senator CURTIS. This happened at a luncheon?

Mr. STEWART. Yes, sir; as far as I can recall he was.

Senator CURTIS. And Reynolds testified that Baker told him how to prepare his bill. Do you have any knowledge that that did not happen?

Mr. STEWART. I know that I had given him the information to prepare it myself. I don't know why he needed any information from Mr. Baker.

Senator CURTIS. I asked you a question. Do you know—did you have any knowledge—to the effect that Reynolds did not prepare his bill, as he said, at Baker's direction?

Mr. STEWART. I only met Reynolds twice in my life, sir, and there is nothing that came up at either of those meetings that indicated anything of that nature. I would have no knowledge of it.

Senator CURTIS. And all the information you ever gave Reynolds about the cost of performance bonds and general liability was done in the presence of Baker?

Mr. STEWART. I may have had a telephone conversation with him, Senator. I have some vague recollection of his calling me at one time.

Senator CURTIS. But this calculation we are talking about, that was in the restaurant, was it not?

Mr. STEWART. Yes, sir; or in the car. He drove around Washington a little bit.

Senator CURTIS. And Baker was along then?

Mr. STEWART. Yes, sir.

Senator CURTIS. Now, did Reynolds from his office or his companies provide any general liability insurance to McCloskey Co., to your knowledge?

Mr. STEWART. He was supposed to be broker of record. He was not supposed to provide the insurance. Aetna Casualty & Surety was to provide it through Hutchinson, Rivinus, as agent. He was never supposed to provide the insurance for either that or the performance bond, so the answer is no, he never did.

Senator CURTIS. Do you recall when the bids were actually let?

Mr. STEWART. The award date, the invitation?

Senator CURTIS. No; the award.

Mr. STEWART. The award date was July 7, 1960.

Senator CURTIS. And when, with respect to that, was this meeting that——

Mr. STEWART. I was in Europe at that time, so I wasn't here.

Senator CURTIS. When did you and Baker and Reynolds have your meeting?

Mr. STEWART. Upon my return from Europe sometime toward late in July or during the month of August.

Senator CURTIS. During the month of August?

Mr. STEWART. Or late in July. I can't identify the exact date except it was not during the time I was out of the country.

Senator CURTIS. And about what date did you prepare this calculation that has been offered in evidence?

Mr. STEWART. This calculation is—was prepared within the last several days between Hutchinson, Rivinus and myself to refresh what the rate was. This is the effective rate of that date, but this particular calculation was as a result of conversations with Hutchinson, Rivinus to ascertain for me the rate effective at the date.

Senator WILLIAMS. Do we understand it is just a strange coincidence——

Mr. GITTIS. Mr. Chairman, I object to Senator Williams' questioning. I think we have gone way beyond the bounds, or he has gone way beyond the bounds of what his rights are. We object to his doing so.

Senator CURTIS. Well, it is all right. Counsel is not familiar with the way committees are run up here. I have never been at a meeting where I did not belong, where they didn't invite me to ask questions.

Mr. GITTIS. I am familiar with the law, however, Senator, and the law does not permit him to do so.

The CHAIRMAN. I suggest Senator Williams direct his questions to one of the other Senators. He understands how to do that.

Senator COOPER. You know that Mr. Blaser, the contracting officer, wrote to Hutchinson, Rivinus & Co.?

Mr. STEWART. I can't hear you.

Senator COOPER. What?

Mr. STEWART. I can't hear you.

Senator COOPER. Do you know that after the contract was signed, Blaser, the contracting officer of the Armory Board, wrote to Hutchinson, Rivinus on two occasions and asked them to provide a certificate that public liability insurance and property insurance was carried by McCloskey & Co. in connection with the District of Columbia Stadium?

Mr. STEWART. Yes, sir; I have seen——

Senator COOPER. You know that?

Mr. STEWART. I have seen that.

Senator COOPER. Then you know on September 29 Hutchinson, Rivinus wrote Blaser and provided a certificate that Aetna Casualty & Surety Co. was carrying a policy of general liability in favor of McCloskey?

Mr. STEWART. I think, Senator, they indicated that Aetna Casualty & Surety Co. had policies.

Senator COOPER. Of course. But they provided the certificate that general liability and property insurance was being carried on account of this District of Columbia Stadium contract. Isn't that correct?

Mr. STEWART. Yes, sir.

Senator COOPER. Did McCloskey & Co. from time to time pay through Hutchinson, Rivinus or through some broker the premiums on these policies?

Mr. STEWART. Yes, sir. You mean on the general liability policy?

Senator COOPER. General liability policy.

Mr. STEWART. Yes, sir.

Senator COOPER. And you have been testifying that these general liability policies covered the District of Columbia Stadium contract. Isn't that correct?

Mr. STEWART. Yes, sir; among other jobs.

Senator COOPER. Among others.

Mr. STEWART. Yes, sir.

Senator COOPER. Is it correct—and I tried to get this from you a few minutes ago—that at some point adjustments were made between Aetna and through Hutchinson, Rivinus with McCloskey to

find out the additional premiums that might be due them for a new job such as the District of Columbia Stadium?

Mr. STEWART. Yes, sir.

Senator COOPER. Is that correct?

Mr. STEWART. Yes, sir. It was a regular continual audit.

Senator COOPER. What?

Mr. STEWART. A regular continual auditing by——

Senator COOPER. In your negotiations with Mr. Reynolds you estimated that some $36,000 would be due Aetna for its premium on account of the District of Columbia Stadium contract?

Mr. STEWART. Yes, sir.

Senator COOPER. My question is this, which I tried to ask you a while ago. Is there any evidence that you know of that your company ever paid Aetna this additional premium of $36,000?

Mr. STEWART. We paid Hutchinson, Rivinus.

Mr. COOPER. What?

Mr. STEWART. Hutchinson, Rivinus.

Senator COOPER. You did pay Hutchinson, Rivinus?

Mr. STEWART. We paid Hutchinson, Rivinus for all the bills submitted to us for all of our general liability which included the District of Columbia.

Senator COOPER. You believe McCloskey & Co. paid Hutchinson, Rivinus this $36,000 in the adjustments that it made?

Mr. STEWART. Yes, sir.

Senator COOPER. In addition it paid $36,000 to Reynolds?

Mr. STEWART. Yes, sir; I believe that is correct.

Senator COOPER. You paid this premium twice then?

Mr. STEWART. Yes, sir.

Senator COOPER. You paid it once to——

Mr. STEWART. Yes, sir.

Senator COOPER. Have you a record to show that McCloskey paid Aetna Casualty & Surety Co. through Hutchinson, Rivinus this $36,000 premium?

Mr. STEWART. Yes, sir. It happens to be mixed up with all the other premiums we paid, but it is an element.

Senator COOPER. But you paid them?

Mr. STEWART. We have paid them for the insurance on the District of Columbia Stadium.

Senator COOPER. And you knew that in your ordinary course of business these adjustments would be made, and that McCloskey & Co. would pay these additional premiums to Aetna?

Mr. STEWART. Yes, sir. But Reynolds——

Senator COOPER. Then knowing that you did pay Reynolds $36,000 more than was due him.

Mr. STEWART. If he had remitted——

Senator COOPER. What?

Mr. STEWART. If he had remitted the $36,000, less his commission to Hutchinson, Rivinus, then it would have been a credit against the account, which he did not do, Senator.

Senator COOPER. But you knew that you were paying the $36,000 twice?

Mr. STEWART. No, sir; I did not know that until very recently.

Senator COOPER. Did you ever notify either Hutchinson, Rivinus or the Aetna Co. that the $36,000 was to be paid Reynolds, and that they should look to him for their premium rather than looking directly to McCloskey & Co.?

Mr. STEWART. Well, if I did, nothing was done about it, except the more reasonable possibility that I didn't tell them.

Senator COOPER. What?

Mr. STEWART. I accept the more reasonable possibility and probability that I did not tell them, and in that way I am—as Mr. McCloskey said, I goofed.

Senator COOPER. This kind of transaction, the adjustment from time to time between Aetna and McCloskey, would make easy the kind of transaction that Reynolds claimed to have taken place.

Mr. STEWART. You mean for him to——

Senator COOPER. To keep the money and do what he wanted to do with it.

Mr. STEWART. Yes, sir. Strangely enough it is not the type of transaction that would have been caught in a hurry and, as I say, I think he sat on the money, and to see when Hutchinson, Rivinus is going to bill him, and he found out they weren't going to bill him, and he took the money out, as I understood his testimony yesterday.

Senator COOPER. I will ask the committee if it will request McCloskey & Co. to produce its records to show whether or not at some point it did pay Aetna $36,000.

The CHAIRMAN. May I, Senator Cooper, ask the witness a question to clarify my own thinking here?

You don't pay Aetna anyway, do you?

Mr. STEWART. No, sir; we pay Hutchinson, Rivinus.

The CHAIRMAN. You pay——

Mr. STEWART. Yes, sir.

The CHAIRMAN. Rivinus?

Mr. STEWART. Yes, sir; Hutchinson, Rivinus.

The CHAIRMAN. They bill McCloskey & Co.; is that correct?

Mr. STEWART. Yes, sir.

The CHAIRMAN. They handle your insurance?

Mr. STEWART. Yes, sir.

The CHAIRMAN. And they bill you?

Mr. STEWART. Yes, sir. But the auditing work is done by Aetna, Senator.

The CHAIRMAN. Let me get another thing straight in my mind to see if I understand how you arrived at this $36,000 to start with. First, I know that you must know what it costs to build a stadium or anything else if you are going to bid on it, because if you don't you are going to go broke sooner or later.

Mr. STEWART. Yes, sir.

The CHAIRMAN. Or else make too much money on the job. Your competitors won't let you do that.

Mr. STEWART. No, sir.

The CHAIRMAN. You estimate so much labor in a job, I presume?

Mr. STEWART. Yes, sir.

The CHAIRMAN. So much concrete and so much steel and so much everything that goes into it?

Mr. STEWART. Yes, sir.

The CHAIRMAN. And insurance is a figure that you know is a part of the cost of a building, isn't it?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Your performance bond, your general liability, your workman's compensation, and everything; that goes into it?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Now, your general liability is based on your labor costs, is it?

Mr. STEWART. Yes, sir; to a certain extent.

The CHAIRMAN. That and a few other factors that go into it?

Mr. STEWART. Yes, sir. The bulk of it is labor.

The CHAIRMAN. The bulk of it is labor?

Mr. STEWART. Yes, sir.

The CHAIRMAN. That is a figure that you use when you bid, isn't it?

Mr. STEWART. Yes, sir.

The CHAIRMAN. You have a definite figure you bid on?

Mr. STEWART. Yes, sir.

The CHAIRMAN. You take that figure that you use to bid, and then you take the rate which Aetna furnishes you for this particular bond or insurance in the locality in which you are operating, which would be in the District of Columbia here?

Mr. STEWART. Yes, sir.

The CHAIRMAN. And multiply it out and that gives you what you figure it is going to cost for that general liability for that particular contract?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Is that correct?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Is that what you did in this case here; you gave Reynolds a figure of what the rate is; you gave him that figure?

Mr. STEWART. Gave him the rate and the labor.

The CHAIRMAN. And you gave him the labor costs that you had estimated it would cost to do this job?

Mr. STEWART. Yes, sir.

The CHAIRMAN. And that is the way you arrived at this $36,000?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Approximately $36,000?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Now am I clear on that?

Mr. STEWART. You are absolutely clear.

The CHAIRMAN. Can you furnish this committee, for my information as well as the other members—and they can ask for anything they want, and I am perfectly willing to get it for them if it is possible—can you furnish this committe your labor costs that you used in figuring this contract?

Mr. STEWART. I have done that, sir. It is $2,500,000.

The CHAIRMAN. You have done that?

Mr. STEWART. Yes, sir.

The CHAIRMAN. All right. Can Aetna substantiate the figure that you used for this insurance that they bid on?

Mr. STEWART. The rate?

The CHAIRMAN. The rate.

Mr. STEWART. Hutchinson, Rivinus can.

The CHAIRMAN. Hutchinson, Rivinus?
Mr. STEWART. Yes.
The CHAIRMAN. So those two figures gave you that?
Mr. STEWART. Yes, sir.
The CHAIRMAN. You can substantiate that?
Mr. STEWART. Yes, sir.
The CHAIRMAN. That is what we want to know. I know how these insurance companies audit each job; I know something about that myself. I think I am right that about quarterly they audit your books.
Mr. STEWART. That is right.
The CHAIRMAN. Not Hutchinson, Rivinus or anybody else; they audit your books.
Mr. STEWART. Yes, sir.
The CHAIRMAN. To see how much you owe?
Mr. STEWART. Yes, sir.
The CHAIRMAN. And if you pay too much, it is credited to the next quarter, or if you haven't paid enough they bill you for it?
Mr. STEWART. It is all subject to adjustment.
The CHAIRMAN. It is all subject to adjustment and determined up and down in accordance with the dollars you spend?
Mr. STEWART. Yes, sir.
The CHAIRMAN. Have I got it correctly?
Mr. STEWART. Yes, sir; you have it correctly.
The CHAIRMAN. That is, that gets it fixed in my mind. I want you to furnish this committee any information they need to satisfy their minds that this is the way that you arrived at this $36,000. I want to get one other thing straight in my mind. I hate to take up the time of the committee, but I need to know this for myself. You gave—you figured this performance bond; that was a definite figure based on the dollars you bid on it?
Mr. STEWART. Yes, sir.
The CHAIRMAN. The contract price; that was so much a thousand.
Mr. STEWART. Yes, sir.
The CHAIRMAN. So that gave you the $73,000.
Mr. STEWART. That is right, sir.
The CHAIRMAN. Plus or minus.
Mr. STEWART. Yes, sir.
The CHAIRMAN. Then you took this other, which you had a definite way of figuring, and put it to it, and that is what you agreed to let Reynolds handle; is that it?
Mr. STEWART. Yes, sir.
The CHAIRMAN. And Reynolds billed you for it?
Mr. STEWART. Yes, sir.
The CHAIRMAN. And Hutchinson, Rivinus was supposed to bill Reynolds for both those items; is that correct?
Mr. STEWART. That is correct, sir.
The CHAIRMAN. And somehow or other you or somebody goofed, as Mr. McCloskey said, and you didn't tell them to bill Reynolds or they forgot it or something?
Mr. STEWART. Yes, sir.
The CHAIRMAN. And they only billed you for the performance bond and didn't bill you for the other?
Mr. STEWART. Yes, sir.

The CHAIRMAN. But he billed you for it, and you paid him?
Mr. STEWART. Yes, sir.
The CHAIRMAN. Is my understanding correct in that?
Mr. STEWART. Yes, sir.
The CHAIRMAN. And Reynolds just kept the money?
Mr. STEWART. Yes, sir.
The CHAIRMAN. Or didn't report back that you had overpaid it or anything like that?
Mr. STEWART. No, sir. He didn't notify either Hutchinson, Rivinus, or myself.
The CHAIRMAN. Now, you evidently overpaid; you have evidently paid this twice, because Hutchinson, Rivinus charged you what Aetna audited your books to be——
Mr. STEWART. Yes, sir.
The CHAIRMAN (continuing). On this particular job?
Mr. STEWART. Yes, sir.
The CHAIRMAN. And you paid that quarterly as any other part of your contracts operating in the District of Columbia; is that correct?
Mr. STEWART. Yes, sir.
The CHAIRMAN. So you have that quarterly, and you paid this when the bill came to you, an invoice came to you, very shortly thereafter?
Mr. STEWART. Yes, sir.
The CHAIRMAN. So you have actually paid two people.
Mr. STEWART. Paid two people. No doubt in my mind I paid two people.
The CHAIRMAN. Well, now—you may proceed.
Senator COOPER. I thank you, Mr. Chairman. I have one other question which I think would be helpful for the committee.
The CHAIRMAN. Let me say one other thing. Hutchinson, Rivinus people are here, aren't they?
Mr. STEWART. Yes, sir.
The CHAIRMAN. Can they verify this?
Mr. STEWART. Yes, sir.
The CHAIRMAN. You think they can?
Mr. STEWART. Yes, sir.
The CHAIRMAN. Is Aetna here, also?
Mr. STEWART. Yes, sir.
The CHAIRMAN. Well, between them all I think we ought to be able to arrive at the answer.
Mr. STEWART. It is exactly as you have stated it, Senator.
The CHAIRMAN. Go ahead, sir.
Senator COOPER. I would like to ask this question: As I understand it again, Aetna carried these policies for McCloskey & Co., covering all of its work. Is that correct?
Mr. STEWART. General liability policy covers all of it; yes, sir.
Senator COOPER. And that included any liability that might be incurred on account of the Washington, D.C., stadium?
Mr. STEWART. Yes, sir.
Senator COOPER. Can you——
Mr. STEWART. Or any other job.
Senator COOPER. Can you furnish for McCloskey & Co. the payments that McCloskey & Co. made to Aetna Casualty & Surety Co. on these general liability policies for the years 1959–63?

Mr. STEWART. Yes, sir; we can do that.

The CHAIRMAN. Well, now, wait a minute.

Mr. STEWART. I don't think it will serve much purpose, but we would be happy to do it.

The CHAIRMAN. You will have to supply that from Hutchinson, Rivinus that you paid it?

Mr. STEWART. I will have to check our records out against theirs, Senator. But if he wants to see the bills, the bills from Hutchinson, Rivinus, not Aetna; he wants the bills from Hutchinson, Rivinus to the McCloskey Co. for the years 1959–63.

Senator COOPER. On this particular policy, these policies which cover——

Mr. STEWART. It would be all mixed up, Senator, but we will give you all.

Senator COOPER. The policies which covered all your work——

Mr. STEWART. Yes, sir.

Senator COOPER (continuing). Including the District of Columbia Stadium.

Mr. STEWART. Yes, sir; we will give you all of them.

Senator CURTIS. I want to ask you something.

The CHAIRMAN. Excuse me; let me ask you; you want it just for the District of Columbia or all over the United States?

Mr. STEWART. It has to be for all.

The CHAIRMAN. We will get all of them.

Senator CURTIS. On the day you said you went over these estimates in the restaurant, was that on the basis of the original contract or on the basis of the order changes?

Mr. STEWART. At that time we had just gotten the award. We didn't have any order changes, to my knowledge.

Senator CURTIS. How much were the total order changes on this?

Mr. STEWART. They were in excess of $3 million, I believe.

Senator CURTIS. In excess of $3 million?

Mr. STEWART. In there someplace. I think it is in the record.

Senator CURTIS. Well then, is this estimate, this calculation here, is that based upon the completed stadium or the original estimates?

Mr. STEWART. It is based on the original estimates, sir.

Senator CURTIS. Why couldn't you calculate that on the completed stadium?

Mr. STEWART. Well, you could.

The CHAIRMAN. You would have to know what it would cost before you could do that.

Mr. STEWART. You would have to know what it would cost. But it ran higher.

Senator CURTIS. I assume you would have to know what it would cost?

Mr. STEWART. But it ran higher, Senator. It would have run higher.

Senator CURTIS. If it ran over $3 million, if that—if Reynolds had an agreement that he was to be broker on that, he is entitled to a broker's commission on whatever additional cost this was by reason of the $3 million order changes.

Mr. STEWART. If he will pay Aetna we will be happy to see that he gets the brokerage commission.

Senator CURTIS. Has that never been paid him?

Mr. STEWART. He never billed us for it; no, sir.

Senator CURTIS. Now, what is there in Reynolds' story, Reynolds' testimony, that is inconsistent with what you have told us here?

Mr. STEWART. Well, I think I mentioned a couple of things that are inconsistent. He indicated he attempted to get me in July and August to have me furnish financial statements to supply the Fidelity & Guaranty Co. when already a bid bond and a performance of payment bond had already been written on the job.

Senator CURTIS. I recall he asked that of the McCloskey Co.

Mr. STEWART. He said William Klem Stewart, which is me, Senator.

Senator CURTIS. Isn't there any reason why all of this talk and figuring about estimates on a liability insurance that Reynolds had never written, Hutchinson, Rivinus have never billed him for it, it was never mentioned until Senator Williams published the check for $109,000, now there is nothing about all of that that invalidates Reynolds' story that he was a conduit for this $35,000, $36,000 excess that he turned back $25,000 of which to Bobby Baker for political purposes?

Mr. STEWART. I think you have heard Mr. McCloskey testify there was no foundation whatsoever in such, and I can say categorically the same thing; absolutely no conversations whatever.

Senator CURTIS. How do you know?

Mr. STEWART. Because I was there in Mr. Baker's office. I wasn't there at the breakfast meeting. I know Mr. McCloskey. I respect him. I know that he tells the truth, and I have had a long and close association with him.

Senator CURTIS. Well, you base it upon your faith in Mr. McCloskey?

Mr. STEWART. In part, and also by own observation of Mr. Reynolds and what I have read about him.

Senator CURTIS. Of course, the facts speak for themselves. You people have never asked Mr. Reynolds for this money. You never mentioned it until this investigation came up, and now you come up with these figures as an explanation of how this transaction might have happened; isn't that true?

Mr. STEWART. It is not how it might have happened; it is how it happened, Senator.

Senator CURTIS. Well, now, you have never—when did anybody in the McCloskey Co. ever claim that Reynolds owed them money for the first time?

Mr. STEWART. When we ascertained it, after Senator Williams got up and made certain statements in the Senate about the amount of override and so on, and we went back and checked the records.

Senator CURTIS. There is a very close relation between Hutchinson, Rivinus and the McCloskey Co., and to this very day Hutchinson, Rivinus have not mailed, have not sent, Reynolds a bill for this, have they?

Mr. STEWART. That matter is in the hands of our counsel, who will tell you something about that, Senator.

Senator CURTIS. I am not asking you to question the veracity of your boss. I am just asking about an objective look at the facts. There is nothing in the explanation that you have given here that makes it impossible for Reynolds' account to be true.

Mr. GITTIS. Mr. Chairman, I must object to the question directed at the witness by Senator Curtis. He is asking a question which is

incapable of being answered. That decision is for the committee, and I am sure the committee will decide it upon the basis of all the evidence, all the testimony, and that they will decide it fairly. But he is asking Mr. Stewart to weigh and assess testimony, to weigh and assess credibility, which is a function that no witness is required to perform at any time, and I think that is the committee's proper function, and we are perfectly content to let it rest in the hands of the committee.

Senator CURTIS. He volunteered a comment on the credibility of witnesses.

Mr. STEWART. In response to your question, Senator.

Senator CURTIS. I beg pardon?

Mr. STEWART. In response to your question.

Senator CURTIS. Yes; go ahead. Is it normal to pay the general liability premium 3 years in advance?

Mr. STEWART. In this particular case it would be normal. It is a different record from our normal.

Senator CURTIS. What other jobs have you done it on?

Mr. STEWART. I don't know, Senator.

Senator CURTIS. Is it ever done?

Mr. STEWART. Well, it was done here.

Senator CURTIS. But it did cover the 3-year period?

Mr. STEWART. I don't think the job went 3 years, Senator. I think it was less than 2 years. We had an awfully tight building schedule, and I think we were—they used the stadium in 1961, if I recall correctly, about a year and a half later.

Senator CURTIS. All right. Now when did you pay Hutchinson, Rivinus for the liability, general liability, insurance?

Mr. STEWART. We paid Hutchinson, Rivinus for general liability insurance when they billed us on a citywide basis, general liability insurance.

Senator CURTIS. Tell us when they billed you, and give us the dates and numbers of the checks and amounts.

Mr. STEWART. I promised Senator Cooper I would give him the entire—every bill.

Senator CURTIS. I want it——

Mr. STEWART. I don't have it with me, Senator.

Senator CURTIS. I want to have it identified as to——

Mr. STEWART. I don't have it with me. If you send an auditor up we would be very happy to let him go through the records.

Senator CURTIS. No; I want you to send it down here; the dates and the amounts of the bills rendered by Hutchinson, Rivinus for the general liability on the District of Columbia Stadium, and——

Mr. STEWART. We don't have such bills, Senator.

Senator CURTIS. And I would like to see the photostats, if you don't want to surrender the originals, of the checks that you paid them.

Mr. GITTIS. Senator, we have provided to this committee, to the FBI, or to the Internal Revenue Service any or every document requested of McCloskey & Co. We will supply to this committee anything that it asks us. As a result we will supply to this committee every insurance bill we received from Hutchinson, Rivinus & Co. dealing with the general liability insurance. We cannot create bills which do not exist, and we have been trying to get across to you, to this committee, the fact that the bills are not broken down on a per-job basis, but whatever the bills are will be supplied to you, and the checks will be supplied, as well.

Senator CURTIS. All right. Now, we don't want to be snowed with a volume of books here covering contracts all around the world. Certainly a well-run company by McCloskey, and a well-run company by Hutchinson, Rivinus, and Aetna Casualty & Surety Co. can identify items in the particular bills that involve and answer the question as to when each billing was made by Hutchinson, Rivinus & Co. to McCloskey for this and when and how it was paid, and the check.

Mr. GITTIS. Senator, we are perfectly happy and willing to supply every bill during the course of the construction of the stadium, and every check in payment of those bills. These are all the bills we have, all the checks we have, and we are perfectly willing to give them to the committee.

Senator CURTIS. Well, we want this so it can be traced because actually it shouldn't be too impossible to figure out.

Mr. GITTIS. Senator, we can only give those bills which exist, and those which exist will be turned over to the committee.

Senator WILLIAMS. Do you still object to my asking a couple of questions? If you do, I won't ask.

Mr. GITTIS. Yes; I do, sir.

Senator CURTIS. Did you pay Hutchinson, Rivinus for the general liability in advance or was it paid over the life of the contract?

Mr. STEWART. On the District of Columbia Stadium?

Senator CURTIS. Yes.

Mr. STEWART. It was paid quarterly or upon audit, and there was undoubtedly an original payment.

Senator CURTIS. Quarterly over the life of the contract?

Mr. STEWART. Over a year and a half.

Senator CURTIS. Will there be no particular bill that will correspond to this estimate of $35,000?

Mr. STEWART. I have explained that time and time again, Senator, that we are billed on an overall——

Senator CURTIS. Well, I asked you——

Mr. STEWART. May I finish, please?

Senator CURTIS. Yes.

Mr. STEWART. That we are billed on an overall city basis for all the work within the city prepared by Aetna. Aetna does not do it on a job basis. During this period we since corrected that and changed the method so that we do get better cost records per job, but at this period up until a very short time ago it was not segregated per job.

Senator CURTIS. Over how long a time has it been paid quarterly?

Mr. STEWART. Well, the audit is always on a quarterly basis.

Senator CURTIS. The audit is always on a quarterly basis, and then you pay following the audit?

Mr. STEWART. Plus an original amount that was paid.

Senator CURTIS. The original amount was this nominal amount that you mentioned here?

Mr. STEWART. Yes, sir.

Senator CURTIS. And you would have paid that amount whether you built the stadium or not?

Mr. STEWART. Back in 1958.

Senator CURTIS. Yes. Well, then, if you were going to find out the exact amount that was paid on general liability on the District of Columbia Stadium you would have to go to a series of quarterly state-

ments and then go back of those statements for the data upon which they were based; is that correct?

Mr. STEWART. Yes, sir; or you could analyze the payroll accounts for the job, get it all together, but that would include the extras, and so on.

Senator CURTIS. That would be your records and not the records of the insurance agent or the company?

Mr. STEWART. Yes, sir.

Senator CURTIS. Who can we get that from?

Mr. GITTIS. As I told you, Senator, whatever records McCloskey & Co. have we are perfectly willing to make available.

Senator CURTIS. I didn't ask you that. I asked who we can get it from. You people have done business for a long time. Do we ask Aetna this or do we ask Hutchinson, Rivinus?

Mr. STEWART. What do you want, Senator?

Senator CURTIS. Well, I will not interfere with his request.

Mr. STEWART. I mean, what is this request?

Senator CURTIS. This request is a series of quarterly statements for all general liability over the period that would take in all of the building of the District of Columbia Stadium, plus the necessary information to go back of that to see what portion was actually for the District of Columbia Stadium.

Mr. GITTIS. Senator, I believe in response to the request of Senator Cooper we already agreed to make those bills available, and we will do so. McCloskey & Co. has no backup records for those bills. They would, perhaps, be records of Hutchinson, Rivinus and Aetna, and if they are available I assume they would make them available to the committee.

Senator CURTIS. Who OK'd the payment of the bill by McCloskey & Co. to Don Reynolds Associates, Inc., the invoice of which bears the date of September 12, 1960, in the amount of $109,205.60?

Mr. STEWART. The bill from Don Reynolds Associates to McCloskey & Co. I OK'd.

Senator CURTIS. You OK'd it?

Mr. STEWART. Yes, sir.

Senator CURTIS. Did you know at that time that the general liability was being charged in advance for the whole thing?

Mr. STEWART. Yes, sir.

Senator CURTIS. What other instance did you ever do that?

Mr. STEWART. Well, any time we had had a separate broker we would do it. I don't know, Senator; I can't recall any other time that I have done it, but I did it here. Yes, there are cases; there are several cases. I could supply the information if you want me to look it up for you, Senator. I can think of several cases where we have done it.

Senator CURTIS. That is all.

Mr. STEWART. Particularly in a railroad protective policy where it is a general liability.

The CHAIRMAN. Senator Cooper, did you have any further questions?

Senator COOPER. No.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. No.

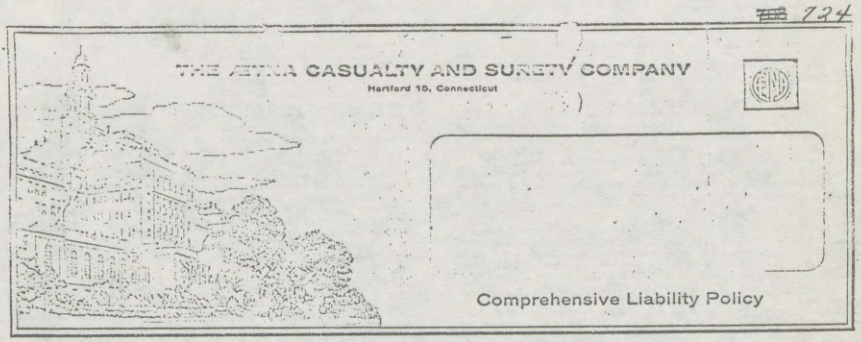
The CHAIRMAN. Do you have any further questions?

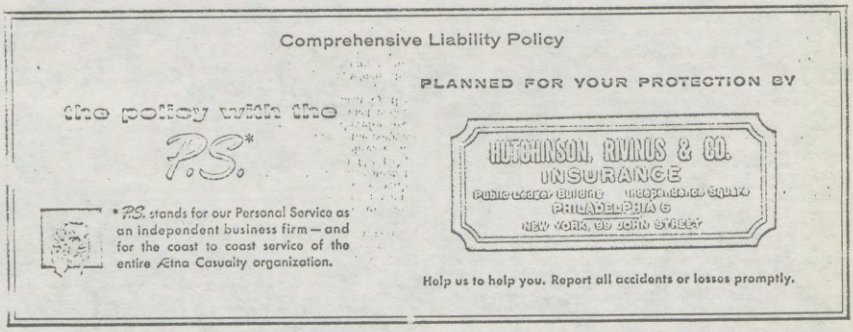
Mr. McLENDON. Yes, sir. First of all, I would like to get this policy in evidence. I offer exhibit No. 30.

(The document referred to is as follows:)

EXHIBIT 30

~~TSB~~ 724





"AL" Form POLICY PROVISIONS — PART 1 FORM C-2251 Page 1

The Ætna Casualty and Surety Company

(A stock insurance company, herein called the Company)

Agrees with the Insured, named in the declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the declarations and subject to the limits of liability, exclusions, conditions and other terms of this policy:

INSURING AGREEMENTS

I. Coverage A—Bodily Injury Liability—Automobile

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person, caused by accident and arising out of the ownership, maintenance or use of any automobile.

Coverage B—Property Damage Liability—Automobile

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of injury to or destruction of property, including the loss of use thereof, caused by accident and arising out of the ownership, maintenance or use of any automobile.

Coverage C—Bodily Injury Liability—Except Automobile

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by any person and caused by accident.

Coverage D—Property Damage Liability—Except Automobile

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of injury to or destruction of property, including the loss of use thereof, caused by accident.

II. Defense, Settlement, Supplementary Payments

With respect to such insurance as is afforded by this policy, the Company shall:

(a) defend any suit against the Insured alleging such injury, sickness, disease or destruction and seeking damages on account thereof, even if such suit is groundless, false or fraudulent; but the Company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;

(Continued on page 2)

(C-2251)

(b) (1) pay all premiums on bonds to release attachments for an amount not in excess of the applicable limit of liability of this policy, all premiums on appeal bonds required in any such defended suit, the cost of bail bonds required of the insured in the event of automobile accident or automobile traffic law violation during the policy period, not to exceed $100 per bail bond, but without any obligation to apply for or furnish any such bonds;
(2) pay all expenses incurred by the Company, all costs taxed against the Insured in any such suit and all interest accruing after entry of judgment until the Company has paid or tendered or deposited in court such part of such judgment as does not exceed the limit of the Company's liability thereon;
(3) pay expenses incurred by the Insured for such immediate medical and surgical relief to others as shall be imperative at the time of the accident;
(4) reimburse the Insured for all reasonable expenses, other than loss of earnings, incurred at the Company's request;
and the amounts so incurred, except settlements of claims and suits, are payable by the Company in addition to the applicable limit of liability of this policy.

III. Definition of Insured

The unqualified word "Insured" includes the named Insured and also includes (1) under Coverages C and D, any executive officer, director or stockholder thereof while acting within the scope of his duties as such, and any organization or proprietor with respect to real estate management for the named Insured, and if the named Insured is a partnership, the unqualified word "Insured" also includes any partner therein but only with respect to his liability as such, and (2) under Coverages A and B, any person while using an owned automobile or a hired automobile and any person or organization legally responsible for the use thereof, provided the actual use of the automobile is by the named Insured or with his permission, and any executive officer of the named Insured with respect to the use of a non-owned automobile in the business of the named Insured. The insurance with respect to any person or organization other than the named Insured does not apply under division (2) of this insuring agreement:
(a) with respect to an automobile while used with any trailer owned or hired by the Insured and not covered by like insurance in the Company; or with respect to a trailer while used with any automobile owned or hired by the Insured and not covered by like insurance in the Company;
(b) to any person or organization, or to any agent or employee thereof, operating an automobile sales agency, repair shop, service station, storage garage or public parking place, with respect to any accident arising out of the operation thereof, but this provision does not apply to a resident of the same household as the named Insured, to a partnership in which such resident or the named Insured is a partner, or to any partner, agent or employee of such resident or partnership;
(c) to any employee with respect to injury to or sickness, disease or death of another employee of the same employer injured in the course of such employment in an accident arising out of the maintenance or use of an automobile in the business of such employer;
(d) with respect to any hired automobile, to the owner, or a lessee thereof other than the named Insured, or to any agent or employee of such owner or lessee;
(e) with respect to any non-owned automobile, to any executive officer if such automobile is owned by him or a member of the same household.

IV. Policy Period, Territory

This policy applies only to accidents which occur during the policy period within the United States of America, its territories or possessions, or Canada. With respect to automobiles this policy also applies to accidents which occur during the policy period while the automobile is being transported between ports thereof.

EXCLUSIONS

This policy does not apply:
(a) to liability assumed by the Insured under any contract or agreement except, under Coverages C and D, (1) a contract as defined herein or (2) as respects the insurance which is afforded for the Products (including completed operations) Hazard as defined, a warranty of goods or products;
(b) to injury, sickness, disease, death or destruction due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing, with respect to (1) liability assumed by the Insured under any contract or agreement or (2) expenses under Insuring Agreement II (b) (3);
(c) under Coverage A, to bodily injury to or sickness, disease or death of any employee of the Insured arising out of and in the course of (1) domestic employment by the Insured, if benefits therefor are in whole or in part either payable or required to be provided under any workmen's compensation law, or (2) other employment by the Insured;
(d) under Coverages A and C, to any obligation for which the Insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;
(e) under Coverage B, to injury to or destruction of property owned or transported by the insured, or property rented to or in charge of the Insured other than a residence or private garage injured or destroyed by a private passenger automobile covered by this policy;
(f) under Coverage C, except with respect to liability assumed by the Insured under a contract as defined herein, to bodily injury to or sickness, disease or death of any employee of the Insured arising out of and in the course of his employment by the Insured;
(g) under Coverages C and D, to any obligation for which the Insured may be held liable in an action on a contract or an agreement by a person not a party thereto;
(h) under Coverages C and D, except with respect to operations performed by independent contractors and except with respect to liability assumed by the Insured under a contract as defined herein, to the ownership, maintenance, operation, use, loading or unloading of (1) watercraft if the accident occurs away from premises owned by, rented to or controlled by the named Insured, except insofar as this part of this exclusion is stated in the declarations to be inapplicable, (2) automobiles if the accident occurs away from such premises the ways immediately adjoining, or (3) aircraft;
(i) under Coverages C and D, to liability imposed upon the Insured or any indemnitee, as a person or organization engaged in the business of manufacturing, selling or distributing alcoholic beverages, or as an owner or lessor of premises used for such purposes, by reason of any statute or ordinance pertaining to the sale, gift, distribution or use of any alcoholic beverage;
(j) under Coverage D, to injury to or destruction of (1) property owned or occupied by or rented to the Insured, or (2) except with respect to liability under sidetrack agreements covered by this policy, property used by the Insured, or (3) except with respect to liability under such sidetrack agreements or the use of elevators or escalators at premises owned by, rented to or controlled by the named Insured, property in the care, custody or control of the Insured or property as to which the Insured for any purpose is exercising physical control, or (4) any goods, products or containers thereof manufactured, sold, handled or distributed or premises alienated by the named Insured or work completed by or for the named Insured, out of which the accident arises;
(k) under Coverage D, to any of the following insofar as any of them occur on or from premises owned by or rented to the named Insured and injure or destroy buildings or property therein: (1) the discharge, leakage or overflow of water or steam from plumbing, heating, refrigerating or air-conditioning systems, standpipes for fire hose, or industrial or domestic appliances, or any substance from automatic sprinkler systems, (2) the collapse or fall of tanks or the component parts or supports thereof which form a part of automatic sprinkler systems, or (3) rain or snow admitted directly to the building interior through defective roofs, leaders or spouting, or open or defective doors, windows, skylights, transoms or ventilators; provided, however, this exclusion does not apply to loss due to fire, to the use of elevators or escalators, to operations performed by independent contractors, or to the extent that this exclusion is stated in the declarations to be inapplicable;
(l) under Coverage D, to injury to or destruction of any property arising out of (1) blasting or explosion, other than the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (2) the collapse of or structural injury to any building or structure due (a) to grading of land, excavation, borrowing, filling, back-filling, tunneling, pile driving, cofferdam work or caisson work, or (b) to moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof; provided, however, this exclusion does not apply with respect to liability assumed by the Insured under any contract covered by this policy, to operations performed for the named Insured by independent contractors or to completed or abandoned operations within the meaning of paragraph 2 of the Products (including completed operations) Hazard, and provided further that part (1) or part (2) of this exclusion does not apply to

[redacted]

operations stated, in the declarations or in the Company's manual, as not subject to such part of this exclusion;
(m) under Coverage D, to injury to or destruction of wires, conduits, pipes, mains, sewers or other similar property, or any apparatus in connection therewith, below the surface of the ground, if such injury or destruction is caused by and occurs during the use of mechanical equipment for the purpose of grading of land, paving, excavating or

(Continued on page 3)

The Aetna Casualty and Surety Company
Hartford, Connecticut

Part 2 This Declarations page, with "Policy Provisions – Part 1," completes the below numbered

COMPREHENSIVE LIABILITY POLICY

Policy No. 4AL9337-RR

DECLARATIONS Policy Form C-2251

1. Named Insured and Address → MC CLOSKEY AND COMPANY AND MC CLOSKEY AND CO. OF FLORIDA AND PENNSYLVANIA TOWER BUILDING CORPORATION & 8 OTHERS 1620 THOMPSON ST. PHILA., PA.

Business of the named Insured is GENERAL CONTRACTOR

Named Insured is: Individual ( ) Partnership ( ) Corporation (X) Other:

2. Policy Period: → From 12/31/58 To 12/31/61

12:01 A. M., standard time at the address of the named Insured as stated herein.

The insurance afforded is only with respect to such and so many of the following coverages as are indicated by specific premium charge or charges. The limits of the Company's liability against each such coverage shall be as stated herein, subject to all the terms of this policy having reference thereto.

Coverages	Limits of Liability		Advance Premiums
A. Bodily Injury Liability—Automobile	NIL	thousand dollars each person	$ NIL
	NIL	thousand dollars each accident	
B. Property Damage Liability—Automobile	NIL	thousand dollars each accident	$ NIL
C. Bodily Injury Liability—Except Automobile	200	thousand dollars each person	$ 1250.00
	500	thousand dollars each accident	
	500	thousand dollars aggregate products	
D. Property Damage Liability—Except Automobile	50	thousand dollars each accident	$ 1250.00
	50	thousand dollars aggregate operations	
	50	thousand dollars aggregate protective	
	50	thousand dollars aggregate products	
	50	thousand dollars aggregate contractual	
Endorsements (Attached on reverse side)			$
C-1722 13113 C-2237-A C-1907-B C-848-G			
		Total Advance Premium	$ 2500.00

If the policy period is more than one year and the premium is payable in installments, $BI 1250.00 / $PD 1250.00 is payable in advance, $BI 1250.00 / PD 1250.00 on the first anniversary, and $BI 1250.00 / PD 1250.00 on the second anniversary.

4. The declarations are completed on attached Automobile Liability and General Liability Schedules.

5. The Automobile Liability Schedule contains a complete list of (a) all automobiles and trailers owned by the named Insured at the effective date of this policy and the purposes of use thereof, and (b) all persons within the definition of Class 1 persons at the effective date of this policy, unless otherwise stated herein:
A record of changes for each division of said Schedule is to be submitted to the Company:
( ) Monthly ( ) Quarterly ( ) Semi-Annually ( ) Annually.

6. The General Liability Schedule discloses all hazards insured hereunder known to exist at the effective date of this policy, unless otherwise stated herein:

7. During the past year no insurer has cancelled insurance, issued to the named Insured, similar to that afforded hereunder, unless otherwise stated herein:

COUNTERSIGNED BY Paul V. Eagleton countersigned by Hutchinson, Furniss & Co.

"AL" Form
(C-2252)

drilling, or to injury to or destruction of property at any time resulting therefrom; provided, however, this exclusion does not apply with respect to liability assumed by the Insured under any contract covered by this policy, to operations performed for the named Insured by independent contractors, to completed or abandoned operations within the meaning of paragraph 2 of the Products (including completed operations) Hazard, or to operations stated, in the declarations or in the Company's manual, as not subject to this exclusion.

CONDITIONS

1. Premium—The premium bases and rates for the hazards described in the declarations are stated therein. Premium bases and rates for hazards not so described are those applicable in accordance with the manuals in use by the Company.

An average percentage reduction is to be computed in accordance with the following table and applied to the premiums for all owned automobiles.

PREMIUM REDUCTION TABLE

Number of Licensed Owned Automobiles, Exclusive of Trailers, Insured Hereunder (computed pro rata if less than the policy period)		Percentage Reduction
1st	5	0%
Next	15	10%
Next	30	15%
Next	50	20%
All over	100	25%

The advance premium stated in the declarations is an estimated premium only. Upon termination of this policy, the earned premium shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to this insurance. If the earned premium thus computed exceeds the estimated advance premium paid, the named Insured shall pay the excess to the Company; if less, the Company shall return to the named Insured the unearned portion paid by such Insured.

When used as a premium basis:

(1) the word "admissions" means the total number of persons, other than employees of the named Insured, admitted to the event insured or to the events conducted on the premises whether on paid admission tickets, complimentary tickets or passes;

(2) the word "cost" means the total cost to (a) the named Insured with respect to operations performed for the named Insured during the policy period by independent contractors, or (b) any indemnitee with respect to any contract covered by this policy, of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or subcontractor, including all fees, allowances, bonuses or commissions made or paid or due;

(3) the word "receipts" means the gross amount of money charged by the named Insured for such operations by the named Insured or by others during the policy period as are rated on a receipts basis other than receipts from telecasting, broadcasting or motion pictures, and includes taxes, other than taxes which the named Insured collects as a separate item and remits directly to a governmental division;

(4) the word "remuneration" means (a) the entire remuneration earned during the policy period by all employees of the named Insured, other than drivers of teams or automobiles and aircraft pilots and co-pilots, subject to any overtime earnings or limitation of remuneration rule applicable in accordance with the manuals in use by the Company, and subject with respect to each executive officer to a maximum and a minimum of $100 and $30 per week, and (b) the remuneration of each proprietor at a fixed amount of $3,600 per annum;

(5) the word "sales" means the gross amount of money charged by the named Insured or by others trading under his name for all goods and products sold or distributed during the policy period and charged during the policy period for installation, servicing or repair, and includes taxes, other than taxes which the named Insured and such others collect as a separate item and remit directly to a governmental division;

(6) the words "cost of hire" mean the amount incurred for hired automobiles, including the entire remuneration of each employee of the named Insured engaged in the operation of such automobiles subject to an average weekly minimum remuneration of $100, provided that such amount shall not include any amount incurred for the hire of any such automobiles which are subject to compulsory insurance requirements of any federal or public authority;

(7) the words "Class 1 persons" mean the following persons, provided their usual duties in the business of the named Insured include the use of non-owned automobiles: (a) all employees, including officers, of the named Insured compensated for the use of such automobiles by salary, commission, terms of employment, or specific operating allowance of any sort; (b) all direct agents and representatives of the named Insured;

(8) the words "Class 2 employees" mean all employees, including officers, of the named Insured, not included in Class 1 persons.

The named Insured shall maintain for each hazard records of the information necessary for premium computation on the basis stated in the declarations, and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

2. Inspection and Audit—The Company shall be permitted to inspect the insured premises, operations, automobiles and elevators and to examine and audit the Insured's books and records at any time during the policy period and any extension thereof and within three years after the final termination of this policy, as far as they relate to the premium bases or the subject matter of this insurance.

3. Definitions—(a) **Contract.** The word "contract" means, if in writing, a lease of premises, easement agreement, agreement required by municipal ordinance, sidetrack agreement, or elevator or escalator maintenance agreement.

(b) **Automobile.** Except where stated to the contrary, the word "automobile" means a land motor vehicle or trailer as follows:

(1) Owned Automobile—an automobile owned by the named Insured;

(2) Hired Automobile—an automobile used under contract in behalf of, or loaned to, the named Insured provided such automobile is not owned by or registered in the name of (a) the named Insured or (b) an executive officer thereof or (c) an employee or agent of the named Insured who is granted an operating allowance of any sort for the use of such automobile;

(3) Non-Owned Automobile—any other automobile.

The following described equipment shall be deemed an automobile while towed by or carried on an automobile not so described, but not otherwise: if of the crawler-type, any tractor, power crane or shovel, ditch or trench digger; any farm-type tractor; any concrete mixer other than of the mix-in-transit type; any grader, scraper, roller or farm implement; and, if not subject to motor vehicle registration, any other equipment not specified below, which is designed for use principally off public roads.

The following described equipment shall be deemed an automobile while towed by or carried on an automobile as above defined solely for purposes of transportation or while being operated solely for locomotion, but not otherwise: if of the non-crawler type, any power crane or shovel, ditch or trench digger; and any air-compressing, building or vacuum cleaning, spraying or welding equipment or well drilling machinery.

(c) **Semitrailer.** The word "trailer" includes semitrailer.

(d) **Private Passenger Automobile.** The term "private passenger automobile" means a private passenger, station wagon or jeep type automobile, and also includes any automobile the purposes of use of which are stated in the declarations as "pleasure and business".

(e) **Two or More Automobiles.** The terms of this policy apply separately to each automobile insured hereunder, but a motor vehicle and a trailer or trailers attached thereto shall be held to be one automobile as respects limits of liability.

(f) **Purposes of Use.** The term "pleasure and business" is defined as personal, pleasure, family and business use. The term "commercial" is defined as use principally in the business occupation of the named Insured as stated in item 1 of the declarations, including occasional use for personal, pleasure, family and other business purposes. Use of an automobile includes the loading and unloading thereof.

(g) **Products (including completed operations) Hazard.** The term "Products (including completed operations) Hazard" means

(1) goods or products manufactured, sold, handled or distributed by the named Insured or by others trading under his name, if the accident occurs after possession of such goods or products has been relinquished to others by the named Insured or by others trading under his name and if such accident occurs away from premises owned, rented or controlled by the named Insured or on premises for which the classification stated in division (A) of the declarations excludes any part of the foregoing; provided, such goods or products shall be deemed to include any container thereof, other than a vehicle, but shall not include any vending machine or any property, other than such container, rented to or located for use of others but not sold;

(2) operations, if the accident occurs after such operations have been completed or abandoned and occurs away from premises owned, rented or controlled by the named Insured; provided, operations shall not be deemed incomplete because improper or defective performed or because further operations may be required pursuant to an agreement; provided further, the following shall not be deemed to be "operations" within the meaning of this paragraph: (a) pick-up or delivery, except from or onto a railroad car, (b) the maintenance of vehicles owned or used by or in behalf of the Insured, (c) the existence of tools, uninstalled equipment and abandoned or unused materials and (d) operations for which the classification stated in division (A) of the declarations specifically includes completed operations.

(h) **Assault and Battery.** Assault and battery shall be deemed an accident unless committed by or at the direction of the Insured.

4. Limits of Liability—(a) **Coverages A and C.** The limit of bodily injury liability stated in the declarations as applicable to "each person" is the limit of the Company's liabilty for all damages, including damages for care and loss of services, arising out of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by one person as the result of any one accident; the limit of such liability stated in the declarations as applicable to "each accident" is, subject to the above provision respecting each person, the total limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, sickness or disease, including death

(Continued on page 4)

at any time resulting therefrom, sustained by two or more persons as the result of any one accident.

Coverages B and D. The limit of property damage liability stated in the declarations as applicable to "each accident" is the total limit of the Company's liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one accident.

(b) Products (including completed operations)—Coverages C and D. Subject to the limit of liability with respect to "each accident", the limits of bodily injury liability and property damage liability stated in the declarations as "aggregate products" are respectively the total limits of the Company's liability for all damages arising out of the Products (including completed operations) Hazard. All such damages arising out of one lot of goods or products prepared or acquired by the named Insured or by another trading under his name shall be considered as arising out of one accident.

(c) Aggregate—Coverage D. Subject to the limit of liability with respect to "each accident", the limit of property damage liability stated in the declarations as "aggregate operations" is the total limit of the Company's liability for all damages arising out of injury to or destruction of property, including the loss of use thereof, caused by the ownership, maintenance or use of premises or operations rated on a remuneration premium basis or by contractors' equipment rated on a receipts premium basis.

Subject to the limit of liability with respect to "each accident", the limit of property damage liability stated in the declarations as "aggregate protective" is the total limit of the Company's liability for all damages arising out of injury to or destruction of property, including the loss of use thereof, caused by operations performed for the named Insured by independent contractors or general supervision thereof by the named Insured, except (a) maintenance and repairs at premises owned by or rented to the named Insured and (b) structural alterations at such premises which do not involve changing the size of or moving buildings or other structures.

Subject to the limit of liability with respect to "each accident", the limit of property damage liability stated in the declarations as "aggregate contractual" is the total limit of the Company's liability for all damages arising out of injury to or destruction of property, including the loss of use thereof, with respect to liability assumed by the Insured under contracts covered by this policy in connection with operations for which there is an "aggregate operations" limit of property damage liability stated in the declarations.

The limits of property damage liability stated in the declarations as "aggregate operations", "aggregate protective" and "aggregate contractual" apply separately to each project with respect to operations being performed away from premises owned by or rented to the named Insured.

5. Severability of Interests—The term "the Insured" is used severally and not collectively, but the inclusion herein of more than one Insured shall not operate to increase the limits of the Company's liability.

6. Financial Responsibility Laws—Coverages A and B. When this policy is certified as proof of financial responsibility for the future under the provisions of the motor vehicle financial responsibility law of any state or province, such insurance as is afforded by this policy for bodily injury liability or for property damage liability shall comply with the provisions of such law which shall be applicable with respect to any such liability arising out of the ownership, maintenance or use during the policy period of any automobile insured hereunder, to the extent of the coverage and limits of liability required by such law, but in no event in excess of the limits of liability stated in this policy. The Insured agrees to reimburse the Company for any payment made by the Company which it would not have been obligated to make under the terms of this policy except for the agreement contained in this paragraph.

7. Notice of Accident—When an accident occurs written notice shall be given by or on behalf of the Insured to the Company or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the Insured and also reasonably obtainable information respecting the time, place and circumstances of the accident, the names and addresses of the injured and of available witnesses.

Notice of Claim or Suit—If claim is made or suit is brought against the Insured, the Insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.

9. Assistance and Cooperation of the Insured—The Insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and surgical relief to others as shall be imperative at the time of accident.

10. Action Against Company—No action shall lie against the Company unless, as a condition precedent thereto, the Insured shall have fully complied with all the terms of this policy, nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the Company as a co-defendant in any action against the Insured to determine the Insured's liability.

Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

11. Other Insurance—If the Insured has other insurance against a loss covered by this policy the Company shall not be liable under this policy for a greater proportion of such loss than the applicable limit of liability stated in the declarations bears to the total applicable limit of liability of all valid and collectible insurance against such loss; provided, however, the insurance under this policy with respect to loss arising out of the maintenance or use of any hired automobile insured on a cost of hire basis or the use of any non-owned automobile shall be excess insurance over any other valid and collectible insurance.

12. Subrogation—In the event of any payment under this policy, the Company shall be subrogated to the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

13. Three Year Policy—A policy period of three years is comprised of three consecutive annual periods. Rates for hazards described in divisions 1, 2 and 3 of the Description of Hazards are subject to amendment for the second and third annual periods in accordance with the Company's rules and rating plans. Amended rates shall be stated by endorsement issued to form a part of the policy. Computation and adjustment of earned premium shall be made at the end of each annual period. Aggregate limits of liabilty as stated in this policy shall apply separately to each annual period.

14. Changes—Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by the President, a Vice-President, Secretary or Assistant Secretary of the Company.

15. Assignment—Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if however, the named Insured shall die, this policy shall cover (1) the named Insured's legal representative as the named Insured, and (2) under Coverages A and B, subject otherwise to the provisions of Insuring Agreement III, any person having proper temporary custody of any owned automobile or hired automobile, as an Insured, until the appointment and qualification of such legal representative; provided that notice of cancellation addressed to the Insured named in the declarations and mailed to the address shown in this policy shall be sufficient notice to effect cancellation of this policy.

16. Cancellation—This policy may be cancelled by the named Insured by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the named Insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the named Insured or by the Company shall be equivalent to mailing.

If the named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

17. Declarations—By acceptance of this policy the named Insured agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance.

IN WITNESS WHEREOF, The Ætna Casualty and Surety Company has caused this policy to be signed by its President and a Secretary at Hartford, Connecticut, and countersigned on the declarations page by a duly authorized agent of the Company.

Secretary. *President.*

INTERIM ADJUSTMENT OF PREMIUM

It is agreed that for hazards rated on a premium basis subject to audit:

1. The advance premium stated in the Policy is not the estimated premium for the full term of the insurance but is a deposit premium payable upon delivery of the Policy.

2. Within thirty days of the end of each adjustment period while such insurance is in force, and upon termination of the insurance, the named Insured shall furnish to the Company a written statement of the information necessary for premium computation on the basis stated in the Policy, and the earned premium for said period shall be payable upon computation and billing thereof.

3. The deposit premium aforesaid shall be retained by the Company and applied in payment of earned premium for the last adjustment period or part thereof that the insurance is in force.

4. The adjustment period is "Monthly", "Quarterly" or "Semi-annual", as stated in the Policy.

Forming part of the Policy to which attached, from its date of issue.

The Ætna Casualty and Surety Company
Hartford, Connecticut

Secretary.

(C-1722)

NUCLEAR . .ERGY LIABILITY EXCLUSION ENDOR..MENT

It is agreed that the policy does not apply under any of the Liability Coverages:

(a) to injury, sickness, disease, death or destruction with respect to which an Insured under the policy is also an Insured under a contract of nuclear energy liability insurance issued by the Nuclear Energy Liability Insurance Association or the Mutual Atomic Energy Liability Underwriters and in effect at the time of the occurrence resulting in such injury, sickness, disease, death or destruction; provided, such contract of nuclear energy liability insurance shall be deemed to be in effect at the time of such occurrence notwithstanding such contract has terminated upon exhaustion of its limit of liability;

(b) to the ownership, maintenance, operation or use of a nuclear facility by or on behalf of an Insured, with respect to injury, sickness, disease, death or destruction resulting from the nuclear energy hazard; provided that except for by-product material, this paragraph (b) shall not apply to goods or products manufactured or handled by a nuclear facility owned, maintained, operated or used by or on behalf of an Insured while such goods or products are away from such facility after sale or distribution to others;

(c) to the furnishing of services, materials, parts or equipment by an Insured in connection with the planning, construction, maintenance, operation or use of any nuclear facility, (1) with respect to injury to or destruction of any nuclear facility or property thereat resulting from the nuclear energy hazard or (2) if the nuclear facility is located outside the United States of America, its territories or possessions, or Canada, with respect to injury, sickness, disease, death or destruction resulting from the nuclear energy hazard;

(d) to the transportation, handling, use, sale, distribution or disposal of by-product material, with respect to injury, sickness, disease, death or destruction resulting from the nuclear energy hazard.

As used in this endorsement:

1. The term "nuclear energy hazard" means the radioactive, toxic, explosive or other hazardous properties of source material, special nuclear material or by-product material.

2. The terms "source material," "special nuclear material" and "by-product material" shall have the meanings given them in the Atomic Energy Act of 1954 or by any law amendatory thereof; provided, except for by-product material (a) contained in or combined with special nuclear material or (b) held, stored, transported or disposed of as waste by or on behalf of a nuclear facility, "by-product material" shall not include any radioactive isotope away from a nuclear facility.

3. The term "nuclear facility" means:

   (a) any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

   (b) any equipment or device (i) designed or used for the separation of the isotopes of uranium or plutonium, (ii) designed or used for the processing, fabricating or alloying of special nuclear material or of irradiated materials containing special nuclear material, (iii) incorporating or making use of such irradiated materials, or (iv) designed or used for processing waste by-product material;

   (c) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste source material or waste consisting of or containing special nuclear material or by-product material;

   and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.

   Subdivision (ii) of paragraph (b) foregoing is not applicable to the occasional mechanical processing or fabricating of special nuclear material by any person or organization at a location which contains no equipment, device or apparatus otherwise defined herein as a nuclear facility, where special nuclear or by-product material is not regularly handled, stored, or disposed of as waste, and which is principally used for other operations not related to the handling, fabricating or use of special nuclear material.

4. With respect to injury to or destruction of property, the word "injury" or "destruction" includes all forms of radioactive contamination of property.

This endorsement forms a part of the policy, effective from its date of issue.

The Aetna Casualty and Surety Company
Hartford, Connecticut

Henry S. Beers
President.

For attachment to the following policy forms:
(CA, CS, JC, JS, AL, SJ, MP, JP, CJ, SK, GS, PS, LC, DR, DP, DG, DB, DH, DO)

(13113)

AL—LC

CONTRACTUAL LIABILITY COVERAGE ENDORSEMENT
(Blanket Coverage)

The Company agrees with the named Insured, in consideration of the payment of the premium and in reliance upon the statements in the declarations and in the schedule below and subject to the limits of liability, exclusions, conditions and other terms of this endorsement:

INSURING AGREEMENTS

I. Coverages. To pay on behalf of the Insured all sums which the Insured by reason of the liability assumed by him under any written contract shall become legally obligated to pay as damages because of

Bodily Injury Liability. bodily injury, sickness or disease including death at any time resulting therefrom, sustained by any person and caused by accident; or

Property Damage Liability. injury to or destruction of property including the loss of use thereof, caused by accident;

provided this endorsement shall not apply with respect to any "contract" as defined in the policy.

II. Defense, Settlement, Supplementary Payments. The provisions of Insuring Agreement II of the policy, other than paragraph (b) (3) thereof are applicable to the insurance afforded under this endorsement. With respect to such injury, sickness, disease or destruction, as is covered by the terms of this endorsement, the Company also shall defend an arbitration proceeding wherein an indemnitee under a written contract to which this endorsement applies seeks damages against the Insured on account thereof and wherein the Company is entitled to exercise the Insured's rights in the choice of arbitrators and in the conduct of such arbitration proceedings.

III. Definition of Insured. The provisions of Insuring Agreement III of the policy are applicable to the insurance afforded under this endorsement.

IV. Endorsement Period, Territory. This endorsement applies only to accidents which occur on and after the effective date hereof, during the policy period and within the United States of America, its territories or possessions, or Canada.

EXCLUSIONS

1. This endorsement does not apply:

(a) to liability for any warranty of goods or products;

(b) to damages awarded in arbitration other than an arbitration proceeding as described in Insuring Agreement II of this endorsement;

(c) to any obligation for which the Insured may be held liable in an action on a contract by a person not a party thereto;

(d) to injury, sickness, disease, death or destruction due to war, whether or not declared, civil war, insurrection, rebellion or revolution, or to any act or condition incident to any of the foregoing;

(e) to liability imposed upon any indemnitee, as a person or organization engaged in the business of manufacturing, selling or distributing alcoholic beverages, or as an owner or lessor of premises used for such purposes, by reason of any statute or ordinance pertaining to the sale, gift, distribution or use of any alcoholic beverage;

(f) under the Bodily Injury Liability Coverage, to any obligation for which the Insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law;

(g) under the Property Damage Liability Coverage, to injury to or destruction of (1) property owned or occupied by or rented to the Insured, or (2) property used by or in the care, custody or control of the Insured or property as to which the Insured for any purpose is exercising physical control;

(h) under the Property Damage Liability Coverage, to injury to or destruction of any goods, products or containers thereof manufactured, sold, handled or distributed or premises alienated by the named Insured, or work completed by or for the named Insured, out of which the accident arises;

(i) under the Property Damage Liability Coverage, to any of the following insofar as any of them occur on or from premises owned by or rented to the named Insured and injure or destroy buildings or property therein and are not due to fire: (1) the discharge, leakage or overflow of water or steam from plumbing, heating, refrigerating or air-conditioning systems, standpipes for fire hose, or industrial or domestic appliances, or any substance from automatic sprinkler systems, (2) the collapse or fall of tanks or the component parts or supports thereof which form a part of automatic sprinkler systems, or (3) rain or snow admitted directly to the building interior through defective roofs, leaders or spouting, or open or defective doors, windows, skylights, transoms or ventilators.

2. Unless stated in the schedule below as not applicable the following exclusions also apply to liability assumed by the Insured under any written contract classified in the Company's Manual as a "construction agreement".

This endorsement does not apply:

(a) if the Insured or indemnitee is an architect, engineer or surveyor, to injury, sickness, disease, death or destruction, arising out of defects in maps, plans, designs or specifications prepared, acquired or used by the Insured or indemnitee;

(b) to liability assumed by the Insured with respect to operations on board any vessel;

(c) to the Products (including completed operations) Hazard;

(d) to liability assumed by the Insured with respect to any contract under which the Insured undertakes to perform operations affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass, or crossing within fifty feet of any such railroad property;

(e) to injury to or destruction of any property arising out of (i) blasting or explosion other than the explosion of air or steam vessels, piping under pressure, prime movers, machinery or power transmitting equipment, or (ii) the collapse of or structural injury to any building or structure due (a) to grading of land, excavation, borrowing, filling, back-filling, tunneling, pile driving, coffer-dam work or caisson work, or (b) to moving, shoring, underpinning, raising or demolition of any building or structure or removal or rebuilding of any structural support thereof, provided however this exclusion does not apply to operations: (A) performed for the named Insured by independent contractors, or (B) stated in the Company's Manual as not subject to this exclusion or (C) completed or abandoned within the meaning of paragraph 2 of the Products (including completed operations) Hazard as defined in the policy if insurance is afforded therein for the Products (including completed operations) Hazard;

(f) to injury to or destruction of wires, conduits, pipes, mains, sewers or other similar property or any apparatus in connection therewith below the surface of the ground if such injury or destruction is caused by and occurs during the use of mechanical equipment for the purpose of grading of land, paving, excavating or drilling, or injury to or destruction of property at any time resulting therefrom, provided this exclusion does not apply to operations (A) performed for the named Insured by independent contractors, or (B) stated in the Company's Manual as not subject to this exclusion or (C) completed or abandoned within the meaning of paragraph 2 of the Products (including completed operations) Hazard as defined in the policy if insurance is afforded therein for the Products (including completed operations) Hazard.

(C-2237-A)

(OVER)

CONDITIONS

1. **Policy Conditions.** All of the Conditions of the policy shall apply to the insurance under this endorsement except those respecting "Premium", "Definitions", "Limits of Liability" and "Assistance and Cooperation of the Insured".

2. **Limits of Liability.** (a) **Bodily Injury Liability Coverage.** The limit of contractual bodily injury liability stated in the schedule below as applicable to "each person" is the limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by one person as the result of any one accident; the limit of such liability stated in the schedule below as applicable to "each accident" is, subject to the above provision respecting each person, the total limit of the Company's liability for all damages, including damages for care and loss of services, arising out of bodily injury, sickness or disease, including death at any time resulting therefrom, sustained by two or more persons as the result of any one accident.

(b) **Property Damage Liability Coverage.** The limit of contractual property damage liability stated in the schedule below as applicable to "each accident" is the total limit of the Company's liability for all damages arising out of injury to or destruction of all property of one or more persons or organizations, including the loss of use thereof, as the result of any one accident; the limit of such liability stated in the schedule below as "aggregate" is, subject to the above provision respecting "each accident", the total limit of the Company's liability for all damages. Said aggregate limit applies separately to each project with respect to operations being performed away from premises owned by or rented to the named Insured.

(c) The inclusion herein of more than one Insured shall not operate to increase the limits of the Company's liability.

3. **Assistance and Cooperation of the Insured.** The Insured shall cooperate with the Company and, upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits and arbitration proceedings covered hereunder. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense.

4. **Premium.** The advance premium stated in the General Liability Schedule or in the schedule below is the estimated premium on account of such written contracts as are on file with or known to the Company. The named Insured shall notify the Company of all other written contracts entered into during the policy period which are covered by this insurance. On termination of this endorsement, the earned premium shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to this insurance. If the earned premium thus computed exceeds the estimated advance premium paid, the named Insured shall pay the excess to the Company, if less the Company shall return to the named Insured the unearned portion paid by such Insured.

When used as a premium basis the word "cost" means the total cost to any indemnitee of all work let or sub-let in connection with each specific project, including the cost of all labor, materials and equipment furnished, used or delivered for use in the execution of such work, whether furnished by the owner, contractor or subcontractor, including all fees, allowances, bonuses or commissions made, paid or due.

SCHEDULE

The insurance afforded under this endorsement is only with respect to such of the following coverages as are indicated by specific limits of liability applicable thereto, and such limits shall apply in lieu of the limits set forth in the declarations of the policy.

Contractual Coverages	Limits of Liability
Bodily Injury Liability	200 Thousand Dollars each person
	500 Thousand Dollars each accident
Property Damage Liability	50 Thousand Dollars each accident
	50 Thousand Dollars aggregate

In paragraph 2 of the exclusions, the following exclusions do not apply to liability under any "construction agreement":

This block to be used only when this endorsement is issued subsequent to the preparation of the policy.

Designation of Contracts on file with or known to the Company	Code	Premium Bases	Rates B.I.	Rates P.D.	Advance Premium B.I.	Advance Premium P.D.
		(a) Number (b) Cost	(a) per Contract (b) per $100 of Cost			
INCLUDED IN GENERAL LIABILITY SCHEDULE						
				Total	$	$

Endorsement Effective Policy No. Endorsement No.

This endorsement forms a part of the policy to which attached effective from its date of issue unless otherwise stated herein.

The Ætna Casualty and Surety Company
Hartford, Connecticut

COUNTERSIGNED BY Thos. F. Logerstrom

Countersigned ..... Authorized Agent L. F. Senger Secretary.

Jr.	Kind	Policy Year	FOR COMPANY USE ONLY Term	Expiry	Premium State	Premium Cancelled

Senator PELL. Mr. Chairman, I would like to suggest that we continue because many of us have come from all over the country, all over the world, just to be here at these hearings, and I would hope we could press ahead late into the evening as much as we can so that we can get back and do our own business. It is my own hope, if there is any question of adjourning now, that we could press ahead.

The CHAIRMAN. Well, there are a good many of the Senators who have got some other engagements, too, at 6 o'clock, which they didn't know about this afternoon.

Senator PELL. All our engagements were in our home States and other countries until this meeting was called.

The CHAIRMAN. Suppose we go to 5:30 and then be back at 10 o'clock in the morning. We are going to have to come back anyway because we have two more people besides you.

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Mr. Stewart, is there anything on the voucher, on the invoice of Reynolds Associates, that would indicate that you had approved the payment of it, any initial or numbers or anything?

Mr. STEWART. No, sir.

Mr. MCLENDON. There is not?

Mr. STEWART. No, sir. It was not my practice to do that.

Mr. MCLENDON. I think there has been some misunderstanding as to this term "broker" as applied to insurance and bonds. Will you distinguish between agent and broker?

Mr. STEWART. Well, broker is a broker of record, and the agent represents the company directly. He is an agent for the company, and in this case Hutchinson, Rivinus was the agent for Aetna Casualty & Surety Co., and Reynolds was the broker of record to place the insurance through the Hutchinson, Rivinus as agent with the Aetna Casualty & Surety.

Mr. MCLENDON. Did it cost McCloskey & Co. any more for Reynolds to act as broker——

Mr. STEWART. No, sir.

Mr. MCLENDON. Wait a minute; let me finish my question—act as broker for the bond and a general liability, than it would have cost if you had given the bond to Hutchinson, Rivinus, and the general liability to Hutchinson, Rivinus?

Mr. STEWART. No, sir.

Mr. MCLENDON. When the check of $109,000 was received by Reynolds, if he had called Hutchinson, Rivinus' attention to the fact that he hadn't received an invoice from them for the general liability, the thing would have taken care of itself, would it not?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. And you think the failure of Hutchinson, Rivinus to call it to his attention was due to an error or, as Mr. McCloskey said, to somebody's goofing?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Now, are you prepared to trace the entry of this check of $109,000 through the various records of the company and also to testify whether or not that was treated as an expense in the company's income tax return?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Suppose you start then and pick it up at the point where this appeared in your books of account. First of all, do you have exhibit 31 before you?

Mr. GITTIS. No; we do not.

Mr. STEWART. No; we do not. I know what you are referring to.

Mr. MCLENDON. How about giving him exhibits 31, 32, 33, 34, 35, 36, and 37? Unless you have something that precedes No. 31, you can start with that, can you not?

Mr. STEWART. No. 31 is the check.

Mr. MCLENDON. This is a record of McCloskey & Co., is it not?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Is that a duplicate of the check that was actually mailed to Don Reynolds?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. This is the original I have here which you produced?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. And exhibit No. 31 is a company copy of the check?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Was this in the records of your company?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. Was it in the records of your company?

Mr. STEWART. Yes, sir.

Mr. MCLENDON. This hadn't been prepared since the controversy arose?

Mr. STEWART. No, sir; it is identical.

Mr. MCLENDON. Give that to the reporter, No. 31.

(The document referred to is as follows:)

EXHIBIT 31

1-2
210

PEI 737

McCLOSKEY & CO. BUILDERS No. 015971

1620 WEST THOMPSON STREET - PHILADELPHIA 21, PA.

DATE	CHECK NUMBER	DISCOUNT	PROTECTION	NET
Oct 17 1960	13877		109,205.60	109,205.60

PAY TO THE ORDER OF
Don Reynolds Associates, Inc.
0405 Fenton Street
Suite 303
Silver Spring, Md.

McCLOSKEY & CO.

COPY - NOT NEGOTIABLE

THE CHASE MANHATTAN BANK
18 PINE STREET, NEW YORK

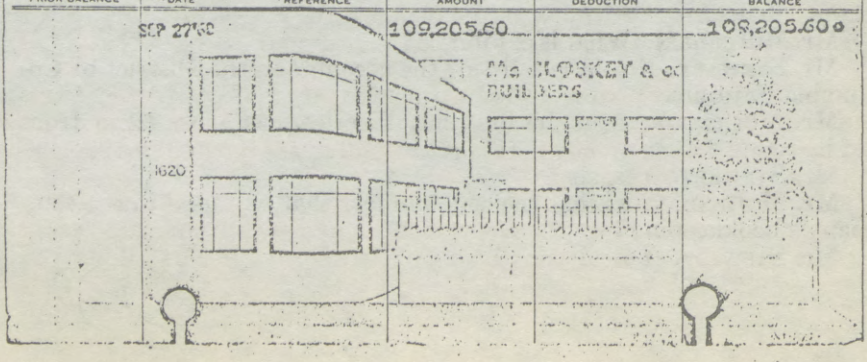
AUTHORIZED SIGNATURE

DETACH BEFORE DEPOSITING

MC CLOSKEY & CO. BUILDERS
1620 WEST THOMPSON, PHILA. 21, PA.

No. 015971

PRIOR BALANCE	DATE	REFERENCE	AMOUNT	DEDUCTION	BALANCE
	SEP 27'60		109,205.60		109,205.60



Mr. McLENDON. The next one is exhibit 32. What is it?

Mr. STEWART. This is a voucher indicating the vouchering of that amount. It is part of the machine accounting system in the office.

Mr. McLENDON. Is that a regular part of the records of the company?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And was in the company records before this controversy arose?

Mr. STEWART. Yes, sir.

(The document referred to is as follows:)

EXHIBIT 32

DESCRIPTION STADIUM, DISTRICT OF COLUMBIA C- 403 ACCT. NO. M -032

SHEET # 1 (BOND)

OLD BALANCE PICKUP	DATE	REFERENCE	DESCRIPTION	DEBITS	CREDITS	BALANCE
BALANCE FORWARD						
	SEP 27'60	3,215,971	DON REYNOLDS ASSOC.	109,205.60		109,205.60

Mr. McLENDON. What is exhibit 33?

Mr. STEWART. No. 33 is a list of the accounts in the District of Columbia Stadium.

Mr. McLENDON. And the first one, I notice, has a No. 32 in front of it.

Mr. STEWART. Yes, sir.

Mr. McLENDON. Is that the code number that was used in the company's bookkeeping?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Would that be the code number under which this entry would be made concerning the cost of the bond?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And the general liability?

Mr. STEWART. Yes, sir.

(The document referred to is as follows:)

EXHIBIT 33

C403

CONTRACT C-403-60 - STADIUM - WASHINGTON, D. C.

Accounting Dept.

COST CODE	DESCRIPTION	REMARKS
		A Code Number followed by an ASTERISK * indicates for Home Office Use Only
32* -	Bond	
40* -	Taxes	
101 -	Supervision	
102 -	Timekeeping	
103 -	Engineering	
104*-	Watchmen	
105 -	Waterboys	
106 -	Office & Sheds	
106 A	Arch. Office	
107 -	Temp. Toilets	
108 -	Safety	
109 -	Plant & Equipment	
112 -	Temp. Water	
113*-	Temp. Power & Light	
114 -	Temp. Heat	
117 -	Protect Finished Work	
120 -	Final Cleanup	
124 -	Hoist Subs Material & Rubbish	
125*-	Hauling (For 100 Items only)	
129*-	Telephones	
130*-	Permits & Fees	
131*-	Photographs	
132*-	Blue Prints	
133*-	Tools & Supplies	
134*-	Scaffolding	
135*-	Clean Glass Breakage	
206A-	Remove Top Soil	
206B-	Replace Top Soil	
214-	Pumping	
215A-	Crushed Stone Drain at Rail Supports	
215B-	Sand Fill @ Field Underdrain	
217-	Bulk Excavation	
217C*	Combination Excavation	
221-	Hand Excavation	
221A-	Hand Excavation (Skinned Area, Baseball Field)	
224-	Rough Grade	
227-	Haul Unsuitable Material	
228-	Backfill - Dirt	
230-	" - Special - (Gravel)	
230A-	" - Porous - @ Perimeter Wall	
230B-	" - Stadium Base	
230C-	" - Clay & Sandy Loam @ Baseball Field	
231A-	" - For Asphalt Paving and Concrete Drive	
231B-	" - For Warning Path	
232-	Wood Sheeting	
665 -	6" Perforated Pipe	
237 -	Unload H-Beam Piles (From Trucks at Job site)	
238 -	Drive H-Beam Piles	
214S-	Dripstones	
217S-	Remove Existing Curbs	

CONTRACT C-403-60 - STADIUM - WASHINGTON, D. C.

COST CODE	DESCRIPTION	REMARKS
301*	Formwork - Walls	
302	" Columns	
302A-	" Pile Caps	
305-	" Slab	
305A-	" Structural Roof Slab	
305B-	" Inverted Beam	
305C-	" Beams @ Sloped Seats	
305D-	" Structural Ramp	
306 -	" Fireproof Spandrel Beams	
310 -	" Stairs & Steps	
310A-	" Riser & Tread @ Seating Area	
303 -	" Sonotube	
329 -	Concrete Walls	
330 -	" Columns	
330A-	" Pile Caps	
333 -	" Slabs	
333A-	" Slab on ground	
333B-	" Roof Slabs - Structural & Sloped	
333C-	" Beams @ Sloped Seats	
333D-	" Spandrel & Inverted Beams	
333E-	" Work Slab @ Pile Caps	
333F-	" Structural Ramp Slab Incl. Bms @ Ramp & Cantilever	
336 -	" Steps	
336A-	" Riser & Tread @ Seating Area	
373S-	" Roadway Base	
350 -	" Cold Weather Expense	
312S-	Site Curbs & Gutter	
337S-	Sidewalks	
338 -	Curbs (Building)	(*) 338 A Roof Curb + Walkways
346 -	Topcoat (To & Incl. 2½")	
319 -	Waterstops	
323*-	Lumber	
324*-	Plywood	
325*-	Nails	
348*-	Ready Mix Concrete	
349 -	Finegrade	
351 -	Anchor Bolts & Plates	
352*-	Testing	
356 -	Steel Trowel Finish	
357 -	Float Finish	
357S-	Sidewalk Finish	
357TM-	Aggregate Transfer Finish	
358 -	Rub & Grind Concrete	* 358 TM Transfer Method Finish
360BS-	Gravel Fill - Site	
362*-	Wire Mesh (Bldg.)	
362S*-	Wire Mesh (Site)	
374A-	Fibreglass Pans	
402 -	Block (Includes 1900 for Lintels)	
402A-	Block (Spectra Glaze)	
405 -	Glazed Tile (Includes 6000 Special Number-Blocks)	
410*-	Flue Tile	
412*-	Preformed "T" Rubber or Neoprene	
413*-	Joint Reinforcing	
414*-	Reinforcing Steel	
415*-	Saw Blades	
416*-	Scaffolding	
417*-	Mortar	
431*-	Cast Stone Sill	
114A-	Temporary Enclosures	
525*-	Door Louvers	
526 -	Grounds- Furring	
527 -	Blocking - Sleepers	

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~~727~~

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CONTRACT C-403-60 - STADIUM - WASHINGTON, D. C.

COST CODE	DESCRIPTION	REMARKS
528 -	Framing	
530 -	3/4 Sheathing	
538 -	Insulations	
543*-	Wood Treatment	
558*-	Bolts, Toggles, etc.	
559 -	Drapery Track & Rods	
564 -	Hardware	
565 -	Millwork	
571*-	Coat Hooks	
427 -	P/C Mosaic Facing	
434 -	Cut Granite	
500 -	Hollow Metal Bucks	
501 -	Hollow Metal Doors	
501V-	Vault Door	
505 -	Misc. Orn. Metal Work	
506 -	Structural Steel	
515R-	Trash Chute	
524 -	Metal Roof Deck	
555A-	Temporary Seating	
556-	Turnstiles	
563-	Toilet Accessories	
~~565B - Cement Asbestos~~		
578A	DC. Aluminum Plaque	

Mr. McLENDON. What is exhibit 34?

Mr. STEWART. This is a voucher summary sheet. This is again part of the bookkeeping machine operation.

Mr. McLENDON. Does this same item appear on that summary sheet?

Mr. STEWART. I didn't hear you, sir.

Mr. McLENDON. I say does this same item of $109,000 appear on the summary sheet?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Is it dated September 27, 1960?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Is this a photostatic copy of the original in the company's files?

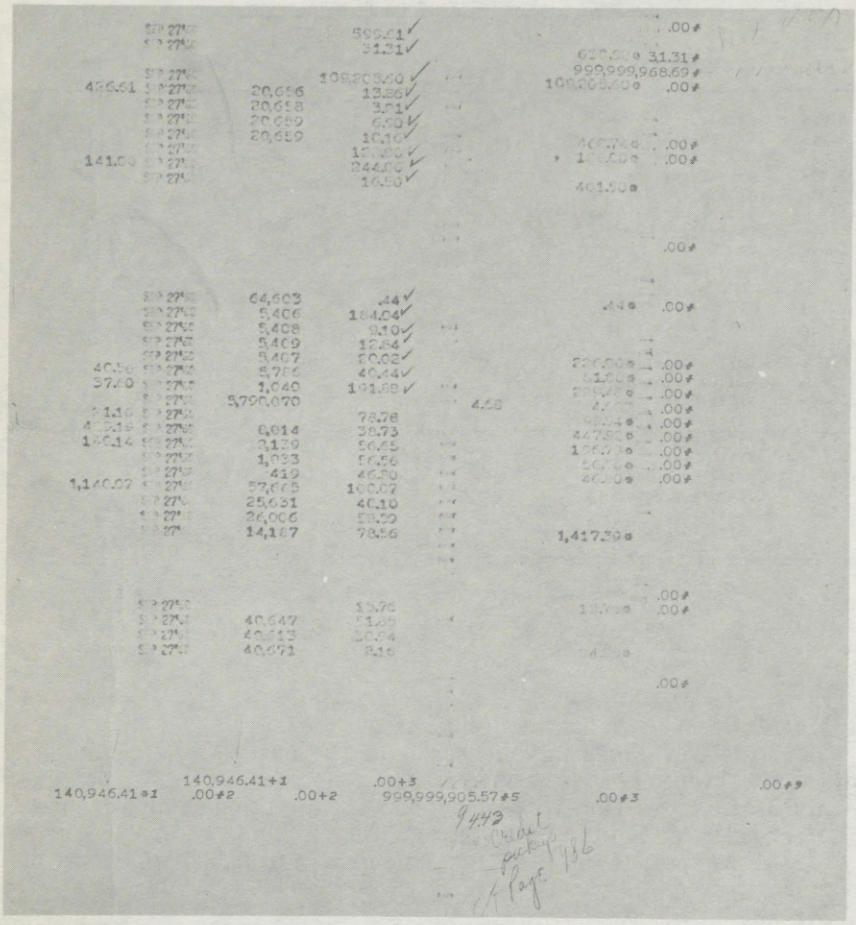
Mr. STEWART. Yes, sir.

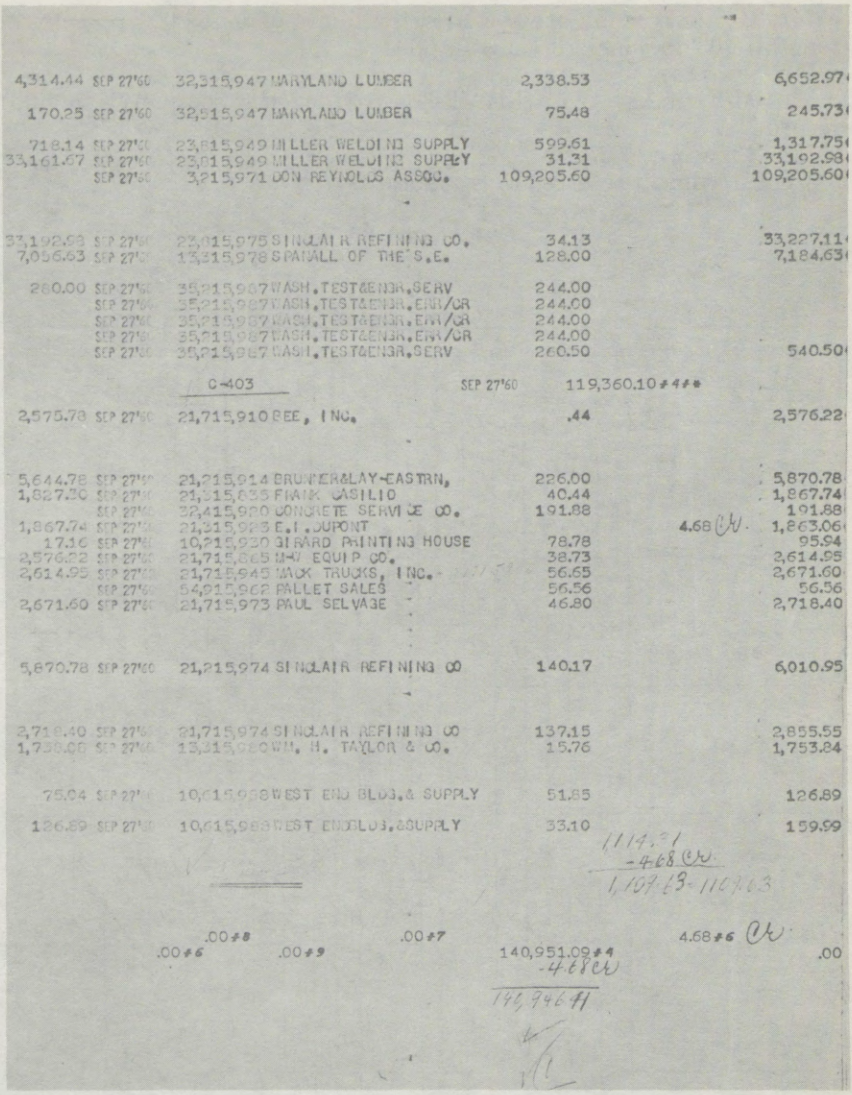
Mr. McLENDON. Was the original in the company's file before this controversy arose?

Mr. STEWART. Yes, sir.

(The document referred to is as follows:)

EXHIBIT 34





4,314.44	SEP 27'60	32,315,947	MARYLAND LUMBER	2,338.53	6,652.97
170.25	SEP 27'60	32,915,947	MARYLAND LUMBER	75.48	245.73
718.14	SEP 27'60	23,815,949	MILLER WELDING SUPPLY	599.61	1,317.75
33,161.67	SEP 27'60	23,015,949	MILLER WELDING SUPPLY	31.31	33,192.98
	SEP 27'60	3,215,971	DON REYNOLDS ASSOC.	109,205.60	109,205.60
33,192.98	SEP 27'60	23,015,975	SINCLAIR REFINING CO.	34.13	33,227.11
7,056.63	SEP 27'60	15,315,978	SPARALL OF THE S.E.	128.00	7,184.63
280.00	SEP 27'60	35,215,987	WASH.TEST&ENGR.SERV	244.00	
	SEP 27'60	35,215,987	WASH.TEST&ENGR.ENV/CR	244.00	
	SEP 27'60	35,215,987	WASH.TEST&ENGR.ENV/CR	244.00	
	SEP 27'60	35,215,987	WASH.TEST&ENGR.ENV/CR	244.00	
	SEP 27'60	35,215,987	WASH.TEST&ENGR.SERV	260.50	540.50
		C-403	SEP 27'60	119,360.10#4#8	
2,575.78	SEP 27'60	21,715,910	BEE, INC.	.44	2,576.22
5,644.78	SEP 27'60	21,215,914	BRUNNER&LAY-EASTRN,	226.00	5,870.78
1,827.30	SEP 27'60	21,215,635	FRANK CASILIO	40.44	1,867.74
	SEP 27'60	32,415,920	CONCRETE SERVICE CO.	191.88	191.88
1,867.74	SEP 27'60	21,215,923	E.I.DUPONT	4.68 CR	1,863.06
17.16	SEP 27'60	10,215,930	GIRARD PRINTING HOUSE	78.78	95.94
2,576.22	SEP 27'60	21,715,865	HEW EQUIP CO.	38.73	2,614.95
2,614.95	SEP 27'60	21,715,945	MACK TRUCKS, INC.	56.65	2,671.60
	SEP 27'60	54,215,962	PALLET SALES	56.56	56.56
2,671.60	SEP 27'60	21,715,973	PAUL SELVAGE	46.80	2,718.40
5,870.78	SEP 27'60	21,215,974	SINCLAIR REFINING CO	140.17	6,010.95
2,718.40	SEP 27'60	21,715,974	SINCLAIR REFINING CO	137.15	2,855.55
1,738.00	SEP 27'60	15,315,980	WM. H. TAYLOR & CO.	15.76	1,753.84
75.04	SEP 27'60	10,615,988	WEST END BLDG.& SUPPLY	51.85	126.89
126.89	SEP 27'60	10,615,988	WEST END BLDG.&SUPPLY	33.10	159.99
				1114.21 -468 CR 1,107.53-110763	
	.00#8	.00#7		4.68#6 CR	
.00#6	.00#9		140,951.09#4 -4.68CR		.00
			140,946.41		

Mr. McLENDON. What is exhibit 35?

Mr. STEWART. This is a summary of vouchers for the month of September on the various jobs.

Mr. McLENDON. That would be the month in which the bill was received?

Mr. STEWART. Vouched.

Mr. McLENDON. The voucher was received?

Mr. STEWART. The month that it was vouched.

Mr. McLENDON. Beg pardon?

Mr. STEWART. Yes, sir; it is the same thing.

Mr. McLENDON. Where would you find the figure that would include the $109,000 in this one on this sheet?

Mr. STEWART. It is under symbol there, C–403, which is the District of Columbia Stadium, and it would be part of the $176,021.23 figure.

Mr. McLENDON. In other words, the figure of $176,000 opposite the code No. 403 does include the $109,000?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Was this also a part of the company's regular records?

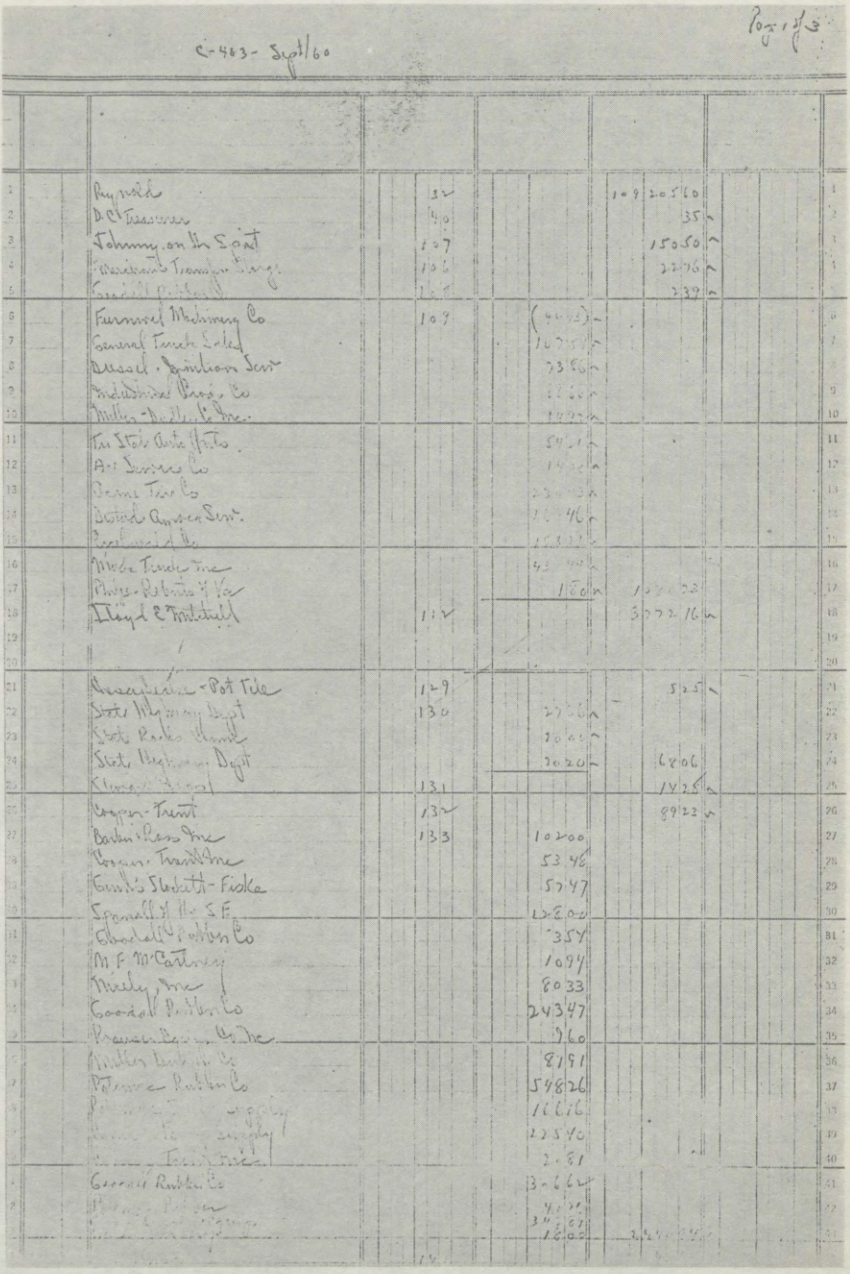
Mr. STEWART. Yes, sir.

(The document referred to is as follows:)

EXHIBIT 35

Voucher Trade Accounts Sept, 1960

Job	Amount			Job	Amount	
C342	800	* ✓				
C363	1430	✓				
C366	5414	* ✓				
C369	14833 14	✓				
C374	90745	✓				
C380	1602	* ✓				
C381	2122	✓				
			Total Trade Contrib		36419384	
C384	1446107	✓				
C389	49408	✓	Total Gen. Accounts		84377170	
C390	4804145	✓	Total Trade		45 [illegible]	✓
C392	35765	✓			* 800	
C394	9967	✓			5414	
					1602	
				A/c 736	7816	✓
C395	3651178	✓				
C396	4038528	✓				
C397	5104501	✓				
C398	2475820	✓				
C400	2174757	✓				
C401	7852	✓				
C402	227825	✓				
C403	17602123	✓				
C404	[illegible]	✓				



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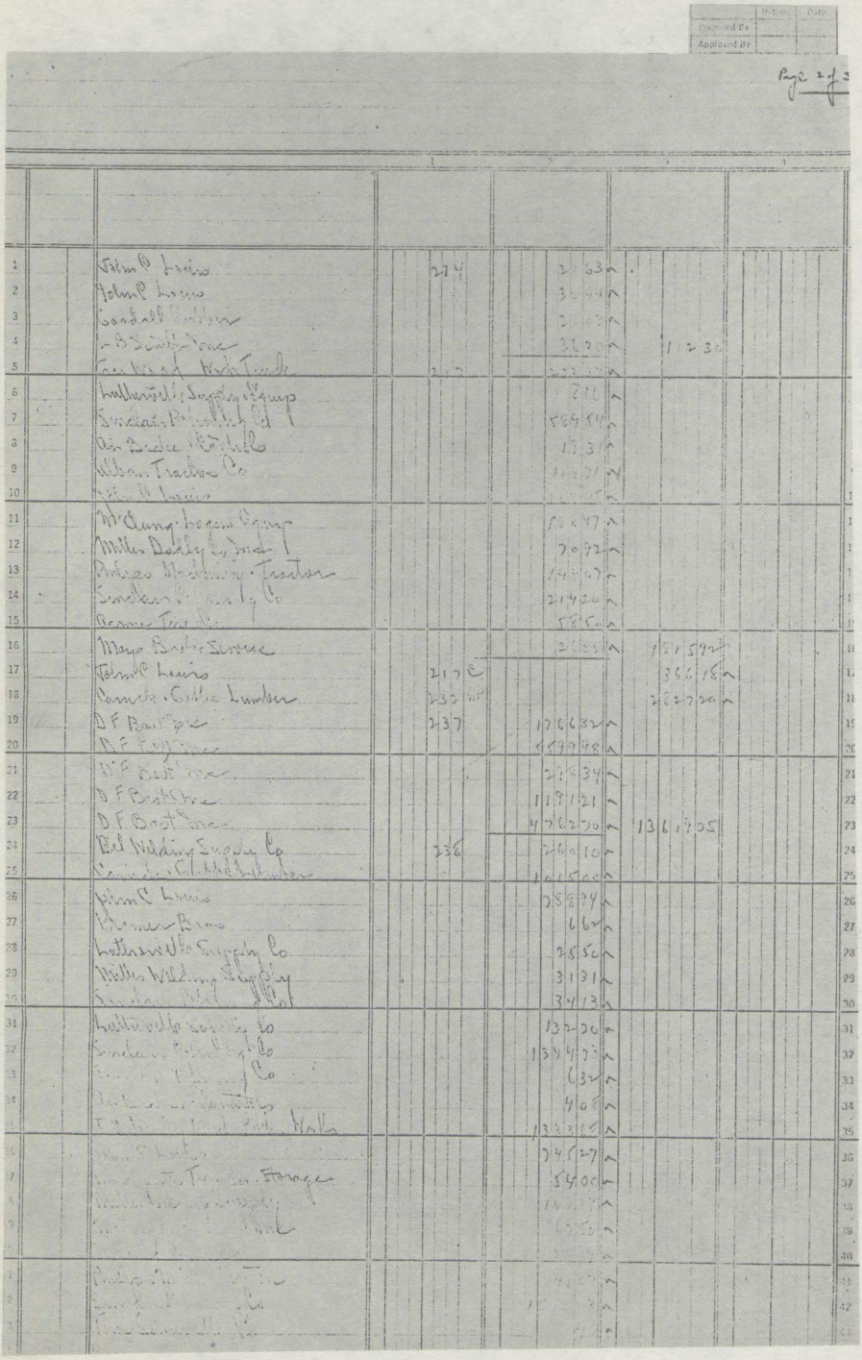
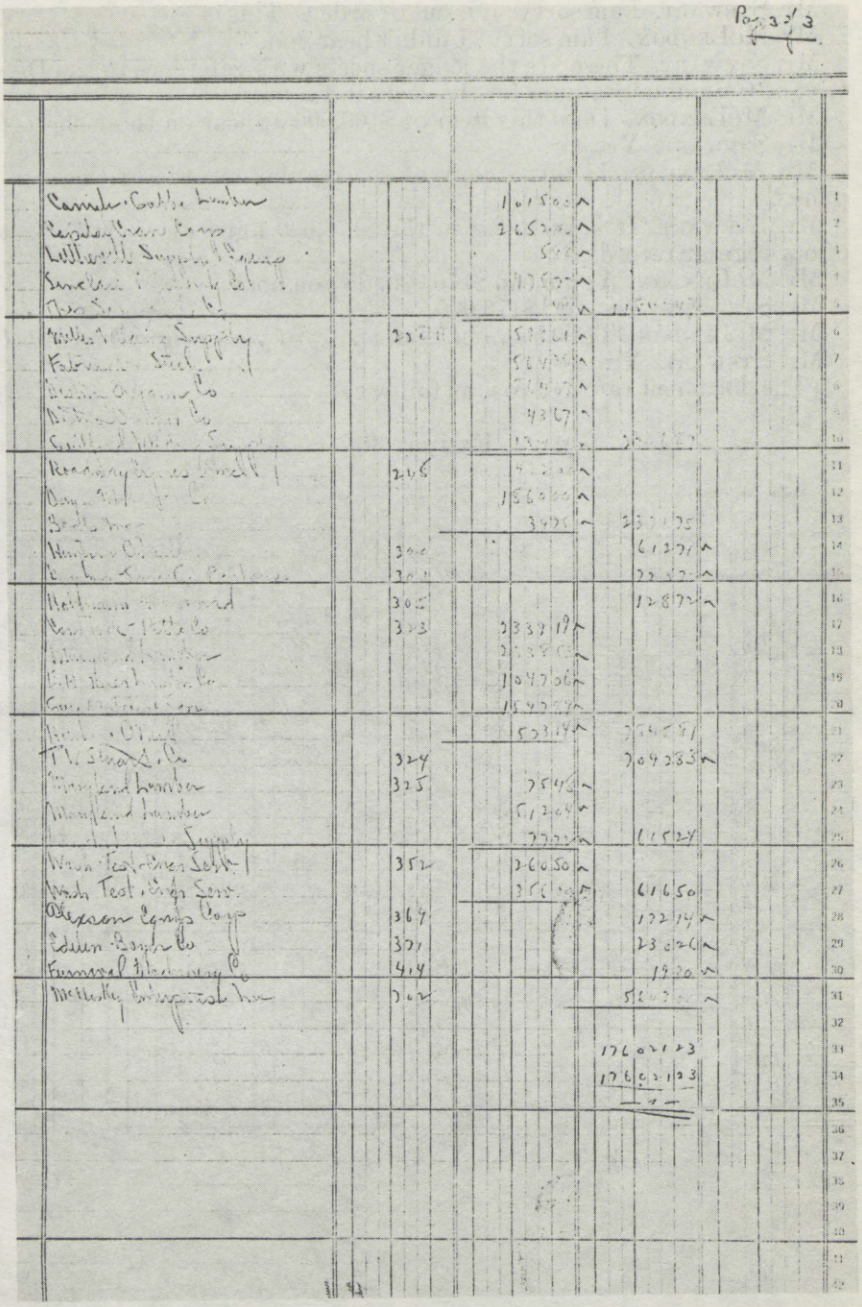




Mr. McLENDON. What is exhibit 36?

Mr. STEWART. I am sorry; it is out of order. This is——

Mr. McLENDON. I am sorry; I didn't hear you.

Mr. STEWART. These are the ledger sheets with reference to the District of Columbia Stadium for the years indicated.

Mr. McLENDON. Does this item of $109,000 appear on those sheets?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Is this a copy of the regular records of the company?

Mr. STEWART. It is included in the $176,000 figure, sir. It is part of our regular records.

Mr. McLENDON. You mean $176,000, do you not?

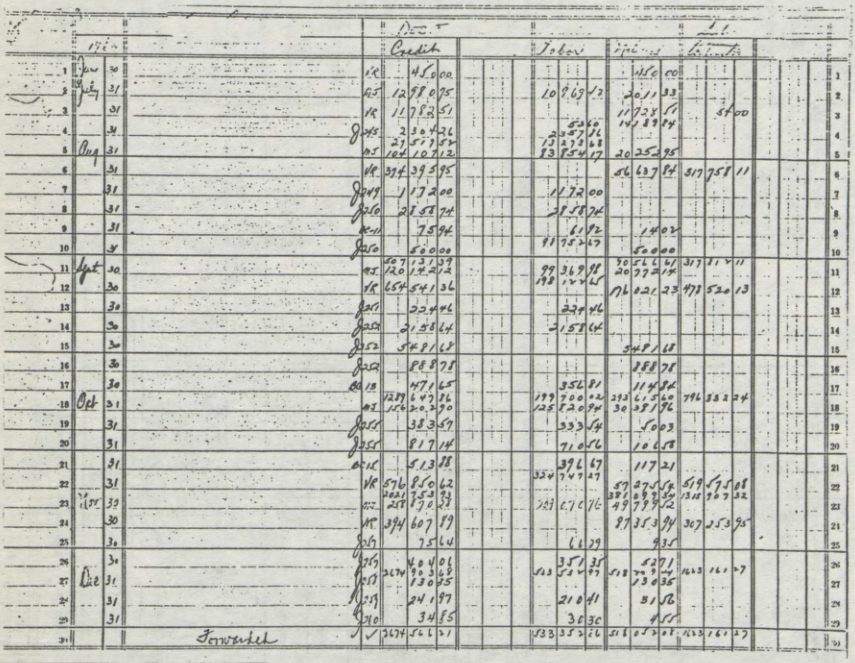
Mr. STEWART. Yes, sir; $176,000.

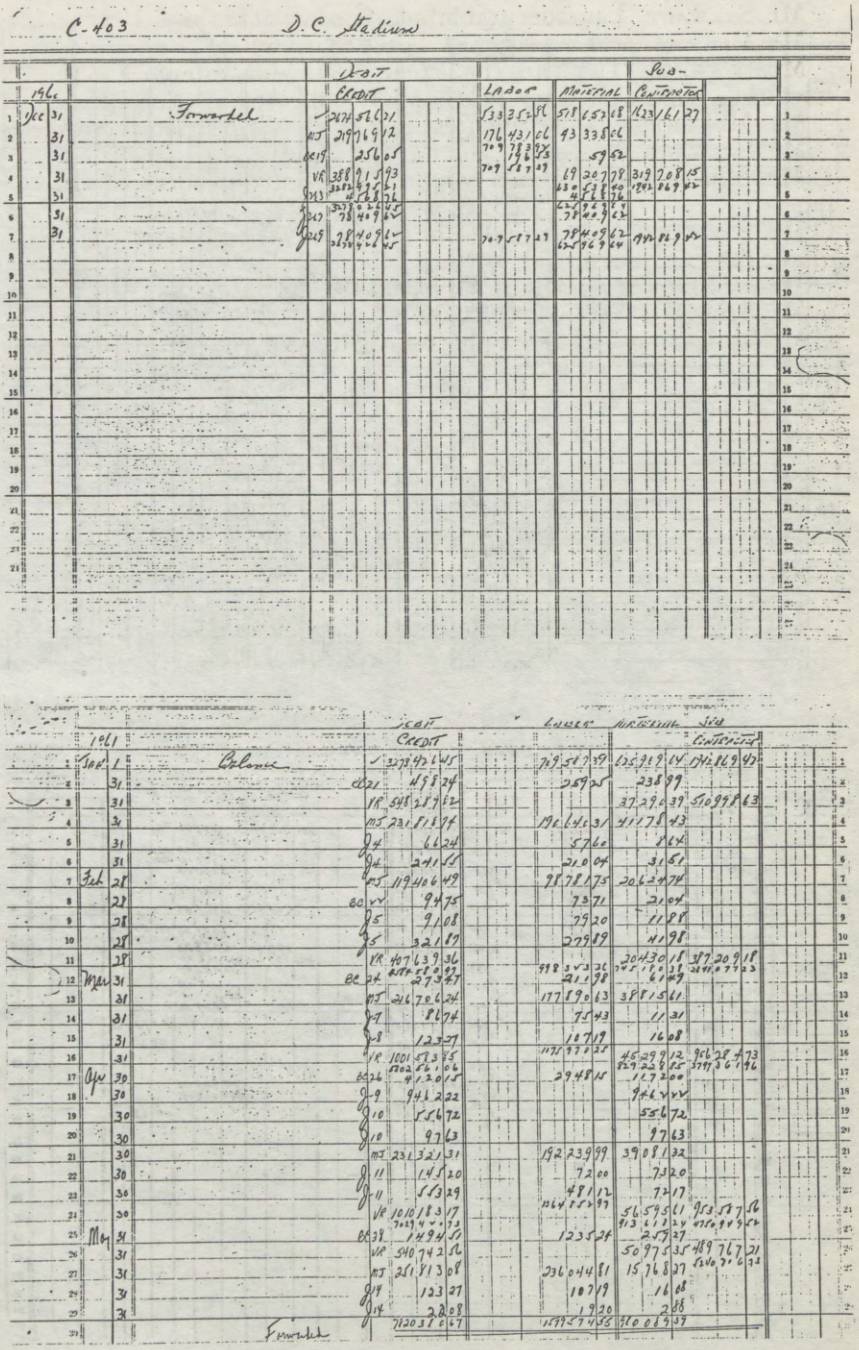
Mr. McLENDON. This is a photostatic copy of your original records?

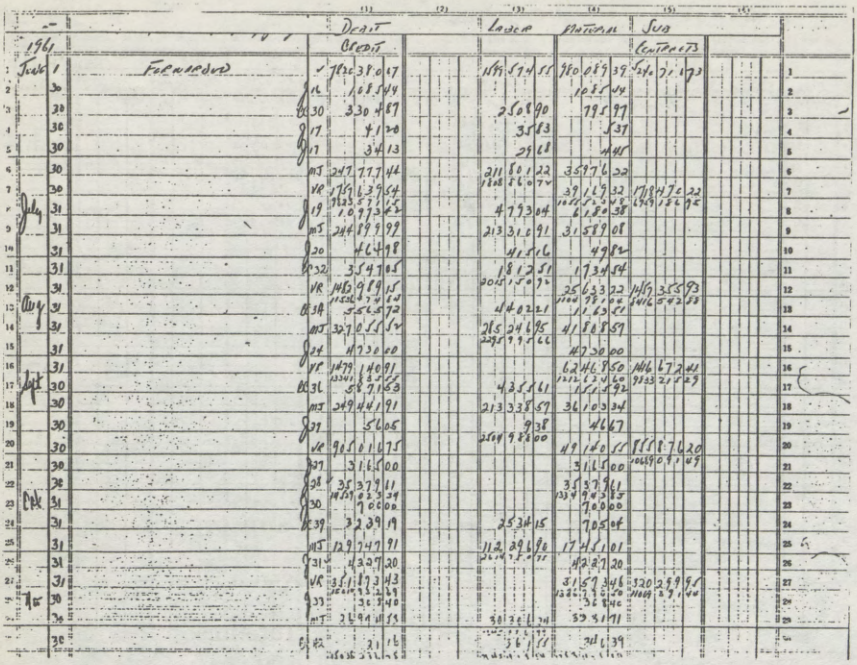
Mr. STEWART. Yes, sir.

(The document referred to is as follows:)

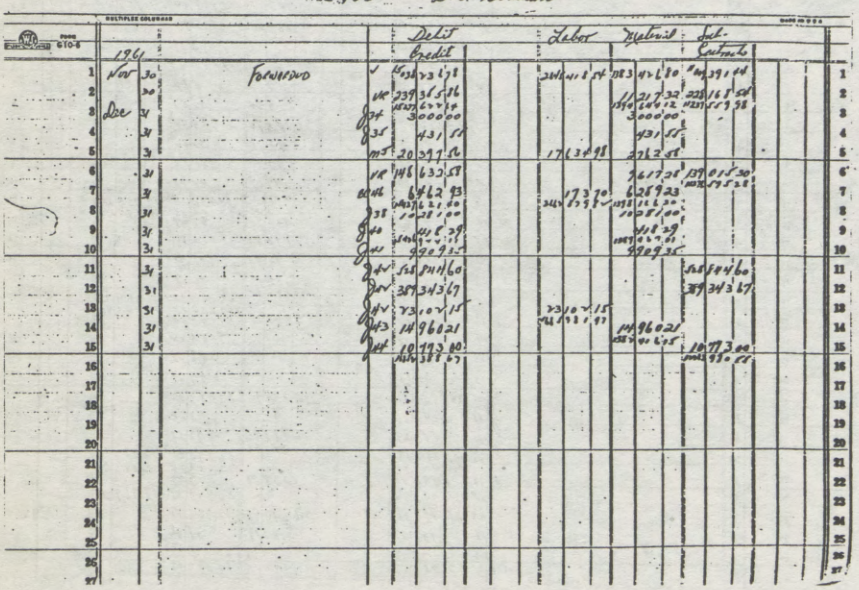
EXHIBIT 36




C-403
D.C. Stadium



2403 D.C. Stadium



Mr. McLENDON. What is exhibit 42?

Mr. STEWART. Well, this is not our record, sir. This is Hutchinson, Rivinus'; apparently their bond register.

Mr. McLENDON. Yes; I am sorry. We will have to have somebody from Hutchinson, Rivinus identify that. Do you have any other records or a copy of any records with you showing the entry of the expenditure of the $109,000 for the bond and general liability insurance; any others that I haven't asked you about?

Mr. STEWART. No, sir; that would cover that.

Mr. McLENDON. All right.

Mr. STEWART. The records that are here.

Mr. McLENDON. Now the Hutchinson, Rivinus people are the ones who also furnished for Mr. Blaser, the contracting officer, a certificate of insurance?

Mr. STEWART. Yes, sir.

Mr. McLENDON. You didn't have anything to do with that; your company?

Mr. STEWART. No, sir. Well, I don't know whether it was requested through us or not, but they furnished it directly.

Mr. McLENDON. All right; I think that will do, Mr. Chairman.

Senator CURTIS. Just one question. Who approved the payment of the billings coming from Hutchinson, Rivinus & Co.?

Mr. STEWART. In this particular bill I approved it.

Senator CURTIS. You?

Mr. STEWART. For Reynolds. Well, from Hutchinson, Rivinus? I suppose several people. Many of them I approved.

Senator CURTIS. Many of them you approved?

Mr. STEWART. Many of them I approved.

Senator CURTIS. And who else approved?

Mr. STEWART. Mr. William McCloskey has the power to approve Hutchinson, Rivinus bills.

Senator CURTIS. And who else would have knowledge of the outgoing of $109,000?

Mr. STEWART. The accounting department would know.

Senator CURTIS. And is it your signature on that $109,000 check?

Mr. STEWART. No, sir; Thomas D. McCloskey's signature is on it.

Senator CURTIS. He would know about it?

Mr. STEWART. Well, he is going to testify; yes, sir.

Mr. McLENDON. He is here, isn't he?

Mr. GITTIS. He is not here yet, Major. He will be here this evening and will be available for the committee tomorrow morning.

Mr. McLENDON. Is Mr. McHale here?

Mr. GITTIS. Yes, sir.

Mr. McLENDON. Mr. Watson?

Mr. GITTIS. Yes, sir.

Mr. McLENDON. Mr. McHale is here, isn't he?

Mr. GITTIS. Yes; he is, sir.

The CHAIRMAN. To get as much done as possible, let's start with him anyway and go for half an hour.

Mr. STEWART. Do you want to dismiss me, sir?

The CHAIRMAN. Are you through?

Senator CURTIS. Yes; I am through.

The CHAIRMAN. It will save us a little time in the morning in getting going.

Mr. MCLENDON. Mr. McHale.

The CHAIRMAN. Mr. McHale, did you hear the opening statement that I read before the committee this afternoon?

Mr. MCHALE. I don't remember, Senator.

The CHAIRMAN. If you didn't hear it, please be seated and I will read it to you because it is necessary that you know under what conditions you are appearing here, and your report is before this committee.

Senator CURTIS. Mr. Chairman, may I ask the counsel: Did you offer in evidence, based upon Mr. Stewart's statement, exhibit 32?

Mr. MCLENDON. Yes; we did.

Senator CURTIS. Could Mr. Stewart answer a further question back there? I am awfully sorry.

Mr. GITTIS. We would have no objection to his resuming his seat, Senator.

Mr. MCLENDON. Come up here where we can hear you.

Senator CURTIS. Referring to exhibit 32, what is that?

Mr. STEWART. I would have to get it again, Senator.

Mr. MCLENDON. Do you have it there?

Mr. STEWART. Yes, sir. Number 32 is a card out of our card system for the machine operation of our accounting system. It is a voucher.

Senator CURTIS. From McCloskey & Co.?

Mr. STEWART. Yes, sir; McCloskey & Co.

Senator CURTIS. And it shows September 27, 1960, and then a number, Don Reynolds Associates, $109,205.60?

Mr. STEWART. Yes, sir.

Senator CURTIS. Balance $109,205.60. What does that mean?

Mr. STEWART. What does $109,000 mean? That is the amount of the disbursement, the voucher.

Senator CURTIS. Yes; and what does that account "MO–32" mean?

Mr. STEWART. Well, that has reference to the chart of accounts in exhibit 33. That is a code number for the chart of accounts.

Senator CURTIS. Then, of course, "Stadium, District of Columbia," identified the job.

Mr. STEWART. Yes, sir.

Senator CURTIS. Sheet No. 1; were there any more sheets?

Mr. STEWART. No, sir.

Senator CURTIS. And over to the right of sheet No. 1 it says "bond."

Mr. STEWART. Yes, sir.

Senator CURTIS. This is the original copy.

Mr. STEWART. It is a photostat of the original.

Senator CURTIS. A photostat of the original card.

Mr. STEWART. Yes, sir.

Senator CURTIS. The original card would be made on or about September 27, 1960?

Mr. STEWART. Yes, sir; on that date.

Senator CURTIS. On that date?

Mr. STEWART. Yes, sir.

Senator CURTIS. And that original card says nothing about the purchase of general liability insurance.

Mr. STEWART. No, sir. It refers to the account No. 32 which—we have no general liability account, as you will notice, in the chart of accounts.

Senator CURTIS. But I see the word "bond" there.

Mr. STEWART. That is account No. 32. There is no general liability insurance account in the chart of accounts ——

Senator CURTIS. But the only word up here of description is the word "bond"; isn't that right?

Mr. STEWART. Yes, sir.

Senator CURTIS. That is all.

The CHAIRMAN. Mr. Stewart, you will be here in the morning?

Mr. STEWART. Yes, sir.

The CHAIRMAN. In case we need to call you back.

Mr. STEWART. Surely, sir.

The CHAIRMAN. Thank you. Mr. McHale, if you did not hear this opening statement, I will read it to you.

A quorum being present, the committee is in order. The committee is acting by direction and under the authority of Senate Resolution 367, agreed to on September 10, 1964, and Senate Resolution 212, agreed to on October 10, 1963. Senate Resolution 367 renews the powers authorized by Senate Resolution 212 and broadens the scope of jurisdiction conferred.

The Committee on Rules and Administration has now been granted the power to investigate all interests or activities of present or former Members, officers, or employees of the U.S. Senate for the purpose of determining whether such interests or activities have involved any violation of the law or other impropriety, or have reflected unfavorably upon the integrity of the Senate, or whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interests or activities.

The study and investigation authorized by this resolution is directed to give particular emphasis to the allegations raised in connection with the construction of the District of Columbia Stadium and the matters related thereto. The committee believes that witnesses who are called to testify possess information which is material and pertinent to the subject matter under investigation as authorized and will aid the committee in the fulfillment of its legislative purpose. The Chair advises each witness that he is entitled under rules of procedure adopted by the committee to retain and be accompanied by counsel who may advise the witness of his legal rights during the course of the inquiry, but who shall not coach or answer for the witness. Should the witness not fully understand any question directed to him, he may ask for clarification. The committee will now proceed to hear the testimony of the witness present under subpena or by request. I might add you were not subpenaed. You came without being subpenaed; is that correct?

Mr. MCHALE. Yes.

The CHAIRMAN. Will you stand and place your left hand on the Bible and raise your right hand, please, sir? Do you solemnly swear

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

Mr. McHALE. Yes, sir.

The CHAIRMAN. Thank you, sir. Please be seated. Major McLendon.

Mr. McLENDON. Will you please state your name and address for the record?

TESTIMONY OF J. B. McHALE, JR., ACCOMPANIED BY HOWARD GITTIS, ATTORNEY

Mr. McHALE. James B. McHale, Jr., 1100 Remington Road, Wind Ridge, Pa.

Mr. McLENDON. Do you have your personal counsel with you present in the hearing?

Mr. McHALE. Yes, sir.

Mr. McLENDON. Will he state his name and address?

Mr. GITTIS. My name is Howard Gittis, Packard Building, Philadelphia, Pa.

Mr. McLENDON. Mr. McHale, are you an officer of the Hutchinson, Rivinus Insurance Co. in Philadelphia?

Mr. McHALE. Yes, sir; I am a partner.

Mr. McLENDON. A partner. It is not incorporated?

Mr. McHALE. We are not incorporated; no.

Mr. McLENDON. What kin are you to Matthew H. McCloskey?

Mr. McHALE. I am his son-in-law.

Mr. McLENDON. Did you attend a meeting or a conference in Washington sometime prior to the—well, I will leave out the time—sometime in 1960 at which Mr. Baker, Mr. Reynolds, and Mr. McCloskey were present?

Mr. McHALE. Yes, sir.

Mr. McLENDON. Where was this conference held?

Mr. McHALE. At the Mayflower Hotel in Washington.

Mr. McLENDON. Do you recall what time of day?

Mr. McHALE. I believe it was breakfast.

Mr. McLENDON. What occurred at that conference, and what was the purpose of it?

Mr. McHALE. Well, I was there because of the fact that apparently Reynolds and Baker were going to write some insurance on the new stadium, and I had never met them, and Mr. McCloskey felt that I should meet them, to identify them and make sure that they were, you know, in the insurance business.

Mr. McLENDON. Well, what took place at the meeting? First, let me ask you, had you ever met either one of them before?

Mr. McHALE. Never.

Mr. McLENDON. Baker or Reynolds?

Mr. McHALE. No, sir.

Mr. McLENDON. What occurred at the meeting?

Mr. McHALE. Well, there wasn't much conversation other than the fact it was concerning the bond, and that was it. There was nothing I could do about it. It was closed business.

Mr. McLENDON. Did Mr. McCloskey state in that meeting that he had agreed to give the brokerage of the bond and some insurance or any particular insurance to Reynolds?

Mr. McHALE. Yes, sir; he did.

Mr. McLENDON. Was it discussed at that meeting for what insurance he was broker?

Mr. McHALE. Well, I remember the bond specifically.

Mr. McLENDON. Yes? Do you remember anything about what insurance was discussed, if any?

Mr. McHALE. No; just the bond, as far as I remember.

Mr. McLENDON. Were you told by Mr. McCloskey to do anything about it?

Mr. McHALE. He advised me earlier that I probably would not write the bond, and that was the extent of it.

Mr. McLENDON. You mean Mr. McCloskey told you that?

Mr. McHALE. As far as I can remember, yes.

Mr. McLENDON. Were you supposed to do anything about it as a result of these instructions?

Mr. McHALE. Well, as I remember, I was to inform my firm that we were not to write the bond.

Mr. McLENDON. And did you do that?

Mr. McHALE. Yes, sir.

Mr. McLENDON. The record shows that your firm sent an invoice to McCloskey & Co. for the premium on the bond. Do you remember?

Mr. McHALE. Pardon? I did not understand you.

Mr. McLENDON. I say the record shows that Hutchinson, Rivinus sent an invoice to McCloskey & Co. for the premium on the bond.

Mr. McHALE. I presume they did. I do not get into any of that part of the business. I am strictly a solicitor.

Mr. McLENDON. Well, and after that your company, Hutchinson, Rivinus, mailed an invoice to Reynolds Associates for the premium on the bond?

Mr. McHALE. Well, that would have gone through Mr. Bent, who is here and handles the bonds.

Mr. McLENDON. He is here to testify about that?

Mr. McHALE. Yes.

Mr. McLENDON. You cannot enlighten this committee on that circumstance?

Mr. McHALE. No; I am sorry; I cannot.

Mr. McLENDON. Was it ever brought to your attention in any way that there was an understanding that Reynolds was to be broker for the general liability insurance?

Mr. McHALE. No, sir.

Mr. McLENDON. Never was?

Mr. McHALE. No, sir.

Mr. McLENDON. Did he or anyone on his behalf—I mean Reynolds—did Reynolds or anyone on his behalf notify your company that he was the broker for the general liability?

Mr. McHALE. Not that I know of.

Mr. McLENDON. Sir?

Mr. McHALE. Not that I know of.

Mr. McLENDON. And your company collected the net premium on the bond, did it not?

Mr. McHALE. I know that; yes.

Mr. McLENDON. The $63,000 plus.

Mr. McHALE. Yes.

Mr. McLENDON. Is that right?

Mr. McHALE. Yes, sir.

Mr. McLENDON. Did you collect anything from Reynolds Associates as the premium on the general liability?

Mr. McHALE. Not that I know of. I have no recollection of that at all.

Mr. McLENDON. You have no knowledge that you ever did?

Mr. McHALE. I knew nothing about that.

Mr. McLENDON. Did you ever meet with Reynolds after that?

Mr. McHALE. No; we never had any more meetings.

Mr. McLENDON. Is that the only time you ever saw him?

Mr. McHALE. That I recall; yes. I saw him in Washington, possibly at some dinners or something, but I had no conversations with him.

Mr. McLENDON. The record shows, Mr. McHale, that the invoice from Hutchinson, Rivinus to Reynolds Associates was accompanied by a letter which stated that the invoice was being sent to Reynolds Associates by direction of J. B. McHale. Do you remember that?

Mr. McHALE. No, sir; I do not.

Mr. McLENDON. Let me show it to you.

Mr. McHALE. I never saw this letter at the time. I mean I have since seen it when this investigation started. I think it was the FBI came to our place in Philadelphia.

Mr. McLENDON. Does that letter refresh your recollection in any way as to whether you did notify your office to send the invoice to Reynolds Associates instead of to McCloskey & Co.?

Mr. McHALE. I only told it once, and that was to Mr. Bent, and as far as I was concerned, I never had any more contacts with the situation at all.

Mr. McLENDON. And who is Mr. Bent?

Mr. McHALE. He is head of our bond department for Hutchinson, Rivinus.

Mr. McLENDON. Is this letter signed by Mr. Bent?

Mr. McHALE. Yes, sir.

Mr. McLENDON. So you told Bent to send the invoice to Reynolds Associates for the bond premium.

Mr. McHALE. That is right. I told him we were not to write the bond. I forgot who I said to bill it to. It slipped my memory.

Mr. McLENDON. That is the reason the letter states that on your direction to send it.

Mr. McHALE. I would presume so; yes.

Mr. McLENDON. As far as you can recall now, is Bent the only man that you spoke to about this?

Mr. McHALE. Yes, sir.

Mr. McLENDON. I believe you said you never had any communication from Reynolds about it.

Mr. McHALE. Never.

Mr. McLENDON. And did you have any information other than the information that you got in this meeting with Reynolds and Baker and Mr. McCloskey as to what part Reynolds Associates was going to perform with respect to the bond and the general liability insurance?

Mr. McHALE. No. It was just that one contact at breakfast and I told Mr. Bent, and that is as far as it went.

Mr. McLENDON. All right; that is all.

Senator CURTIS. Mr. McHale, your whole involvement in here so far as discussing it was in reference to the performance bond?

Mr. McHALE. Yes, sir.

Senator CURTIS. And no one mentioned to you anything about Don Reynolds participating in the general liability?

Mr. McHALE. Not that I recall, sir; no.

Senator CURTIS. You referred to Mr. Bent, head of your bond department. Is there someone head of your general liability company?

Mr. McHALE. One of our partners.

Senator CURTIS. Who would that be?

Mr. McHALE. Mr. Don Burton.

Senator CURTIS. Now, can you tell us how much McCloskey & Co. paid for the general liability coverage on the District of Columbia Stadium?

Mr. McHALE. No, sir. That is strictly out of my—as I said to you before, I have nothing to do with billings or bookkeeping or anything else.

Senator CURTIS. To whom in your firm should that be directed?

Mr. McHALE. Well, Mr. Arness runs our accounts department.

Senator CURTIS. But knowing what you do about the business, it could be ascertained what McCloskey & Co. did pay for the general liability coverage on the District of Columbia Stadium?

Mr. McHALE. I am not familiar with any of those rates or anything like that, sir.

Senator CURTIS. But you believe it could be obtained?

Mr. McHALE. All you have to do is take the price of the job and multiply it by the going rate, and that is it.

Senator CURTIS. I am referring to the actual payments, the billings.

Mr. McHALE. No; I have nothing to do with that at all.

Senator CURTIS. That is all.

Mr. McLENDON. May I ask you a question I overlooked?

Mr. McHALE. Yes, sir.

Mr. McLENDON. Mr. Reynolds has testified before this committee on yesterday that he met you on one occasion at the Sheraton-Carlton Hotel in Washington, and when asked what you talked about, he said you did not talk about anything but women and liquor.

Mr. McHALE. I have no recollection of ever having breakfast with him other than that one time.

Mr. McLENDON. Have you ever seen him anywhere or talked to him anywhere?

Mr. McHALE. I presumably have seen him in Washington right after when President Kennedy was elected at some of these dinners we went to, but I never had any actual contact with him other than to say hello.

Mr. McLENDON. Did you ever eat breakfast with him at the Sheraton-Carlton Hotel?

Mr. McHALE. No, sir.

Mr. McLENDON. Did you ever have any meeting with him anywhere where the subject was women and liquor?

Mr. McHALE. No, sir.

Mr. McLENDON. All right.

Senator CURTIS. One more question. All of your discussion concerning the Don Reynolds Co. participating in the performance bond was had with Don Reynolds, or was it with other people?

Mr. McHALE. It was Mr. McCloskey, Mr. Reynolds, and Mr. Baker. That was the extent of my conversation.

Senator CURTIS. One meeting.

Mr. McHALE. Yes, sir.

Senator CURTIS. And your recollection is that you had no further conversation with any of them or anybody else.

Mr. McHALE. None whatsoever.

Senator CURTIS. And none with Mr. Stewart.

Mr. McHALE. No, sir.

Senator CURTIS. Mr. Stewart never communicated to you anything about any agreement to have Don Reynolds share in the general liability.

Mr. McHALE. Not that I recall. It would not be in my field.

Senator CURTIS. That is all.

Senator WILLIAMS. I understand you would object to my asking any questions.

Mr. GITTIS. I would, sir, respectfully.

Mr. McLENDON. I want to ask you one further question about this meeting that you did attend with Baker and Reynolds, the one you have testified that you did attend.

Mr. McHALE. Yes, sir.

Mr. McLENDON. Did you at any time separate yourself from Mr. McCloskey and talk to Reynolds and Baker in the absence of Mr. McCloskey at that meeting?

Mr. McHALE. No, sir.

Mr. McLENDON. Or following that meeting?

Mr. McHALE. No, sir.

Mr. McLENDON. Were you at all times in the presence of Mr. McCloskey?

Mr. McHALE. As far as I remember; yes, sir.

Senator CURTIS. One more question. So far as you know, did anyone representing Hutchinson, Rivinus & Co. have any conversations with Don Reynolds or Robert Baker about coverage of the District of Columbia Stadium?

Mr. McHALE. I have no recollection of that. The last time—the first and last time was when I talked to Mr. Bent about what was to be done with the bond, and that was it.

Senator CURTIS. So you never had heard that Don Reynolds was to participate in the general insurance, the general liability.

Mr. McHALE. Not that I recall; no.

Senator CURTIS. I want to ask you one more question. Is it a general practice to share, to let someone be a broker on a part of a policy?

Mr. MCHALE. Yes; in our business we do it all the time.

Senator CURTIS. General liability?

Mr. MCHALE. It is nothing unusual. Whatever can be worked out.

Senator CURTIS. Even though it is covered by one policy?

Mr. MCHALE. That is right.

Senator CURTIS. Do you very often collect 3 years in advance?

Mr. MCHALE. I do not know the workings of that part of it at all.

Senator CURTIS. Nothing further.

The CHAIRMAN. The committee will stand adjourned until 9:30 in the morning in this room.

Mr. MCLENDON. And the witnesses who have been subpenaed will please be here at 9:30.

(Whereupon, at 5:50 p.m., the committee was recessed, to reconvene at 9:30 a.m., Thursday, December 3, 1964.)

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