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

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**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 4

DECEMBER 3, 1964

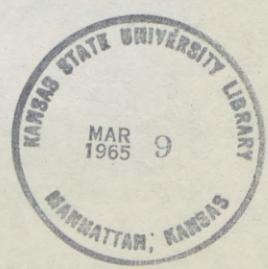
Testimony of William K. Stewart, J. P. Hauck, Margaret M. Broome, James A. Blaser, Thomas D. McCloskey, Atwood H. Bent, Harry J. Watson, George B. Jamme, Harry A. Barr, Ernest C. Tucker, and Myron Weiner

Printed for the use of the Committee on Rules and Administration



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1965

38-408 O



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

THURSDAY, DECEMBER 3, 1964

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

The committee met, pursuant to recess, at 9:55 a.m., in the caucus room, Old Senate Office Building, Senator B. Everett Jordan (chairman) presiding.

Present: Senators Jordan, Hayden, Pell, 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; Burkett Van Kirk, associate 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. Counsel wishes that Mr. Stewart would take the stand again this morning. Mr. Stewart, will you please come forward and have a seat? It will not be necessary for you to be sworn again. You were sworn yesterday.

Mr. McLENDON. Mr. Stewart, have you furnished copies of the McCloskey & Co.'s income tax return for the year in which this \$109,000 payment was made to Reynolds Associates?

TESTIMONY OF WILLIAM K. STEWART, ACCOMPANIED BY HOWARD GITTS, ATTORNEY—Resumed

Mr. STEWART. Yes, sir.

Mr. McLENDON. Have you also furnished it to the FBI?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And have you made all records in connection with the return available to the Internal Revenue Service?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And to the FBI?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Would you look at this document; it is quite voluminous—

Mr. STEWART. I think I have a copy of it here, Major.

Mr. McLENDON. All right. Just look at it. Will somebody please hand it to him? Are you familiar with the return?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And the supporting data?

Mr. STEWART. Yes, sir; I am.

Mr. McLENDON. Will you tell the committee whether or not in that tax return McCloskey & Co. included as an operating or deductible expense the amount of \$109,000-plus represented by the check of McCloskey & Co. to Don Reynolds Associates?

Mr. STEWART. Yes, sir; it is included as a cost of goods sold in the \$34,848,000 figure on the first page of the 1120 form; form 1120, the second line.

Mr. McLENDON. And is that data attached to your tax return identifiable and traceable through the other records of the company which were put in evidence here yesterday?

Mr. STEWART. Yes, sir.

Mr. McLENDON. With the code numbers and the entries and the different records?

Mr. STEWART. Yes, sir; it is all traceable back through the return. It is in this as a costing job.

Mr. McLENDON. In your conference with the FBI did you go into great detail with that and the supporting data?

Mr. STEWART. Yes, sir.

Mr. McLENDON. And furnish them the same information you have given the committee?

Mr. STEWART. Exactly, sir.

Mr. McLENDON. Is there any other information that you may not have given the committee that you gave them?

Mr. STEWART. No, sir.

Mr. McLENDON. None. What does that return show, Mr. Stewart, as to whether the company in that year had a profit or a loss?

Mr. STEWART. Well, the return indicates we had a loss in that year of \$492,374.89.

Mr. McLENDON. Now that includes the operations of the company everywhere?

Mr. STEWART. Yes, sir.

Mr. McLENDON. All over the world, wherever they may have been doing contracting business; is that right?

Mr. STEWART. Yes, sir; all around the United States, continental United States.

The CHAIRMAN. What year was that?

Mr. STEWART. 1961.

The CHAIRMAN. The District of Columbia Stadium contract would have been in that year?

Mr. STEWART. Yes, sir.

(The income tax return and supporting data referred to are as follows:)

EXHIBIT 37

FORM **1120** U.S. CORPORATION INCOME TAX RETURN—1961
 U.S. Treasury Department Internal Revenue Service or other taxable year beginning 1961 ending 19...
 (PLEASE TYPE OR PRINT)

Name: **McCLOSKEY & CO. and SUBSIDIARIES**
 Number and street: **1620 W. Thompson Street**
 City or town, postal zone number, State: **Philadelphia 21, Penna.**

Check if this is a—
 A. Sole proprietorship or partnership electing under sec. 1361 to be taxed as a corporation.
 B. Consolidated return.
 C. Personal Holding Co.
 D. Employer Identification No. **23-0954780**

E. Business Code No. (see p. B instr.) **151**
 F. County in which located: **Philadelphia**
 G. Enter total assets from line 14 Sch. J (see instr. O). **\$ 37,604,128.34**

IMPORTANT—All applicable lines and schedules of this form must be filled in. Where additional space is needed for schedules, attachments must conform to the official form and totals must be entered in the form schedules.

GROSS INCOME	1. Gross Receipts	Less: Returns and allowances	35 402 401.95	
	2. Less: Cost of goods sold (Schedule A) and/or operations (attach Schedule)		34 848 677.92	
	3. Gross profit		553 724.04	
	4. Dividends (Schedule C)		5 500.00	
	5. Interest on obligations of the United States, etc. issued: (a) Prior to 3-1-41—(1) U.S. savings and Treasury bonds owned in excess of the principal amount of \$5,000; and (2) obligations of a U.S. instrumentality. (b) After 2-28-41, by U.S., any agency or instrumentality	Gross amount of interest Less: Amortizable bond premium		54 320.13
	6. Other interest		1 708 825.54	
	7. Rents			
	8. Royalties			
	9. Net gains (losses) (from separate Schedule D)			
	10. Other income (attach schedule)	Commissions		30 918.26
	11. TOTAL income, lines 3 to 10, inclusive			2 353 287.97
DEDUCTIONS	12. Compensation of officers (Schedule E)		514 801.56	
	13. Salaries and wages (not deducted elsewhere)		See cost. of goods sold	
	14. Repairs (do not include cost of improvements or capital expenditures)		3 036.74	
	15. Bad debts (Schedule F)			
	16. Rents			
	17. Taxes (attach schedule)		282 069.10	
	18. Interest		1 130 136.58	
	19. Contributions or gifts paid (attach schedule) (see instructions for limitation)	\$9,357.00		-
	20. Losses by fire, storm, shipwreck, or other casualty, or theft (attach schedule)			
	21. Amortization (attach schedule)			
	22. Depreciation (Schedule G)			570 081.42
	23. Depletion (attach schedule)			
	24. Advertising			
	25. Amounts contributed under: (a) Pension, profit-sharing, stock bonus, annuity plans (see instr.)			
		(b) Other employee benefit plans (see instr.)		
26. Other deductions (attach schedule)			340 812.46	
27. TOTAL deductions in lines 12 to 26, inclusive			2 840 937.86	
28. Taxable income before net operating loss deduction and special deductions (line 11 less line 27)			(487 699.89)	
29. Less: (a) Net operating loss deduction (see instructions)			4 675.00	
	(b) Special deductions (Schedule I)			
Line 28 less line 29	Loss		(492 374.89)	
TAX	31. TOTAL income tax (from line 9, Tax Computation Schedule, page 3)		None	
	32. Credits: (a) Tax paid with application for extension of time in which to file		None	
		(b) Payments and credits on 1961 Declaration of Estimated Tax		None
	33. If tax (line 31) is larger than credits (line 32), the balance is TAX DUE. Enter balance here—>			
	34. If tax (line 31) is less than credits (line 32)	Enter the OVERPAYMENT here—>		
35. Enter amount of line 34 you want: Credited on 1962 estimated tax	Refunded			

I declare under the penalties of perjury that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

CORPORATE SEAL *4/1/62* (Date) *J. McCloskey* (Signature of officer) (Title)
Lybrand, Ross Bros. & Montgomery See statement annexed
 (Date) (Individual or firm signature of preparer) (Address)

MCCLOSKEY & CO. and SUBSIDIARIES

Page 2

Schedule A.—COST OF GOODS SOLD. (See Instruction 2)
(Where inventories are an income-determining factor)

1. Inventory at beginning of year.....	
2. Merchandise bought for manufacture or sale.....	
3. Salaries and wages.....	Schedule
4. Other costs per-books (attach schedule)	
5. Total.....	annexed
6. Less: Inventory at end of year.....	
7. Cost of goods sold (enter here and on line 2, page 1).....	34848677.92

1. Method of inventory valuation—Cost lower of cost or market LIFO other . If other, attach explanation.
2. Was the method of inventory valuation indicated above the same method used for 1960? Yes No. If "No" attach explanation.
3. If inventory is valued at lower of cost or market, enter total cost \$ None at market and total market valuation \$..... of those items valued at market.
4. If closing inventory was taken by physical count, enter date inventory was taken 12/31/61. If not at end of year, attach an explanation of how the end of year count was determined.
5. If closing inventory was not taken by a physical count, attach an explanation of how inventory items were counted or measured.

Schedule C.—INCOME FROM DIVIDENDS

1. Name of declaring corporation	2. Domestic corporations taxable under chapter 1, Internal Revenue Code ¹	3. Certain preferred stock of public utilities taxable under Chapter 1, Internal Revenue Code	4. Foreign corporations	5. Other corporations
Mccloskey & Co.				
Heltonville Limestone Co.	5,500.00			
Totals.....	5,500.00			
Total of columns 2, 3, 4, and 5 (Enter here and on line 4, page 1).....				5,500.00

¹Except (a) dividends on certain preferred stock of public utilities, which should be entered in column 3; and (b) dividends, which should be entered in column 5, received from China Trade Act corporations, from corporations to which section 931 applies, and from corporations exempt from tax under sections 501 and 521. Include certain dividends received from foreign corporations as described in section 243 (d).

Schedule D.—Separate Schedule D (Form 1120) should be used in reporting sales or exchanges of property. (See Instruction 8)

Schedule E.—COMPENSATION OF OFFICERS. (See page 6 of Instructions)

1. Name and address of officer	2. Official title	3. Time devoted to business	4. Percent of corporation stock owned		6. Amount of compensation	7. Expense account allowances
			Common	Preferred		
Detail on file in office of taxpayer.						
Officer's expenses are not accounted for separately.						
Total compensation of officers (Enter here and on line 12, page 1).....						

Schedule F.—BAD DEBTS. (See Instruction 15)

1. Taxable Year	Amount of notes and accounts receivable outstanding at—		4. Taxable income reported	5. Sales on account	6. Bad debts of corporation if no reserve is carried on books	If corporation carries a reserve	
	2. Beginning of year	3. End of year				7. Gross amount added to reserve	8. Amount charged against reserve
1958.	4,405,470	8,778,875	90,422	21,154,306	—		
1959.	8,778,875	7,287,436	None	34,831,676	—		
1960.	7,287,436	7,432,178	335,290	38,197,142	195		
1961.	7,432,178	13,912,953	None	35,402,402	3,087		

NOTE: Securities which are capital assets and which became worthless within the taxable year should be reported in separate Schedule D.

Schedule G.—DEPRECIATION. (See Instruction 22 and Schedule H)

1. Kind of property (if buildings, state material of which constructed). Exclude land and other nondepreciable property. List assets in groups by depreciation method	2. Date acquired	3. Cost or other basis (exclude land)	4. Depreciation allowed (or allowable) in prior years	5. Method of computation	6. Rate (%) or life (years)	7. Depreciation this year
1. Total.....						733,095.62
2. Less: Amount of depreciation claimed in Schedule A and elsewhere on return.....						163,004.20
3. Balance—Enter here and on line 22, page 1.....						570,081.42

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MCCLOSKEY & CO. and SUBSIDIARIES

Schedule H.—SUMMARY OF DEPRECIATION AND AMORTIZATION SCHEDULES

1. Straight line method:			
(a) Assets acquired prior to 1/1/54.....	8-248-91		
(b) Assets acquired after 12/31/53.....	582-103-05	8. Emergency facilities.....	
2. Declining balance method.....		9. Grain storage facilities.....	
3. Sum of the years-digits method.....	142-728-66	10. Research or experimental expenditures....	
4. Based on units of production.....		11. Exploration and development expenditures..	
5. Addl. 1st year (Sec. 179).....		12. Organizational expenditures.....	
6. Other methods.....		13. Trademark and trade name expenditures..	
7. Total depreciation claimed.....	733 085 62	14. Total amortization claimed.....	

Schedule I.—SPECIAL DEDUCTIONS

1. Partially tax-exempt interest (see Instruction 5).....	
2. Dividends-received:	
(a) 85 percent of column 2, Schedule C.....	4 675.00
(b) 62.115 percent of column 3, Schedule C.....	
(c) 85 percent of dividends received from certain foreign corporations.....	
3. Total dividends-received deductions (sum of lines 2 (a), (b), and (c) but not to exceed 85 percent of the excess of line 28, page 1 over the sum of lines 1 and 5). (See instructions in case of net operating loss or if the corporation is a small business investment company.).....	4 675.00
4. Dividends paid on certain preferred stock of public utilities (see instructions in case of net operating loss).....	
5. Western Hemisphere trade corporations (see instructions in case of net operating loss).....	
6. Total special deductions (enter here and on line 29(b), page 1).....	4 675.00

TAX COMPUTATION SCHEDULE

1. (a) Line 30, page 1 (492,374.89) (b) plus line 1, Schedule I.....	Enter total here →	(492 374.89)
2. If amount of line 1 is:		
(a) Not over \$25,000—Enter 30 percent of line 1 (32 percent if a consolidated return).....		
(b) Over \$25,000—Enter 52 percent of line 1 (54 percent if a consolidated return).....		
Subtract \$5,500, and enter difference.....	5,500.00	
3. Adjustment for partially tax-exempt interest. Enter 30 percent of line 1 (b), but not in excess of 30 percent of line 1.....		
4. Normal tax and surtax (line 2 less line 3).....		None
5. Income tax (line 4, or line 22 of separate Schedule D).....		
6. Credit allowed a domestic corporation for income taxes paid to a foreign country or United States possession (attach Form 1118).....		
7. Balance of income tax (line 5 less line 6).....		
8. Tax under section 541 of the Internal Revenue Code (from Schedule 1120 PH).....		
9. Total income tax (line 7 plus line 8). Enter here and on line 31, page 1.....		None
H. Date incorporated.....	April 1930	
I. Did the corporation at any time during the taxable year own directly or indirectly 50 percent or more of the voting stock of a domestic corporation?..... Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Did any corporation, individual, partnership, trust, or association at any time during taxable year own directly or indirectly 50 percent or more of the corporation's voting stock? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
If either answer is "Yes," attach separate schedule showing:		
(1) name and address;		
(2) percentage owned;		
(3) date acquired; and		
(4) the District Director's office in which the income tax return of such corporation, individual, partnership, trust, or association for the last taxable year was filed.		
J. Were Forms 1096 and 1099 filed for the calendar year 1961 in connection with:		
Taxable dividends..... Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Other payments..... Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
K. Did you have any contracts or subcontracts subject to the Renegotiation Act of 1951..... Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
If "Yes," see instruction G(4) and enter amount here.....		
L. Did you at any time during the year own directly or indirectly any stock of a foreign corporation?..... Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
If "Yes," attach statement as required by instruction K.		
M. Amount of income (or deficit) for: 1958..... 139 832.82		
1959..... (758 717.10)		
1960..... (2 272.87)		
N. If a cooperative association, check type:		
(1) <input type="checkbox"/> farmers' purchasing or marketing; (2) <input type="checkbox"/> consumers, or (3) <input type="checkbox"/> other.		
O. Did you claim a deduction for expenses connected with: (If answer to any question is "Yes," check applicable boxes within that question.)		
(1) A hunting lodge <input type="checkbox"/> working ranch or farm <input type="checkbox"/> fishing camp <input type="checkbox"/> resort property <input type="checkbox"/> pleasure boat or yacht <input type="checkbox"/> or other similar facility <input type="checkbox"/> ? (Other than where the operation of the facility was the principal business.) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
(2) The leasing, renting, or ownership of a hotel room or suite <input type="checkbox"/> apartment <input type="checkbox"/> or other dwelling <input type="checkbox"/> which was used by customers or employees or members of their families? (Other than use by employees while in business travel status.) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
(3) The attendance of your employees' families at conventions or business meetings. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
(4) Vacations for employees or members of their families? (Other than vacation pay reported on Form W-2.) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
P. Refer to page 8 of instructions and state the:		
Principal business activity.....	Construction	
Principal product or service.....	General building contractor	

MCCLOSKEY & CO. and SUBSIDIARIES

Page 4

Schedule L.—BALANCE SHEETS (see instructions)

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1. Cash.....				
2. Govt. obligations: (a) U.S. and instrumentalities; (b) State, subdivisions thereof, etc.....				
3. Notes and accounts receivable..... (a) Less: Reserve for bad debts.....				
4. Inventories: (a) Other than last-in, first-out..... (b) Last-in, first-out.....				
5. Other current assets including short term marketable investments (attach schedule).....				
6. Loans to stockholders.....				
7. Mortgage and real estate loans.....				
8. Other investments (attach schedule).....				
9. Buildings and other fixed depreciable assets..... (a) Less: Accumulated amortization and depreciation.....				
10. Depletable assets..... (a) Less: Accumulated depletion.....	Schedule			Schedule
11. Land (not of any amortization).....	annexed			annexed
12. Intangible assets (amortizable only)..... (a) Less: Accumulated amortization.....				
13. Other assets (attach schedule).....				
14. Total assets.....				
LIABILITIES AND CAPITAL				
15. Accounts payable.....				
16. Deposits and withdrawable shares.....				
17. Bonds, notes, and mortgages payable (maturing less than one year from date of balance sheet).....				
18. Other current liabilities (attach schedule).....				
19. Loans from stockholders.....				
20. Bonds, notes, and mortgages payable (maturing one year or more from date of balance sheet).....				
21. Other liabilities (attach schedule).....				
22. Capital stock: (a) Preferred stock..... (b) Common stock.....				
23. Paid-in or capital surplus.....				
24. Surplus reserves (attach schedule).....				
25. Earned surplus and undivided profits.....				
26. Total liabilities and capital.....				

Schedule M.—RECONCILIATION OF TAXABLE INCOME AND ANALYSIS OF EARNED SURPLUS AND UNDIVIDED PROFITS

1. Earned surplus and undivided profits at end of preceding taxable year (Schedule L).....	Schedule	9. Total distributions to stockholders charged to earned surplus during the taxable year: (a) Cash..... (b) Stock of the corporation..... (c) Other property (attach schedule).....	
2. Taxable income before net operating loss deduction and special deductions (line 23, page 1).....	annexed	10. Contributions in excess of 5% limitation.....	Schedule
3. Nontaxable interest on: (a) Obligations of a State, or a possession of the United States, or any political subdivision of any of the foregoing, or the Dist. of Columbia..... (b) All postal savings bonds.....		11. Federal income and excess profits taxes.....	
4. Other nontaxable income (attach schedule).....		12. Income taxes of foreign countries or United States possessions if claimed as a credit in whole or in part on line 6, page 3 Tax Computation.....	annexed
5. Charges against surplus reserves deducted from income in this return (attach schedule).....		13. Insurance premiums paid on the life of any officer or employee where the corporation is directly or indirectly a beneficiary.....	
6. Adjustments for tax purposes not recorded on books (attach sch.).....		14. Unallowable interest incurred to purchase or carry tax-exempt interest obligations.....	
7. Sundry credits to earned surplus (attach schedule).....		15. Excess of capital losses over capital gains.....	
8. Total of lines 1 to 7.....		16. Additions to surplus reserves (attach schedule).....	
		17. Other unallowable deductions (attach schedule).....	
		18. Adjustments for tax purposes not-recorded on books (attach schedule).....	
		19. Sundry debits to earned surplus (attach schedule).....	
		20. Total of lines 9 to 19.....	
		21. Earned surplus and undivided profits at end of the taxable year (Schedule L) (line 8 less line 20).....	

LYBRAND, ROSS BROS. & MONTGOMERY
PACKARD BUILDING
PHILADELPHIA 2

H	...	EC
V	...	CR
S	...	Checked

June 15, 1962

JUN 15 1962
Sent Out by
F J Z

Mr. William F. Logue, Comptroller
McCloskey & Co.
1620 W. Thompson Street
Philadelphia 21

Dear Sir:

We have prepared and enclose two copies of your company's consolidated U. S. corporation income tax return for the year ended December 31, 1961.

There is attached to your copy of the return an instruction sheet for completing, signing and filing the return and for payment of the tax. Only those items marked with an X are applicable.

Very truly yours,

Enclosures

GFS:HVS
RWE

JDM

McCLOSKEY & CO. and SUBSIDIARIES

INSTRUCTIONS FOR CORPORATIONS FILE FILING YOUR
CORPORATION INCOME TAX RETURN (FORM 1120)
(only those items marked with an X apply)

1. Affix the corporate seal, sign and date the original return near bottom of page 1 and file with the District Director of Internal Revenue at Philadelphia, Pa. by June 15, 1962. Your copy of the return should be conformed with the original as to signature and date.
2. Sign and date each Form ~~1119, Statement in Support of Foreign Tax Credit Claimed,~~ 651, Affiliations Schedule attached to the original return. The form(s) attached to your copy of the return should be conformed as to signature and date.
3. A check drawn to the order of the "Internal Revenue Service" for the amount of \$ _____ as shown on line 33, page 1, must be enclosed with the return.
4. A check drawn to the order of the "Internal Revenue Service" for the amount of \$ _____, which is one-half of the amount shown on line 33, page 1, must be enclosed with the return. The balance of the tax, \$ _____, should be paid by _____.
5. The return shows an overpayment of tax in the amount of \$ _____. In accordance with your instructions, we have indicated that this amount should be credited against your company's estimated tax for the current taxable year.
6. The return shows an overpayment of tax in the amount of \$ _____. In accordance with your instructions we have indicated that this amount should be refunded to your company.
7. The return indicates no tax is due.
8. A copy of Form 7004, "Application for Automatic Extension of Time to File U. S. Corporation Income Tax Return," must be attached to the return filed.
9. A copy of the letter from the District Director of Internal Revenue granting an extension of time within which to file must be attached to the return filed.
10. The additional information required in support of your company's deduction under its pension and/or profit-sharing plan may either be filed with the return or at any time prior to the end of the current taxable year. Form 2950 must be used to submit this information if this is not the first year of the plan. We shall appreciate receiving a copy of the additional information filed so that our records will be complete.
11. Form 2952 in duplicate, for each controlled foreign corporation and for each foreign subsidiary of a controlled foreign corporation, must be attached to the return filed.
12. Sign and date the Form 1122, Consent of Subsidiary Corporation Included In A United States Consolidated Income Tax Return, for each subsidiary and file with the District Director of Internal Revenue at Philadelphia, Pa., by June 15, 1962. Sign and date the duplicate copies attached to the Form 1120 filed. Your copy of the forms should be conformed with the original.

FORM 7004
Rev. June 1961

U.S. TREASURY DEPARTMENT DEPARTMENT OF REVENUE SERVICE

APPLICATION BY A CORPORATION FOR AUTOMATIC EXTENSION OF TIME
TO FILE U.S. INCOME TAX RETURN

(Under provisions of Sections 6011 and 6012 of the Internal Revenue Code)

For taxable year beginning January 1, 1961, and ending December 31, 1961.

If an extension of time is necessary, file this form with the internal revenue officer with whom the corporation is required to file its income tax return on or before the 15th day of the third month following the close of the taxable year.	PLEASE TYPE OR PRINT PLAINLY		A. Employer Identification No.
	Name of corporation		20-054700
	Number and street	McCloskey & Co.	B. Indicate type of return to be filed: <input checked="" type="checkbox"/> Form 1120 <input type="checkbox"/> Form 1120 L <input type="checkbox"/> Form 1120 F <input type="checkbox"/> Form 1120 M
	1620 W. Thompson Street		C. Does application also cover subsidiaries to be included in a consolidated return? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," list name and employer identification numbers on other side.
	City or town, postal zone number, State	Philadelphia 21, Pa.	

Application is hereby made for an automatic extension of three months for filing the completed return of the corporation named herein in accordance with the provisions of section 6081(b) of the Internal Revenue Code.

Reason extension is applied for: To provide our auditors sufficient time to complete their audit and compile all the information necessary for filing a complete and accurate return.

A remittance of an amount not less than would be required as the first installment of the tax tentatively determined to be due for the taxable year shown above accompanies this application.

1. Tentative amount of tax for the taxable year \$ None
2. Less: Payments made on declaration of estimated tax \$
3. Balance due \$
4. Amount of remittance \$ None

SIGNATURE AND VERIFICATION

I declare under the penalties of perjury that I have been authorized by the above-named corporation to make this application and that to the best of my knowledge and belief the statements made herein are true and correct.

W. J. M. O'Leary Vice President March 2, 1962
(Signature—see instructions) (Title, if an officer of the corporation) (Date)

I declare under the penalties of perjury that I am currently enrolled to practice before the Treasury Department and have been authorized by the above-named corporation to make this application; and that to the best of my knowledge and belief the statements made herein are true and correct.

..... (Date) (Signature of enrolled representative)
..... (Address) (Name of firm, if any)

A COPY OF THIS APPLICATION MUST BE FILED WITH THE TAXPAYER'S COMPLETED RETURN

A.

Statement of Preparation Attached to and Forming Part of the
U. S. Corporation Income Tax Return of

McCLOSKEY & CO. AND SUBSIDIARIES

for the year ended December 31, 1961.

We declare under the penalties of perjury that
Robert W. Emsley, a member of our staff, prepared
the accompanying return showing total income tax of "None"

for the person(s) named herein; and that this return (including
any accompanying schedules and statements) is, to the best of our
knowledge and belief, a true, correct and complete return based on
all the information relating to the matters required to be reported
in this return of which we have any knowledge.

(s) Lybrand, Ross Bros. & Montgomery
Lybrand, Ross Bros. & Montgomery
2101 Packard Building
Philadelphia 2, Penna.

McCLOSKEY & CO. and SUBSIDIARIES

CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961

TAXABLE INCOME by COMPANY

	Total	Intercompany Eliminations	McCloskey & Co.	Federal Projects Corporation	Belmont Planning Mills, Inc
Gross receipts	\$35,402.401.96	-	\$5,402.401.96	-	-
Less: Cost of goods sold, as annexed	34,968,577.92	\$119,900.00	34,968,577.92	-	-
Gross profit	553,724.04	119,900.00	433,824.04	-	-
Dividends (Schedule C)	5,500.00	-	5,500.00	-	-
Interest	51,320.13	-	51,320.13	-	-
Rents	1,708,825.54	(119,900.00)	32,319.72	\$22,000.41	-
Royalties	-	-	-	1,828,725.54	-
Net gains (losses) (from separate Schedule D)	-	-	-	-	-
Other income, commissions	30,918.26	-	-	30,918.26	-
Total	\$2,353,287.97	-	\$471,643.76	\$1,881,644.21	-
Compensation of officers (Schedule E)	514,801.56	-	514,801.56	-	-
Salaries and wages (not deducted elsewhere)	-	-	-	-	-
Repairs, see cost of goods sold	-	-	-	-	-
Bad debts (Schedule F)	3,086.74	-	3,086.74	-	-
Rents	-	-	-	-	-
Taxes, as annexed	282,069.10	-	40,756.60	241,312.50	-
Contributions, as annexed	1,130,136.58	-	33,330.65	1,096,805.93	-
Losses by fire, storm, shipwreck, or other casualty, or theft	-	-	-	-	-
Amortization	-	-	-	-	-
Depreciation (Schedule G)	570,081.42	-	27,248.40	542,833.02	-
Depletion	-	-	-	-	-
Advertising	-	-	-	-	-
Amounts contributed under: (a) Pension, profit-sharing, stock bonus, annuity plans	-	-	-	-	-
(b) Other employee benefit plans	-	-	-	-	-
Other deductions, as annexed	340,812.46	-	296,400.36	44,412.10	-
Total	\$2,840,987.86	-	\$915,624.31	\$1,925,363.55	-
Taxable income before net operating loss deduction and special deductions	(487,699.89)	-	(443,980.55)	(43,719.34)	-
Less: (a) Net operating loss deduction	4,675.00	-	4,675.00	-	-
(b) Special deductions (Schedule I)	(\$192,374.89)	-	(\$448,655.55)	(\$43,719.34)	-
Loss					

McCLOSKEY & CO. and SUBSIDIARIES

CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961

COSTS OF GOODS SOLD AND/OR OPERATIONS FOR THE YEAR 1961

Costs of completed Contracts

\$ 34,424,539.53

Cost of operating or leasing equipment
etc., as annexed544,038.39\$ 34,968,577.92

GROSS PROFIT from COMPLETED CONTRACTS
for the year 1961

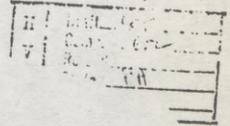
*SUPERCEDED BY
PRECEDING SCHEDULE
to date*

<u>Contract Number</u>	<u>Description</u>	<u>Revenues from Completed Contracts</u>	<u>Costs on Completed Contracts</u>	<u>Gross Profit (Loss)</u>
1-384	Federal Office Building No. 6	\$11 960 806.63	\$11 801 506.78	\$159 299.85
1-395	Subway Terminal, East Front, Senate Wing, U. S. Capital	1 642 783.90	1 594 461.23	48 322.67
1-397	Woodrow Wilson Memorial Bridge	1 309 725.31	1 272 068.01	37 657.30
1-398	Henry D. Landis State Hospital	2 194 379.37	2 104 845.81	89 533.56
1-403	District of Columbia Stadium	16 869 113.34	16 352 388.67	516 724.67
1-405	Bethlehem Steel Company Site Work	541 090.72	431 988.50	109 102.22
1-409	Thomas M. Fitzgerald-Mercy Hospital, Internes Residence	434 274.50	408 988.93	25 285.57
C-410	Alterations, Democratic County Executive Committee Building	204 501.58	204 987.19	(485.61)
C-414	Academy of Music	161 035.56	161 134.27	(98.71)
C-412	1 North Charles Street Building, fixed fee on contract costs to December 31, 1961	8 197.53	-	8 197.53
	Adjustments related to contracts substantially completed in prior years	20 216.74	43 158.37	(22 941.63)
	Miscellaneous jobbing work	56 276.78	49 011.77	7 265.01
	Cost of operating or leasing equipment, etc., as annexed	-	544 038.39	(544 038.39)
		<u>\$35 402 401.96</u>	<u>\$34 968 577.92</u>	<u>\$433 824.04</u>

COST of OPERATING or LEASING EQUIPMENT, ETC.

for the year 1961

Labor		\$239 351.52
Repair parts and supplies		101 313.53
Equipment rental,		
Federal Projects Corporation		119 900.00
Insurance		22 982.09
Taxes		16 404.55
Depreciation		163 004.20
Materials and supplies		12 282.36
Other		<u>67 810.51</u>
		743 048.76
Deduct:		
Discount on purchases	\$85 637.64	
Rental income on equipment	81 749.99	
Salvage from contracts	11 220.55	
Miscellaneous	<u>20 402.19</u>	
		<u>199 010.37</u>
		<u>\$544 038.39</u>



McCLOSKEY & CO. and SUBSIDIARIES

CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961

TAXES

	<u>Total</u>	<u>McCloskey & Co.</u>	<u>Federal Projects Corporation</u>	<u>Belmont Planing Mills, Inc.</u>
Real estate	\$243,902.55	\$3,254.61	\$238,737.94	-
Payroll	14,676.50	14,676.50	-	-
Personal property	9,107.29	6,566.73	2,536.56	-
Pennsylvania franchise: 1961	4,425.00	4,425.00	-	-
Prior year	637.82	637.82	-	-
Delaware franchise	141.00	125.00	16.00	-
Prior year corporate net income:				
Pennsylvania	2,555.17	2,555.17	-	-
Maryland	8,013.90	8,013.90	-	-
Sales and use	12,752.75	12,752.75	-	-
City of Philadelphia mercantile	945.98	945.98	-	-
Miscellaneous franchise and filing fees	932.69	960.69	22.00	-
	298,473.65	57,161.15	241,312.50	None
Less transferred to cost of goods sold	16,404.55	16,404.55	-	-
	<u>\$282,069.10</u>	<u>\$40,756.60</u>	<u>\$241,312.50</u>	<u>None</u>

McCLOSKEY & CO. and SUBSIDIARIES
 CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961
 CONTRIBUTIONS

	McCloskey & Co.	Federal Projects Corporation	Belmont Planing Hills, Inc.	Total
Women's Board - Lankenau Hospital	\$375.00	-	-	\$375.00
Mt. St. Joseph Sanctuary Society	50.00	-	-	50.00
Via Coelia Monastery	50.00	-	-	50.00
National Conference of Christians & Jews, Inc	1 500.00	-	-	1 500.00
Philadelphia Fellowship Commission	500.00	-	-	500.00
St. Edmunds Home	300.00	-	-	300.00
Wolner H. Henrietta, S.S.J.	100.00	-	-	100.00
St. Colman's Church	25.00	-	-	25.00
Most Reverend J. J. Krol	1 000.00	-	-	1 000.00
Little Sisters of the Poor	200.00	-	-	200.00
Reverend Nichols H. Wegner	10.00	-	-	10.00
	<u>4 110.00</u>	None	None	4 110.00
Contribution carry-over:				
1959	2 387.00	-	-	2 387.00
1960	<u>2 860.00</u>	-	-	<u>2 860.00</u>
	<u>9 357.00</u>	-	-	9 357.00
Excess contribution	<u>9 357.00</u>			<u>9 357.00</u>
Allowable deduction	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

McCLOSKEY & CO. and SUBSIDIARIES
 CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961
 PAGE 2, SCHEDULE G - DEPRECIATION

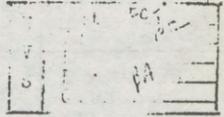
Kind of Property	Acquired	Cost or Other Basis	Depreciation Allowed (or Allowable) in Prior Years	Estimated Useful Life in Years	Depreciation Claimed this Year
<u>McCloskey & Co.:</u>					
Straight-line method:					
Building	Various	\$120 750.99	\$58 395.04	40	\$5 000.19
Machinery and equipment	1954-60	347 614.12	205 624.99	4 1/2-6	33 130.76
Autos and trucks	1946-60	182 450.24	141 173.91	Various	7 687.49
Furniture and fixtures	1945-55	18 388.21	14 551.46	10	1 725.50
Sum-of-the-years- digits method:					
Machinery and equipment	1954-60	909 967.56	605 155.87	6	107 797.45
Autos and trucks	1954-60	259 715.13	211 040.35	Various	24 202.51
Furniture and fixtures	1954-61	79 240.22	10 672.27	10	10 672.27
Total		<u>\$1 918 126.57</u>	<u>\$1 255 514.19</u>		<u>190 252.60</u>
Less amount included in cost of goods sold					<u>163 004.20</u>
					<u>\$27 248.40</u>
<u>Federal Projects Corporation:</u>					
Straight-line method:					
Machinery and equipment	1961	1 063 103.03	-	6	88 591.91
Autos and trucks	1961	118 172.82	-	4-6	10 792.43
Concrete mixing plants	1961	138 990.61	-	6	11 582.54
Building	1961	18 333 139.90	-	40	431 856.14
Total		<u>\$19 653 405.36</u>			<u>\$542 033.02</u>
Grand total		<u>\$21 571 532.93</u>	<u>\$1 255 514.19</u>		<u>\$570 031.42</u>
Summary of deductions:					
Cost of sales - line 2					163 004.20
Depreciation - line 22					<u>570 031.42</u>
					<u>\$733 035.62</u>

McCLOSKEY & CO. and SUBSIDIARIES

CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1951

OTHER DEDUCTIONS

	<u>TOTAL</u>	<u>McCLOSKEY & CO.</u>	<u>FEDERAL PROJECTS CORPORATION</u>	<u>BELMONT PLANNING MILLS, INC.</u>
Telephone and Telegraph	\$ 39,178.36	\$ 39,178.36	-	-
Professional Fees	42,591.44	34,768.82	\$ 7,822.62	-
Dues and Subscriptions	9,243.41	9,243.41	-	-
Printing, Stationery and Postage	32,430.68	32,430.68	-	-
Travel	48,703.40	48,703.40	-	-
Light, Heat and Utilities	8,076.36	8,076.36	-	-
Insurance	14,127.80	7,039.07	7,088.73	-
Automobile Expense	6,649.91	6,649.91	-	-
Engineering	3,190.75	3,190.75	-	-
Estimating	11,116.82	11,116.82	-	-
Employee Relations	11,002.60	11,002.60	-	-
Sales and Advertising Expense	11,353.56	11,353.56	-	-
Business Promotion	33,510.44	33,510.44	-	-
Office Equipment Rental and Maintenance	13,217.11	13,217.11	-	-
Financing and Mortgage Expense	21,368.72	-	21,368.72	-
Licenses	7,353.55	-	7,353.55	-
Other	<u>27,697.55</u>	<u>26,919.07</u>	<u>778.48</u>	-
	<u>\$340,812.46</u>	<u>\$296,400.36</u>	<u>\$44,412.10</u>	<u>NONE</u>



McCLOSKEY & CO. and SUBSIDIARIES

CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961

OTHER DEDUCTIONS

*Reviewed by
primary schedule
Em 4/24/62*

	Total	McCloskey Co.	Federal Projects Corporation	Dellmont Planing Mills, Inc.
Travel and entertainment	\$89,301.36	89,301.36	-	-
Telephone and telegraph	39,178.36	39,178.36	-	-
Professional fees	42,591.84	37,768.32	\$7,022.62	-
Dues and subscriptions	9,243.41	9,243.41	-	-
Printing, stationery and postage	32,430.68	32,430.68	-	-
Light, heat and utilities	8,076.36	8,076.36	-	-
Insurance	14,127.00	7,039.07	7,088.73	-
Automobile expense	6,649.91	6,649.91	-	-
Engineering	3,190.75	3,190.75	-	-
Estimating	11,116.82	11,116.82	-	-
Employee relations	11,002.60	11,002.60	-	-
Sales and advertising expense	11,353.56	11,353.56	-	-
Office equipment rental and maintenance	13,217.11	13,217.11	-	-
Financing and mortgage expense	21,368.72	-	21,368.72	-
Licenses	7,353.55	-	7,353.55	-
Other	20,610.05	19,831.55	778.48	-
	<u>\$340,812.46</u>	<u>\$296,400.36</u>	<u>\$44,412.10</u>	<u>None</u>

<p>FORM 1122</p>	<p>U. S. TREASURY DEPARTMENT—INTERNAL REVENUE SERVICE</p> <p>RETURN OF INFORMATION AND AUTHORIZATION AND CONSENT OF SUBSIDIARY CORPORATION INCLUDED IN A UNITED STATES CONSOLIDATED INCOME TAX RETURN</p>	<p>1961</p> <p><small>Do Not Write in Space Below</small></p>						
<p><small>If return is for calendar year 1961, file on or before March 15, 1962. If return is for a year other than a calendar year, file on or before 15th day of third month following close of such taxable year.</small></p> <p><small>Employer Identification No.</small></p> <p style="text-align: center;">None</p>	<p>FOR CALENDAR YEAR 1961</p> <p>or other taxable year beginning _____, 1961 and ending _____, 19</p>							
	<p>PLEASE TYPE OR PRINT PLAINLY</p>							
	<p><small>NAME</small></p> <p style="text-align: center;">DELMONT PLANNING SERVICES, INC.</p>							
	<p><small>Number and street</small></p> <p style="text-align: center;">1620 Thompson Street</p> <p><small>City or town, postal zone number, State</small></p> <p style="text-align: center;">Philadelphia 21, Pennsylvania</p>							
<p>1. Date incorporated</p>	<p>April 2, 1947</p>							
<p>2. Place incorporated</p>	<p>Pennsylvania</p>							
<p>3. Capital stock outstanding at beginning of taxable year</p>	<p>(a) Common \$</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <p>15,000</p> </td> <td style="width: 50%; text-align: center;"> <p>(b) Preferred \$</p> </td> </tr> <tr> <td colspan="2" style="text-align: center;"> <p>Checked</p> </td> </tr> <tr> <td colspan="2" style="text-align: center;"> <p><input type="checkbox"/> Active <input type="checkbox"/> Inactive</p> </td> </tr> </table>	<p>15,000</p>	<p>(b) Preferred \$</p>	<p>Checked</p>		<p><input type="checkbox"/> Active <input type="checkbox"/> Inactive</p>	
<p>15,000</p>	<p>(b) Preferred \$</p>							
<p>Checked</p>								
<p><input type="checkbox"/> Active <input type="checkbox"/> Inactive</p>								
<p>4. Kind of business</p>	<p>Inactive</p>							
<p>5. Name of common parent corporation (Give name of corporation which filed the consolidated income tax return for the entire affiliated group)</p>	<p>McCloskey & Co.</p>							
<p>6. Address of common parent corporation</p>	<p>1620 Thompson Street Philadelphia 21, Pennsylvania</p>							
<p>7. District Director's Office in which consolidated return is filed</p>	<p>Philadelphia, Pennsylvania</p>							

The above-named subsidiary corporation hereby (1) authorizes the above-named common parent corporation to make a consolidated income tax return on its behalf for the taxable year for which this form is filed and (2) authorizes such common parent corporation (or, in the event of its failure, the Commissioner or the District Director of Internal Revenue) to make a consolidated income tax return on its behalf for each taxable year thereafter for which a consolidated return must be made by the affiliated group under the provisions of the consolidated return regulations.

The above-named subsidiary corporation, in consideration of the privilege of joining in the making of a consolidated return with the above-named common parent corporation, hereby consents to and agrees to be bound by the provisions of the above-mentioned regulations.

SIGNATURE AND VERIFICATION

I declare under the penalties of perjury that the above-named subsidiary has authorized me to sign this form on its behalf, and that this form has been examined by me and the information contained herein is, to the best of my knowledge and belief, true, correct, and complete.

<small>Date</small>	<small>Signature</small>	<small>Title</small>

Corporate Seal

INSTRUCTIONS

Duplicate originals of this form must be prepared by each subsidiary corporation for each taxable year for which a consolidated return is made by the affiliated group. One of these forms must be attached to the consolidated income tax return as part thereof; the other must be filed (at or before the time the consolidated income tax return is filed) in the office of the district director for the district prescribed for the filing of a separate return by the subsidiary.

FORM 1122	U. S. TREASURY DEPARTMENT—INTERNAL REVENUE SERVICE RETURN OF INFORMATION AND AUTHORIZATION AND CONSENT OF SUBSIDIARY CORPORATION INCLUDED IN A UNITED STATES CONSOLIDATED INCOME TAX RETURN	1961
	Do Not Write in Space Below	

FOR CALENDAR YEAR 1961

or other taxable year beginning _____, 1961
 and ending _____, 19

PLEASE TYPE OR PRINT PLAINLY

NAME FEDERAL PROJECTS CORPORATION	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="font-size: x-small;">H</td><td style="font-size: x-small;">Home</td></tr> <tr><td style="font-size: x-small;">V</td><td style="font-size: x-small;">Vacation</td></tr> <tr><td style="font-size: x-small;">S</td><td style="font-size: x-small;">Savings</td></tr> <tr><td style="font-size: x-small;">C</td><td style="font-size: x-small;">Checking</td></tr> </table>	H	Home	V	Vacation	S	Savings	C	Checking
H	Home								
V	Vacation								
S	Savings								
C	Checking								
Number and street 1620 Thompson Street									
City or town, postal zone number, State Philadelphia 21, Penna.									

Employer Identification No. **23-1470216**

1. Date incorporated **November 17, 1957**

2. Place incorporated **Delaware**

3. Capital stock outstanding at beginning of taxable year	(a) Common \$ 10,000.00	(b) Preferred \$ None
---	-----------------------------------	--------------------------

4. Kind of business **Real Estate** Active Inactive

5. Name of common parent corporation (Give name of corporation which filed the consolidated income tax return for the entire affiliated group)
McCloskey & Co.

6. Address of common parent corporation
**1620 Thompson Street
 Philadelphia 21, Penna.**

7. District Director's Office in which consolidated return is filed
Philadelphia, Pennsylvania

The above-named subsidiary corporation hereby (1) authorizes the above-named common parent corporation to make a consolidated income tax return on its behalf for the taxable year for which this form is filed and (2) authorizes such common parent corporation (or, in the event of its failure, the Commissioner or the District Director of Internal Revenue) to make a consolidated income tax return on its behalf for each taxable year thereafter for which a consolidated return must be made by the affiliated group under the provisions of the consolidated return regulations.

The above-named subsidiary corporation, in consideration of the privilege of joining in the making of a consolidated return with the above-named common parent corporation, hereby consents to and agrees to be bound by the provisions of the above-mentioned regulations.

SIGNATURE AND VERIFICATION

I declare under the penalties of perjury that the above-named subsidiary has authorized me to sign this form on its behalf, and that this form has been examined by me and the information contained herein is, to the best of my knowledge and belief, true, correct, and complete.

Date	Signature	Title	Corporate Seal
------	-----------	-------	----------------

INSTRUCTIONS

Duplicate originals of this form must be prepared by each subsidiary corporation for each taxable year for which a consolidated return is made by the affiliated group. One of these forms must be attached to the consolidated income tax return as part thereof; the other must be filed (at or before the time the consolidated income tax return is filed) in the office of the district director for the district prescribed for the filing of a separate return by the subsidiary.

McCLOSKEY & CO. & SUBSIDIARIES
 CONSOLIDATED U. S. CORPORATION INCOME TAX RETURN - 1961

Page 3, Additional Information:

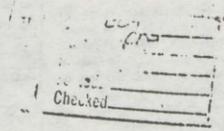
Answer to Question I:

Part I - Stock Owned by McCloskey & Co.:

- A - (1) Heltonville Limestone Company
 Heltonville, Indiana
 (2) 50%
 (3) Various
 (4) Indianapolis, Indiana
- B - (1) Federal Projects Corporation
 1620 Thompson Street
 Philadelphia 21, Pennsylvania
 (2) 100%
 (3) 1959
 (4) Philadelphia 7, Pennsylvania
- C - (1) Belmont Planing Mills, Inc.
 1620 Thompson Street
 Philadelphia 21, Pennsylvania
 (2) 100%
 (3) April 2, 1947
 (4) Philadelphia 7, Pennsylvania

Stock owned by Federal Projects Corporation:

- A - (1) Rittenhouse Square Corporation
 60 East 42nd Street
 New York 17, New York
 (2) 50%
 (3) 1961
 (4) New York, New York
- B - (1) Charles Street Development
 American Building
 Baltimore 3, Maryland
 (2) 50%
 (3) 1961
 (4) Baltimore, Maryland
- C - (1) Eastern Prestressed Concrete Corporation
 P. O. Box 25
 Line Lexington, Penna.
 (2) 50%
 (3) 1961
 (4) Philadelphia, Penna.
- D - (1) Forestville Sand & Gravel Co., Inc.
 R. F. D. Box 4263
 Upper Marlboro, Maryland
 (2) 50%
 (3) 1961
 (4) Baltimore, Maryland



Taxpayer	Year ended December 31, 1951		Federal Projects Belmont, Plandin, Corporation Mills, Inc.	Total	Eliminations	Consolidated
	McCluskey & Co. \$3 923 185.89	Balance Sheets (Beginning of Taxable Year) \$1 125 680.15				
LIABILITIES:				\$5 048 866.08		\$5 048 866.08
Accounts payable						
Deposits and withdrawable shares				300 000.00		300 000.00
Bonds, notes and mortgages payable:				18 000 000.00		18 000 000.00
Maturing within one year						
Maturing one year or later				22 065.79		22 065.79
Income taxes accrued:						
State						
Federal						
Accrued expenses:						
Salaries and wages						
Commissions			84 712.41	84 712.41		84 712.41
Royalties						
Interest						
Unemployment insurance		50 430.04		50 430.04		50 430.04
Old age benefits		15 870.40		15 870.40		15 870.40
Local taxes			15 978.38	15 978.39		15 978.39
Corporate taxes (other than income tax)		64 991.33		64 991.33		64 991.33
Pension, profit-sharing, etc., contribution		168 364.53		168 364.53		168 364.53
Workmen's compensation insurance			115 000.00	115 060.00	(115 060.00)	
Advances from parent						
Other liabilities and deferrals:						
Loans from stockholders						
Customers' deposits and advances						
Deferred installment profits						
Dividends payable						
Excesses on contracts						
Uncompleted contracts						
Reserves not deductible for tax purposes:						
Bad debts and customers' allowance reserves						
Inventory reserves						
Workmen's compensation reserve						
Reserve for contingencies						
Capital:						
Common stock		1 958 520.00	10 000.00	1 968 520.00	(10 000.00)	1 958 520.00
Preferred stock						
Capital and paid-in surplus		759 501.04	(487 992.31)	271 508.65		271 508.65
Earned surplus or (deficit)		\$9 332 152.34	\$18 863 438.65	\$28 195 590.99	(\$125 060.00)	\$28 070 530.99

Taxpayer TECHNOLOGY & CO. INC. MEMPHIS, TENN.		Year ended December 31, 1951	
BALANCE SHEETS (Part of Available Year)		Federal Projects Corporation	Belmont Family Hills, Inc.
A S S E T S:		1951	1950
Cash		\$297,757.41	\$465,441.75
Trade receivables:			
Notes & accounts receivable		\$217,704.34	\$412,932.55
Notes receivable		32,541.93	
Reserve for bad debts			39,850.37
Investments:			
Lower of cost or market		39,000.37	
Last-in, first-out			
Prepaid expenses:			
Insurance	15,515.05	1,417.62	16,932.67
Leases	3,734.29	2,774.43	5,509.02
Other	9,064.72	2,536.59	9,034.72
Loans to stockholders	7,000.00		2,536.58
Cash surrender value of life insurance	149,400.53		149,400.53
U. S. Government obligations			
Investments and advances:			
Treasury stock		393,197.68	774,412.22
Stock of domestic corporations	381,214.54		
Stock of foreign corporations	571,368.24	1,830,139.53	2,401,505.77
Plant and equipment:			
Land	49,617.91	693,844.86	739,462.77
Depreciable assets	1,918,156.57	19,553,406.36	21,571,532.93
Depreciation reserve	(1,445,766.79)	(542,833.02)	(1,983,599.81)
Depletable assets			
Depletion reserve			
Emergency facilities (net)			
Leasehold improvements (net)			
Deferrals, suspense items, etc.:			
Work-in-progress		65,257.31	65,257.31
Other	4,200.00		4,200.00
Intangibles:			
Patents (net)			
Trademarks (net)			
Organization expense (net)			
Goodwill			
		\$22,344,986.92	\$37,604,128.34
			(1,571,316.24)
			\$36,032,812.68
		None	
		\$38,175,495.59	\$37,604,128.34
			4,200.00
			65,257.31
			4,200.00
			21,571,532.93
			(1,983,599.81)
			739,462.77
			1,830,139.53
			(457,358.24)
			1,830,139.53
			774,412.22
			149,400.53
			2,536.58
			9,034.72
			5,509.02
			16,932.67
			39,850.37
			32,541.93
			412,932.55
			465,441.75
			217,704.34
			297,757.41

7/2/54
 Prepared: Edna Rosa, J. B. Kinsley

Taxpayer: **McCLECKEY & CO. INC.** Year ended December 31, 1931

	McCLECKEY & CO. INCORPORATED	Federal Projects Corporation	Bolmont Planning Mills, Inc.	Total	Consolidated
LIABILITIES:					
Accounts payable	900 000.00	959 361.00		1 859 361.00	1 859 361.00
Deposits and withdrawable shares		21 392 286.20		21 392 286.20	21 392 286.20
Bonds, notes and other securities payable:					
Maturing within one year					
Maturing one year or later					
Income taxes accrued:					
State					
Federal					
Accrued expenses:					
Salaries and wages					
Commissions					
Royalties					
Interest					
Unemployment insurance	79 537.14			79 537.14	79 537.14
Old age benefits	12 302.64			12 302.64	12 302.64
Local taxes					
Corporate taxes (other than income tax)	62 861.04			62 861.04	62 861.04
Pension, profit-sharing, etc., contribution					
Workmen's compensation insurance	160 097.00	571 366.24		731 463.24	160 097.00
Advance from District					
Other liabilities and deferrals:					
Loans from stockholders					
Customers' deposits and advances					
Deferred installment profits					
Dividends payable					
Unaccrued interest					
Reserves not deductible for tax purposes:	1 657 721.14			1 657 721.14	1 657 721.14
Bad debts and customers' allowance reserves					
Inventory reserves					
Workmen's compensation reserve					
Reserve for contingencies					
Capital:					
Common stock	1 939 620.00	10 000.00		1 949 620.00	1 939 620.00
Preferred stock					
Capital and paid-in surplus					
Earned surplus or (deficit)	527 639.44	(603 224.31)		(75 584.87)	(142 574.66)
	\$15 930 509.76	\$22 344 065.89	None	\$38 175 496.58	\$37 604 129.34

7/24/11
 J. Howard, Ross Bros. & Montgomery

Taxpayer	Year ended	1961	1961	1961
McClintock & Co. and Subsidiaries	McClintock & Co.	Projects Corporation	Bolmont Plannr. Mills, Inc.	Consolidated
ANALYSIS OF CONSOLIDATED BOOK SURPLUS	\$759,501.04	(\$587,992.39)		\$271,508.65
Earned surplus or (deficit), beginning of year	(450,064.35)	(199,231.91)		(649,296.26)
Increases:				
Book income or (loss)	18,900.00			18,900.00
Other surplus credits:				
Adjustment for portion of surplus received in exchange for stock previously charged to earned surplus				
Adjustment of carrying value	199,292.75			199,292.75
Investments in affiliated entity in net asset				
Elimination of capital stock of subsidiary				
Decreases:				
Surplus charges:				
Cash dividends				
Stock dividends				
Earned surplus or (deficit), end of year	\$527,659.44	(\$606,224.30)		(\$118,564.86)

W. G. B. 6/15
 Federal, Ross Bros. & Montgomery

Taxpayer: Belmont Planning & Engineering, Inc. Year ended: December 31, 1959

RECONCILIATION OF CONSOLIDATED BOOK and TAXABLE INCOME

Belmont Planning & Engineering, Inc.
1200 15th St. N.W.
Washington, D.C. 20004
(202) 331-3131

Federal Projects Corporation
1913 231 St.
Washington, D.C. 20003
(202) 331-3131

McCluskey & Co.
1200 15th St. N.W.
Washington, D.C. 20004
(202) 331-3131

Debit	_____
Comp	_____
Fed. I. T.	_____
Fed. E. T.	_____
Check	_____
S	_____

Book income or (loss)

Additions to book income (unallowable deductions and additional income):

Federal income tax - current

Federal income tax - prior years

Officers' life insurance expense

Excess charitable contributions

Foreign taxes claimed as tax credit

Excess, capital losses over cap. gains

Additions to nondeductible reserves

Equity in loss of affiliated company year

Reconciliation allowed by Treasury Reg. 1.163-59, 1.163-60

Reserves for Federal

Income Tax

9 327.00

14 411.54

930.70

162 250.00

(825 315.03)

Reductions of book income

(nontaxable income and additional deductions):

Charges against nondeductible reserves

Capital loss carryover utilized

Excess, percentage over cost depletion

Municipal bond interest

Contribution carry-over from 12/31/59-60

Expenses disallowed by Treasury Reg. 1.161-1

years recorded in 1961:

Depreciation

Construction cost

Equity in income of affiliated company current year

5 247.00

9 807.60

5 510.84

7 737.43

326 102.95

Taxable income or (loss)

(before N.O.L.D. and special deductions)

7 737.43

(443 930.55)

Handwritten signature

Lybrand, Ross Bros. & Montgomery

Mr. McLENDON. You have testified, I believe, that you were familiar with the rates which were furnished to your company through Hutchinson, Rivinus or through Aetna, which would be used in calculating the premiums payable by McCloskey & Co. on general liability insurance?

Mr. STEWART. Hutchinson, Rivinus.

Mr. McLENDON. Were they furnished every year or more frequently?

Mr. STEWART. They were furnished every time there was a rate change and it could be yearly or it could be a 3-year period, 2- or 3-year period.

Mr. McLENDON. Could be what?

Mr. STEWART. Or it could be 2 or 3 years. If there was a rate change we would get a new schedule of rates.

Mr. McLENDON. I wish you would clarify one statement you made yesterday about the rates. Did I understand you correctly to say that these rates for general liability insurance premiums furnished by Hutchinson, Rivinus at intervals would vary from city to city?

Mr. STEWART. Yes, sir; they would.

Mr. McLENDON. Why is that? What is the explanation for that?

Mr. STEWART. Well, because, I suppose, the rating bureau of the insurance company or association, depending upon loss experience in the area, and they also change from day to day, not day to day, but year to year. But that is just like any other insurance I can think of, of a liability nature. In Florida, for instance, the risk for windstorms would be a lot different than Washington. Earthquake in San Francisco, based upon experience generally they establish rates.

Mr. McLENDON. Is it correct then that these rates for general liability would vary between Washington and Philadelphia, for instance?

Mr. STEWART. Yes, sir.

Mr. McLENDON. Between Washington and Baltimore?

Mr. STEWART. Yes, sir; I presume so. I don't know offhand, but I presume so. I know there is a difference between Philadelphia and Washington rates.

Mr. McLENDON. When you made the calculation that you testified to yesterday, as to the amount of premium, which would be payable for the general liability insurance, and gave that figure to Don Reynolds, did you use the rate that you had been given by Hutchinson, Rivinus?

Mr. STEWART. Yes, sir.

Mr. McLENDON. For the city of Washington?

Mr. STEWART. Yes, sir.

Mr. McLENDON. No doubt about that?

Mr. STEWART. Yes, sir; that is the only rate I would have.

Mr. McLENDON. Only what?

Mr. STEWART. That is the only rate I would have; Washington.

Mr. McLENDON. All right; that is all.

Senator CURTIS. Do you have a copy of that memorandum Hutchinson, Rivinus gave you?

Mr. STEWART. The one I gave yesterday? It has been submitted to the committee.

Senator CURTIS. No; the one on the rates.

Mr. STEWART. Yes, sir; I think the committee has it.

Senator CURTIS. Now, I want to ask you a question or two about the bond transaction exclusive of any conversation about general liability. You knew that Bobby Baker—first, let me say all of your conversations with Reynolds unless you had a telephone call were in the presence of Bobby Baker?

Mr. STEWART. To the best of my recollection. There were only two occasions other than the telephone call, in Baker's office—

Senator CURTIS. And Bobby Baker was present all the time?

Mr. STEWART. Well, he was present while we had lunch and he was present in his own office when I met him, and whether or not he was always present, who got out of the car first—

Mr. McLENDON. I couldn't hear you; you dropped your voice.

Mr. STEWART. Well, who got out of the car first; I possibly could have been alone. This I don't recall.

Senator CURTIS. And you and Mr. McCloskey understood that Bobby Baker had an interest in the Reynolds insurance?

Mr. STEWART. He told us so.

Senator CURTIS. Now both of you knew he was an official of the U.S. Senate, didn't you?

Mr. STEWART. In his office in the Capitol I knew he was an employee of the Senate.

Senator CURTIS. How do you explain cutting in an employee of the U.S. Senate for a sum that turns out to be \$4,000?

Mr. STEWART. I didn't know that.

Senator CURTIS. When you are bidding on something that is the taxpayer's money, how do you explain that?

Mr. STEWART. I don't explain the \$4,000. All I knew he had an interest in the Reynolds agency; whether it was 10 or 20 or 30 percent I wouldn't know.

Senator CURTIS. And you people went ahead with that insurance transaction knowing that he had an interest in it, didn't you?

Mr. STEWART. Yes, sir; he told us he had an interest.

Senator CURTIS. Regardless of all these shenanigans about the \$35,000 or \$36,000, the fact remains that it is undisputed that McCloskey & Co. cut an employee of the Senate in for a part of the insurance on something where they were spending the taxpayers' money. Is that your usual practice?

Mr. STEWART. Well, we are spending our own money, Senator. We had a lump-sum contract with the U.S. Government at a later date when we bid the job and were low by several hundred thousand dollars.

Senator CURTIS. Now, Mr. McCloskey, when he said, "No," to the General Accounting Office, he wouldn't tell them how much Government business he had, that was public business?

Mr. STEWART. That information is available.

Mr. GITTIS. Senator, I must object to that question. Mr. McCloskey at no time refused the General Accounting Office. Judge McBride, as counsel, refused them and did so in perfect accordance with the law.

Senator CURTIS. Let me have the transcript of yesterday, and besides the counsel is not to testify. I know what happened. That inquiry asked about public business, and the General Accounting Office came back to me and said that it would be quite expensive for the Govern-

ment to go through every Government agency and make a search about this. They asked if I had any objection to ask Mr. McCloskey to furnish it and then they could take over from there assembling their ideas, and that request did not pertain to any contracts you had with the railroad company or grocery company or any other private concern and I think the McCloskey Co. have something to account for in taking the attitude that it isn't public business.

Mr. STEWART. Senator, we take the attitude of being cooperative in all cases. I would like to read a letter that our attorney wrote to the General Accounting Office in response to the inquiry.

"Dear Mr. Schoenhaut," dated October 8, 1964:

I have your letter of September 29, 1964.

On behalf of McCloskey & Co. I respectfully decline to supply the information which you request. My reasons follow:

First, as we are already fully cooperating with the FBI, the Senate Rules Committee and the IRS on the District of Columbia Stadium it would be an almost insuperable additional burden to gather the information you seek. It would not only be time-consuming and extremely costly but in my opinion the information could not possibly be completed through the records we have.

Rather the facilities available to your office with access to all records kept by any Federal agency would best insure complete accuracy of any report you make.

Secondly, the request of Senator Curtis assertedly in connection with his work as a member of the Senate Rules Committee is most unimpressive. It falls completely without the purview of the resolution authorizing the current investigation. So if the General Accounting Office wishes to specifically accommodate Senator Curtis. I respectfully suggest it use its own facilities to assemble the information which is already in the files of the various Federal agencies involved.

Sincerely yours,

THOMAS D. McBRIDE.

Senator CURTIS. That may be your idea of cooperation. But it certainly isn't fair to the public.

Mr. STEWART. The information requested—

Senator CURTIS. Because the General Accounting Office officials came to my office, sat down and explained that their work in answering the request could be lessened a great deal.

Mr. STEWART. But ours would be heavily burdened.

Senator CURTIS. I don't think so.

Mr. STEWART. Well, that is a difference of opinion, Senator.

Senator CURTIS. If you have had so much Government work that to tell somebody about where it is is a burden, it is all the more reason that—

Mr. STEWART. Sir, they wanted it over a period of many years.

Senator CURTIS. I understand it.

Mr. STEWART. Not only direct contracts but contracts which in any way involved Federal, State, municipal funds of which we wouldn't honestly have in our files the information available. For this reason I explained to the General Accounting Office when they came to see me and talked with me at great length that it would be impossible for me to accumulate the information they desired and I didn't want to submit anything that could possibly be inaccurate. Their files obviously would be more accurate than ours.

Senator CURTIS. Well, my understanding is that they were not asking you to do their work, but it was a question of finding out what agencies had given contracts to them.

Mr. STEWART. That is not what they asked, Senator. Would you like to know what they asked? We have the file here.

Senator CURTIS. But in any event the testimony of Mr. McCloskey stands that he turned them down.

Mr. STEWART. I believe the statement I just read, the letter indicates who turned them down; our counsel.

Senator CURTIS. This is a total disregard for the public interest.

Mr. GITTIS. Mr. Chairman, may I object to these comments by Senator Curtis?

Senator CURTIS. All right.

Mr. GITTIS. He is not asking any questions of the witness, Mr. Chairman—

Senator CURTIS. You are not my monitor.

Mr. GITTIS. He is making a speech. Sir, I represent a client here and I respectfully suggest that I have the right to object when the Senator is making a speech and not asking a question. The witness is here to answer any proper question. He has done so.

Senator CURTIS. Well, there is nothing in—

Mr. GITTIS. I respectfully suggest to the chairman he should not be abused in this manner.

Senator CURTIS. There is nothing in the rules providing that counsel for a witness is going to direct a Senator to censor his comments or tell him what he can comment about, and I want that understood. It is one of the most brazen cases that has ever come to light. Here the high officials know that they cut in the secretary to the majority in the Senate on insurance, when it is an expenditure of public business, and so I am not too impressed about the varied explanation as to why the bill in addition to that wrongdoing was—

Mr. STEWART. Why is it a wrongdoing?

Senator CURTIS (continuing). Was overcharged. You said you cooperated. You didn't cooperate with GAO; you didn't come forth and tell these facts until Mr. Williams produced the check. That is all, Mr. Chairman.

Senator PELL. I think the record should show exactly what request was made by the GAO, and I hope you will, if it is not too long, perhaps read it. If it is very long, submit it for the record.

Mr. GITTIS. If you will give us just a moment, Senator, we will locate that request because my recollection is that it asked for every contract involving Federal, State, or municipal funds done by McCloskey & Co. and/or any of its subsidiaries since the year 1952, which was far beyond any proper request.

Senator PELL. If you can conveniently find it, read it now; otherwise I would request the chairman to put it in the record.

Mr. STEWART. Here it is.

The CHAIRMAN. I believe it would be well to read that into the record at this time, if you have it there.

Mr. STEWART. They wanted a list of all contracts involving Federal funds between January 1, 1952, and June 30, 1964. They wanted the date of the contract, the Federal agency involved, directly or indirectly, a general description of the contract and location, competitive bid or negotiated amount of contract award, amount of change orders

to June 30, 1964, amount of final costs to the Government. They also indicated the schedule should be prepared—

Senator CURTIS. Mr. Chairman, he is talking about—

The CHAIRMAN. Let him finish.

Senator CURTIS. He is talking about indicating.

Mr. STEWART. This was a schedule—

Senator CURTIS. Are you reading the letter I wrote to the General Accounting Office?

Mr. STEWART. No, sir; I am reading what the General Accounting Office supplied to me.

Mr. GITTIS. The General Accounting Office didn't supply us with a letter. This is what they asked us to produce.

Senator CURTIS. A letter.

Mr. STEWART. No, sir; this is what they asked us to produce.

Senator CURTIS. What are you reading from?

Mr. STEWART. I am reading what they wanted.

Senator PELL. Why don't you let Mr. Stewart read it into the record?

Senator CURTIS. I have no objection.

The CHAIRMAN. Read it.

Mr. STEWART. They indicated the schedule should be prepared for calendar year and 6 months ending June 30, 1964. The schedule should include contracts not only with Federal agencies but also with State or local governmental bodies for construction wholly or partially financed by the Federal Government. The schedule also was to include contracts with companies or individuals for whom buildings are being constructed for lease to the Federal Government. A separate schedule which should be prepared for any firms affiliated with Matthew McCloskey & Co., Inc.—of course, there is no such corporation; they just misused the name.

Senator PELL. How would you know if a local project was partially financed by the Federal Government?

Mr. STEWART. Our files would not indicate that.

Senator PELL. In other words, this would have to be found by the Federal Government?

Mr. STEWART. Yes, sir; and I so told them.

Senator PELL. I think the record should also show that Mr. McCloskey yesterday offered to make available to this committee, if my recollection is correct—and it can be checked with the transcript—the percentage of his Government business, the best he could do. Is my recollection correct?

Mr. GITTIS. Frankly, I don't recall, Senator, but we are perfectly willing to do so.

Senator CURTIS. May I ask one question? What was it you read?

Mr. STEWART. It was the form supplied to me by the General Accounting Office in a conference when this matter first came up.

Senator CURTIS. Who typed it out?

Mr. STEWART. The General Accounting Office typed it up, and this is the original that they supplied me with.

Senator CURTIS. All right.

(The document referred to is as follows:)

EXHIBIT 37A

MATTHEW McCLOSKEY & CO., INC.
 SCHEDULE OF CONTRACTS INVOLVING FEDERAL FUNDS
 JANUARY 1, 1952-JUNE 30, 1964

<u>Date of Contract</u>	<u>Federal agency involved directly or indirectly</u>	<u>General description of contract and location</u>	<u>Competitive bid or negotiated</u>	<u>Amount of contract award</u>	<u>Amount of change orders to June 30, 1964</u>	<u>Amount of final cost to Government</u>
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Notes:

1. Schedule should be prepared by calendar year and 6 months ended June 30, 1964.
2. Schedule should include contracts not only with Federal agencies but also with State or local governmental bodies for construction wholly or partially financed by the Federal Government.
3. Schedule should include contracts with companies or individuals for whom buildings are being constructed for lease to the Federal Government.
4. Separate schedules should be prepared for any firms affiliated with Matthew McCloskey and Co., Inc.

Mr. STEWART. They also had indicated a list of various companies that they wanted this information from us, other than McCloskey & Co., Inc., including McCloskey & Co., Inc., of Philadelphia; McCloskey Co. of Florida; P.D.N., Inc., Philadelphia, Pa.; Tower Building Corp.; Rittenhouse Clairidge Corp., Philadelphia; Cooperative Apartments, Inc., Palm Beach; McCloskey Enterprises, Inc., Philadelphia; Frederick Grundy Iron Works, Inc., Philadelphia, and any and all other affiliated corporations. And this, also, is theirs.

Senator CURTIS. All right now, fine, and I won't take long to belabor the point. I wrote the General Accounting Office a letter asking them for the volume of business you had done where the money or a substantial portion of it, as I recall I used the language, was picked up by the Federal Government. Two gentlemen from the General Accounting Office came to my office and said to start out from scratch and search the records of all Federal agencies would be quite expensive. Did I have any objection to them talking to the McCloskey Co. to get a list of the contracts? They couldn't get it.

Mr. Chairman, I ask at this point that my question to Mr. Matt McCloskey of yesterday and his reply be reprinted at this point in the record and I am willing to drop the matter.

The CHAIRMAN. I will order that done, also.

(The colloquy referred to follows:)

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.

The CHAIRMAN. But, Senator Curtis, do you have a copy of the letter you wrote to the General Accounting Office stating what you wanted?

Senator CURTIS. Yes.

The CHAIRMAN. Could you supply that for the record at this point also?

Senator CURTIS. I will be happy to supply it. It is not limited to the purview of this committee. I happen to serve on the Permanent Investigating Subcommittee of the Government Operations Committee. They have spent a great deal of time on Government contracts. I don't know, McCloskey & Co. may be as pure as the driven snow. I have read in the papers about things happening in Boston; I have read in the papers about the CIA Building. I have been in Congress a long time and I can't remember when Rayburn Hall was started. [Laughter.] I have been here 26 years, and I learn that they are cutting Senate employees in for profit on insurance, and I asked a question not about their private business but about their public business. I will be happy to include the letter.

Mr. GITTIS. Senator, I don't know what your reference was to the CIA Building since that is not a McCloskey & Co. contract or any of its subsidiaries. Secondly, I have just located the original letter from the U.S. General Accounting Office, in which Mr. Schoenhaut, the Deputy Director, says—which he read—says that the request to their Office—that is, to the General Accounting Office—was made by the Honorable Carl T. Curtis, U.S. Senate, and Senator Curtis stated that he needed the information in connection with his work as a member of the Senate Rules Committee. No reference whatever to any other committee that you serve on, and I would like to hand this up to the chairman so it will be made a part of the permanent record.

Senator CURTIS. Of course, I wanted it for here, but not limited to that.

The CHAIRMAN. You will supply a copy of your letter to the General Accounting Office?

Senator CURTIS. Oh, yes. Yes; I will not hold back anything.

Senator WILLIAMS. Mr. Chairman, may I just make one comment?

The CHAIRMAN. Let the record show that it will be inserted at this place along with this other information.

(The document referred to is as follows:)

EXHIBIT 38

SEPTEMBER 11, 1964.

MR. JOSEPH CAMPBELL,
Comptroller General of the United States,
General Accounting Office, Washington, D.C.

DEAR MR. CAMPBELL: In the course of my work in the Senate as a member of the Rules Committee, I need certain information and I would be most pleased if you would ask the appropriate people in your agency to supply this information to me.

It is necessary that I have a list of all the contracts by any agency of the Federal Government, or the District of Columbia, which were awarded to Mr. Matthew McCloskey or any of his firms.

I would like to have this list start from January 1, 1961. I want you to identify the contract, the amount of the original bid, the amount of the final cost paid to McCloskey or McCloskey & Co., the Government agency awarding the contract, the date of the contract, the type of contract, whether it is sealed bid or negotiated.

I want it to include any construction, if there is any, by McCloskey & Co. for the purpose of leasing to the Government, as well as those built directly for the Government, including the lease-purchase plan, and the location of the construction.

I would like to have your office include the names of the individuals in the various Government agencies or the District of Columbia handling the bids, whether they be sealed or negotiated. In the course of assembling this I want you to include such other pertinent information that would give me a comprehensive picture of Mr. McCloskey, or McCloskey & Co.'s transactions with any branch of the Government.

Thanking you very much, I am,
Sincerely yours,

CARL T. CURTIS, *U.S. Senator.*

Senator PELL. Mr. Chairman, I have one question. I wonder if Senator Curtis would yield for a moment. He said cutting Senate employees in on the part of McCloskey & Co. I think if that stands, what other employees of the Senate was he referring to?

Senator CURTIS. I would like to correct that to read congressional employees. Mr. McLeod certainly was in on it and was present at the meeting.

Senator PELL. So there were two you are talking about.

Senator CURTIS. Don't know how many more. We can't get any facts or any witnesses until Senator Williams comes up with something that pries it loose.

Senator PELL. I would share your disapproval of them receiving this. I think it is poor and we all agree it is unethical and wrong, but I think it shouldn't stand in the record because it looks as if all Senate employees are cut in.

Senator CURTIS. Oh, no; I certainly wouldn't do that.

Senator PELL. One Senate employee and one House employee. Both of them have been let go, if not fired, so I think the record should show that.

Senator CURTIS. I think one of the reasons why we should call every witness and get every fact is because I believe that the vast, vast majority of the hundreds of devoted men and women working around the Congress are honest and rendering faithful work and long hours and this has created a cloud over all of them.

Senator PELL. Amen.

Senator WILLIAMS. Mr. Chairman, may I make just one observation to the Senator from Nebraska at this moment?

The CHAIRMAN. You are going to talk to the Senator from Nebraska?

Senator WILLIAMS. Yes. I want to say that I would be glad to cooperate with you and I think I have a rather accurate file, rather complete file, of contracts which Mr. McCloskey and his company have had, including many of the details, including their participation in the CIA Building which apparently they forgot at this point.

The CHAIRMAN. I think you had better clarify that. He says you forgot it. In other words, he is saying you are not telling the truth, I think.

Senator WILLIAMS. No, no; I am just saying including what it is supposed to be, and I suggested to the counsel of the committee that he may want to look into these, but I was advised that your committee was not interested; so I did not supply that.

Mr. McLendon. Senator, don't misrepresent me. I made no such statement to you, and you know I never made any such statement.

Senator WILLIAMS. No such statement?

Mr. McLendon. You never mentioned CIA to me in your life.

Senator WILLIAMS. I mentioned to you if you wanted some of Mr. McCloskey's other activities when I was discussing it with your committee on Friday, and you said you were not going into that unless I had proof certain people were involved, and I said if I had all the proof, why, go into it and go in and investigate.

Mr. McLendon. Senator, you are absolutely unalterably untrue in that statement. You never said anything like that. We never even talked about McCloskey contracts in your office.

Senator WILLIAMS. Not in my office; in your office on Friday.

Mr. McLendon. You mean when we interviewed Reynolds?

Senator WILLIAMS. Yes, sir.

Mr. McLendon. I deny it. You never mentioned McCloskey; you never mentioned McCloskey's records. All you said was you had more records concerning records of Reynolds, and I sent one of the staff to your office, and we picked up records we had never seen before from your office, and that was last Friday.

Senator WILLIAMS. I don't want to get into any more controversies; there will be no more controversies so far as you and I are concerned. This statement is accepted in the same spirit that I read your statement where you categorically denied there was any truth, which came from your committee, but not from me, but apparently—

Mr. McLendon. I don't know what you are talking about.

Senator WILLIAMS. I will merely say this. I did suggest there were other contracts that you should go into, and you said, unless I had the proof and they involved Mr. Baker, Mr. Reynolds, or somebody else, you didn't—

Mr. McLendon. I deny every word of that as emphatically as I can. You never made any such statement to me.

Senator WILLIAMS. I am sorry. I am making it here now, and if you don't want to, it is OK. You can accept it, but I merely state here that I do have that file and I will make it available to Mr. Curtis, and I interpreted again that you are not interested, and I will say this to you, you will not be bothered with me again in your Rules Committee.

Mr. McLendon. You ought to at least tell the truth.

Senator CURTIS. Now, just a minute.

Mr. McLendon. That statement you made is absolutely untrue.

Senator CURTIS. Now, listen; this is the first time in my life that an employee of a Senate committee in a public hearing has accused a Senator of an untruth.

Senator PELL. But both men are honorable men, presumably, and a man can speak for himself; and just because a man is a Senator does not make him a god.

Senator CURTIS. That is true, that is true; but Mr. McLendon had no business making such a statement. I hope that he withdraws.

Mr. McLendon. I had the same business making that statement as Senator Williams had in making his.

Senator CURTIS. You have not.

Mr. McLendon. You mean as a Senator he is absolutely beyond criticism when he makes an accusation against me?

Senator CURTIS. Not at all. But you are an employee of this committee.

Mr. McLENDON. I don't care if I am an employee of anybody. I am not going to sit here and let somebody misrepresent me to the people and public of the United States and remain silent. That is that. Whatever the consequences may be, you can take it.

Senator CURTIS. You can take care of it privately, but you are putting it here in the official record, and it is an impertinence that I have never witnessed in any congressional proceeding in all the time—

Mr. McLENDON. Equally, I can say in 74 years and 50 years' practice at the bar I have never before in my life been confronted by a statement such as Senator Williams made without an ounce of truth in it, without even an element of truth in it, and I don't—

Senator CURTIS. Mr. Chairman, I ask that the counsel withdraw that.

Senator WILLIAMS. No; let him leave it.

Senator CURTIS. He has disqualified himself from carrying on here.

Senator WILLIAMS. Mr. Chairman, I ask that counsel be allowed to leave his statement in the record, even though he is an employee of the committee. I will defend his right to interpret his remarks in the official record publicly, his interpretation as to what was said, and I think he has a perfect right to reply, and I want to make it clear that if there is a misunderstanding as to what I was telling him, he has a right to state his understanding, and I would like to see him have that right, and I would insist on it. I would say this again: I most emphatically did make the statement, and if he wants to state that I didn't, there is no way you can prove it; let it go. But I will say this: if the committee is interested again in going into all of these various projects, you may find—I will just leave it at this; you may find it interesting.

The CHAIRMAN. I might say this for the benefit of all the committee—

Senator WILLIAMS. I will say again there will be no further meetings at which I attend with the committee unless the whole transcript is taken down.

The CHAIRMAN. Well, Senator Williams, I want to just say that this committee is interested in having any information that you have that pertains to this case, directly or indirectly, that will put any legitimate light on this situation. We have always asked for that. We still want it and we would be glad to have it, and we will be glad to get that from you, and this committee will use it; for whatever value it has in it, we will be glad to have it.

I want to say just a little bit further; this argument that started here, I am sorry it has, but it has; all these are honorable gentlemen, and I think it is unfortunate that such a thing should break out in a hearing of any description, but I have to go back to the hearings which we had quite some time ago at which time Mr. Reynolds testified under oath before this committee that he had given us all the information he had, all the documents and everything else. It is in the record, where he made that statement, and the major said to him, "Now, is there anything else, can you remember anything else you haven't given us?" He said, "No." Well now, that was back—this other occurred back in January 1960. Now, later in 1964, way after this

hearing he attended, which he swore to that he had given us all the information he had, he suddenly finds out with a great deal of detail that he didn't tell us the truth about the thing. He didn't give us the information about this thing that we are talking about here this morning, about this McCloskey contract whatsoever, about any \$25,000 kickback or any part of it.

Senator WILLIAMS. There is no question about that.

The CHAIRMAN. I said before this committee the day before yesterday, I think it was, the first time I ever heard of that, had the information supplied to this committee, is when Senator Williams reported it on the Senate floor, and we immediately got busy on it. The President of the United States immediately ordered the Justice Department, the FBI to start checking the records, and as you have indicated the FBI has been to see you, I don't know how many times, and the Internal Revenue Service has been to see you. We have been in constant touch with them on this case even though this committee was not sitting; I don't suppose there has been a day that we haven't been working on this.

Major McLendon came back up here, and I did, too, on the 4th of November. I voted, caught the train that night, and was back here the next morning before I even found out what the results of the election were. We worked on this case and tried to find out the evidence and all we could get about it, and we intend to make public everything that is applicable to this, and we are doing the very best we can. I hate to have reflection cast that we are not doing that, because that is absolutely not the fact, and I want the statement to stand.

Now, we want to get all the records that we can get. I don't think we have got any right or anybody else has got any right to ask something that is almost impossible of a witness. I would think that the McCloskey Co. would be more than willing to furnish us anything that pertains to this investigation and I hope that you will.

Mr. GITTIS. We certainly will, Senator. Anything that has been asked of us by any proper Government agency investigating the situation has been furnished. I think if you will check with the Federal Bureau of Investigation, they will tell you we turned our complete files over to them, cartons and cartons of records for them to examine, whatever any investigator, or counsel for this committee asked of us we provided immediately. Whatever witnesses they wanted to interview we made available in Washington. We didn't ask them to come to Philadelphia. The FBI just Monday, while this hearing was about to start, asked if we would provide another employee of McCloskey & Co. to interview and we did it early in the morning before this hearing started, and we have cooperated fully with every Federal agency throughout.

Senator WILLIAMS. Mr. Chairman, may I just say one thing?

The CHAIRMAN. Yes.

Senator WILLIAMS. I regret this misunderstanding on the part of the major, but when we were at that meeting, he was asking Mr. Reynolds about his testimony and what other additional evidence he had, wanted to know what additional I may have. And it was a proper question and I asked him of going into the House Office Building contracts over which there has been considerable overpayment; if he did I had a file on that. Going into the post offices in Buffalo, Indianapolis,

a building in Boston; there is one in Connecticut about which some questions may be asked, and I said if you want to go into those I had rather extensive files on those including the CIA construction here, but he wanted to know if they implicated Mr. Baker or Mr. Reynolds or anyone else and I said to my knowledge, I don't know that they do, and he didn't understand why they would be in the purview of the committee, and I don't say they were if they were a part of the organization.

I don't make that as an accusation but I do say this: They were discussed in the meeting. Maybe the major wasn't listening. I don't know about that; I can't account for it. They were discussed. I merely say to the Senator from Nebraska I do have this information; I will make it available to him. I will have no further conferences with the committee unless it is taken down, and I have tried to cooperate with this committee. I defend the right of the major to challenge the accuracy of my statement. I regret that he didn't hear it. But I repeat again, I did make that statement in that committee, and it was made not in the committee, at that meeting, and in that discussion it was made at the same time that Mr. Reynolds said that he had some information he may want to talk to you, maybe he would be able to contribute something in connection with the Rometsch deal. Later, it was decided that Mr. Reynolds' attorney would go home and talk with Mr. Reynolds, find out the extent of the information which he could give to the committee on firsthand knowledge, and separate it from hearsay and firsthand knowledge.

He did come back to the committee in executive session Tuesday, I think it was, of this week, at which I was present and gave to you, and most of the members here were present, this firsthand knowledge which I won't go into here. Now, much of that was not mentioned in this meeting, I don't misunderstand that, but as the attorney pointed out to you at that meeting on Tuesday, he had discussed with Mr. Reynolds the testimony that he was going to give. I have tried to cooperate with this committee. I have given to you all my files, all the information I knew in connection with the stadium contract. I made that available to you. I made all the information available to this committee while you were serving as a committee. I went before you in early October, immediately after this committee was started, and gave you all the information I had.

Later on I had some more information. I asked for an opportunity again to come before the committee; you granted it. I came and gave you my additional information. That additional information included the stereo set that was given to the then majority leader as well as some of the other later documents which you used in your committee. During the course of the investigation I transmitted other information to the chairman of the committee; he accepted it and I hope that he appreciated it. After this committee was started again, to renew this investigation, I transmitted to the chairman upon his request a rather complete file in connection with McCloskey's operation in the stadium contract. I transmitted to you a file concerning the International Telephone & Telegraph Co., which has been mentioned here, as you well know, about certain alleged payments. I transmitted to your file which mentioned the Ellyn Rometsch case and how that may be interesting to your committee.

I transmitted to you and tried to work with this committee and I am not in the habit of being called a liar by men who may think they are right but who definitely either were not paying attention or did not know what they were talking about. Now, with this committee—this investigation is far too important to be pushed aside by a controversy between the counsel and myself. I will only say this: I regret the incident, and what I am telling you is the truth, and you can believe it or not. But I will say this, just as you have overlooked the hint that I made, and the chairman referred to it as a hint, in March and again in July, that this particular case should have been examined more carefully, don't overlook these other suggestions that I made to you.

The CHAIRMAN. I want to just answer one thing there.

Mr. McLENDON. Mr. Chairman, may I—

The CHAIRMAN. This committee contains responsible people. I don't think we are supposed to start investigating hints. I think we need some facts or some information that you can go out and subpoena somebody on and bring them in. Rumors and hints are dangerous things to be dealing with people's character, and I have tried very hard, this whole committee, to protect individuals who should not be damaged by being brought into this hearing when they don't need to be brought in here, and I am going to continue to do that. I think we have an obligation to a great many innocent people who can very easily be hurt unjustly by just being brought in here and questioned as to things that probably do not even concern them, and it is a dangerous situation.

I have always tried to protect people's character. I don't want to go out and start destroying them just for the fun of it. I don't get any joy out of that. I don't know—I don't say anybody else does, but it is a serious thing to me. This is no play matter we are going through here today and it hasn't been ever since it started, and that is going to be my attitude all the way through. We are going to call everybody that can contribute anything honestly to the facts that we need to complete this investigation. That is where I think we are going to have to stop. I just don't want to start it going out and just grabbing up everybody in sight and calling them in and asking them all sorts of things that may be very, very damaging to their characters. I just wanted to make that statement for the record at that point.

Senator PELL. Mr. Chairman, I would like to support you in that. I think the thought of investigation by hint from a political viewpoint becomes a heads-I-win, tails-you-lose proposition and leads to too many, many abuses. I think we must investigate any lead on the basis of a specific accusation or something you can latch on to. Otherwise, we will get into abuses that committees have committed in the past.

Senator WILLIAMS. I think the Senator will admit that in transmitting any evidence or suggestion which I have transmitted to your committee, I have each time tried to carefully separate that which I thought were facts and that which I thought were hints to be investigated; and suggested always that it should be done carefully and not injure anybody, and I think the Senator is correct in that and, as a result of that, what I have transmitted to you has been transmitted in that sense and I think you have accepted it in that sense. I don't

think the Senator is trying to—I am sure he isn't trying to—say I have transmitted it to you with any other thought than that the committee should accept it as you said.

Senator PELL. But you suggested yourself you have given us some hints which we should follow up.

Senator WILLIAMS. No, no; I only said hints because the chairman of the committee after colloquy on the Senate floor in July, at which time I said that the committee should specifically request from McCloskey & Co. a copy of the \$73,000 check to see if that was the exact amount which had been paid, and repeated that two or three times, the importance of getting that check, to determine if that was the exact amount which had been paid. Now, the chairman said he had interpreted that as a hint. I said that was a specific point that had been made. I had mentioned that in March, the importance, and in fact you followed it through to the extent of calling, having one of your staff to call, Mr. McCloskey long-distance telephone to Ireland and ask him if that was the amount and he came back and put in your record a statement from Mr. McCloskey that that \$73,000 was the amount.

Now, I couldn't prove at that point that it wasn't. I am only surprised that McCloskey & Co., who said they were following all of these hearings in discussion, didn't follow through and look and see what is that fellow talking about; did we overpay that check? But they didn't, apparently, and apparently this goof, maybe that is another goof that was made, but anyway they didn't do it, discover this so-called goof until after I actually got the check. Even their auditors goofed, and even Mr. Stewart goofed when he didn't tell Hutchinson and all that. But it is a series of goofs and I am not saying that it is not goofy or goof or what—that is their word—but I do say this, that when I requested the committee to get a copy of a particular document and examine it, I did think it should be followed through. Maybe I was in error. But again that is the only thing that I referred to. The chairman referred to it as a hint.

I am not referring to the suggestion, not for a moment, that you should accept all these rumors and what not, based on rumors, and they are rumors only until they are fully proven, and I not only would support you, I would insist that they not be put out in public until you have established clearly the fact. When I transmitted some of these documents to the chairman, I specifically pointed out that some of them should be fully explored before they would come out and to see whether or not that practice had been followed by the companies mentioned. I tried to be careful on this; I think the Senator from Massachusetts is correct.

Senator PELL. Rhode Island.

Senator WILLIAMS. Rhode Island. I haven't done that, nor have I criticized your committee for not doing that. I do say this: once you get these checks, once you have this background, let's go in to find out what has happened, and then after we see what has happened, look and see who is involved and who is responsible, usually after. It may be a Republican; it may be a Democrat; it may be an employee of the Senate, maybe, not me, but if somebody has done wrong the American people have a right to know it. And, after all, you and I are servants of the people, spending their money, and they have a right to an accounting.

Senator CURTIS. Mr. Chairman, I have here the letter that I wrote, a copy of the letter I wrote to the Comptroller General of the United States dated September 11, 1964:

DEAR MR. CAMPBELL: In the course of my work in the Senate as a member of the Rules Committee, I need certain information, and I would be most pleased if you would ask the appropriate people in your agency to supply this information to me.

It is necessary that I have a list of all the contracts by any agency of the Federal Government or the District of Columbia, which were awarded to Mr. Matthew McCloskey or any of his firms.

I would like to have this list start from January 1, 1961. I want you to identify the contract, the amount of the original bid, the amount of the final cost paid to McCloskey or McCloskey & Co., the Government agency awarding the contract, the date of the contract, the type of contract, whether it is sealed bid or negotiated. I want it to include any construction, if there is any, by McCloskey & Co. for the purpose of leasing to the Government, as well as these built directly for the Government, including the lease-purchase plan, and the locations of the construction.

I would like to have your office include the names of the individuals in the various Government agencies or the District of Columbia handling the bids, whether they be sealed or negotiated. In the course of assembling this, I want you to include such other pertinent information that would give me a comprehensive picture of Mr. McCloskey, or McCloskey & Co.'s transactions with any branch of the Government.

Thanking you very much, I am,
Sincerely yours,

CARL T. CURTIS.

Senator CURTIS. Now, it was the General Accounting Office which came back to me and said, "Do you have any objection to going back," I think, 10 years or maybe they said 1952. Well, I was not engaged in any partisan hunt. I wanted to know about this expenditure of public money, and I said no, I had no objection to how far they went back. Here is the letter.

Senator PELL. I think the record should show that the letter GAO wrote to McCloskey & Co. differed a bit from the perfectly proper request that Senator Curtis made of the GAO.

Senator CURTIS. Did they read a letter from them?

Mr. GITTIS. I am perfectly willing to do so.

Senator PELL. Didn't you read it into the record?

Mr. GITTIS. No; we read our response.

Senator PELL. I think you should read the letter from GAO into the record.

Mr. GITTIS. What we did was to read into the record a schedule which they gave us at the conference. Not satisfied with that, we asked if they would put in writing exactly what was required of us and I have a letter which I have already, the original of which I have, handed to the general counsel dated September 29, 1964, from Mr. Schoenhaut, Deputy Director of the U.S. General Accounting Office which says:

DEAR MR. MCBRIDE: As requested by Mr. Howard Gittis of your firm, we are responding herein to certain questions which he submitted to Mr. James H. Rogers, manager of our Philadelphia regional office, relative to our recent request to McCloskey & Co. to furnish certain information on Federal Government contracts awarded to McCloskey & Co. during the period from January 1, 1952, to June 30, 1964.

Our request was made at a recent meeting of the writer and other representatives of our Office with Mr. William K. Stewart, vice president of McCloskey & Co. At that time we informed Mr. Stewart that since there is no central point in the Federal Government where this information would be readily available, we were seeking the cooperation of McCloskey & Co. in order to facilitate our re-

sponse to a congressional request and avoid the time-consuming and costly task of acquiring the information through the individual Federal agencies.

The request to our Office for the above-mentioned information was made by the Honorable Carl T. Curtis, U.S. Senate. Senator Curtis stated that he needed the information in connection with his work as a member of the Senate Rules Committee. Section 312(b) of the Budget and Accounting Act, 1921, provides in pertinent part that:

"He [the Comptroller General] shall make such investigation and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or expenditures * * *."

It has been the policy of our Office to accord similar compliance with requests by individual Members of Congress.

Mr. Stewart was advised that the information we needed would be in the form of a list of all contracts awarded during the above-mentioned period showing the date of the contract, the agency involved, the type of contract (competitive bid or negotiated), the nature of the contract work to be performed, the amount of the contract award, the amount of change orders, and the final cost to the Government as to those contracts completed prior to or at June 30, 1964. The list of contracts should include not only those directly with Federal agencies but also those with State or local governmental bodies for construction wholly or partially financed by the Federal Government (such as highways), and contracts by Federal agencies with companies or individuals who are designees or otherwise acting in behalf of McCloskey & Co. (such as leases on buildings to be constructed). It was stated further to Mr. Stewart that auditors from our Office could be made available if necessary to assist in developing the required information; also that we would note in our response to the congressional request whether or not the content of our response had been obtained from McCloskey & Co.

It was in response to this letter that Judge McBride wrote the letter. (The letter referred to is as follows:)

EXHIBIT 39

GENERAL ACCOUNTING OFFICE,
CIVIL ACCOUNTING AND AUDITING DIVISION,
Washington, D.C., September 29, 1964.

Hon. THOMAS D. McBRIDE,
Wolf, Block, Schorr & Solis-Cohen,
Packard Building, Philadelphia, Pa.

DEAR MR. McBRIDE: As requested by Mr. Howard Gittis of your firm, we are responding herein to certain questions which he submitted to Mr. James H. Rogers, manager of our Philadelphia regional office, relative to our recent request to McCloskey & Co. to furnish certain information on Federal Government contracts awarded to McCloskey & Co. during the period from January 1, 1952, to June 30, 1964.

Our request was made at a recent meeting of the writer and other representatives of our Office with Mr. William K. Stewart, vice president of McCloskey & Co. At that time we informed Mr. Stewart that since there is no central point in the Federal Government where this information would be readily available, we were seeking the cooperation of McCloskey & Co. in order to facilitate our response to a congressional request and avoid the time-consuming and costly task of acquiring the information through the individual Federal agencies.

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petitive bid or negotiated), the nature of the contract work to be performed, the amount of the contract award, the amount of change orders, and the final cost to the Government as to those contracts completed prior to or at June 30, 1964. The list of contracts should include not only those directly with Federal agencies but also those with State or local governmental bodies for construction wholly or partially financed by the Federal Government (such as highways), and contracts by Federal agencies with companies or individuals who are designees or otherwise acting in behalf of McCloskey & Co. (such as leases on buildings to be constructed). It was stated further to Mr. Stewart that auditors from our Office could be made available if necessary to assist in developing the required information; also that we would note in our response to the congressional request whether or not the content of our response had been obtained from McCloskey & Co.

We trust that you will find the above information satisfactory for your purposes and that we may look forward to an early reply to our request.

Sincerely yours,

ARTHUR SCHOENHAUT, *Deputy Director.*

Senator PELL. Mr. Stewart, how could you know if you had a contract with the city to construct a city hall under the Public Works Acceleration Act, for instance, and a large portion of that money was being paid by the taxpayers, all of this; how could you know there was Federal participation? Would there be some sign on the contract or not?

Mr. STEWART. No, sir; our records wouldn't indicate it.

Senator PELL. So it would come back again to be the Government responsibility to establish that?

Mr. STEWART. Yes, sir; I was fearful of giving information which might be partially wrong.

Senator PELL. I think this is what has crept into the exchange of letters, the proper request of Senator Curtis.

Senator CURTIS. My request was limited to the Federal Government, any Federal agency, or the District of Columbia.

Senator PELL. Right, and the GAO enlarged it to include local organizations with Federal participation.

Senator CURTIS. That is very easily ascertained. They have to comply with the Bacon-Davis Act; they have to comply with a lot of things.

Senator PELL. But they would not necessarily know who had it.

Senator CURTIS. My request does not mention matching Federal agencies.

Senator PELL. This was an enlargement by the GAO. There were two specific questions I had, Mr. Stewart, in connection with the stadium. At that time how many jobs besides the long postponed Rayburn building were you doing in Washington?

Mr. STEWART. We were doing five or six, Senator.

Senator PELL. Five or six. Also, do you think that the worksheets of the Aetna Insurance Co. might show the breakdown as to how they arrived at the general liability?

Mr. STEWART. I don't believe so, Senator, but they are here.

Senator PELL. They would not have worksheets to show it?

Mr. STEWART. I don't believe so. They do it on a citywide basis is my understanding.

Senator PELL. Wouldn't their worksheets show that the total number of employees worked on five or six projects and perhaps break it down in paragraphs as to who was working one place and who another?

Mr. STEWART. I honestly don't.

Senator PELL. Thank you.

Mr. GITIS. Senator, one of the representatives of Aetna is here and will testify this morning and I think perhaps he can answer that question.

The CHAIRMAN. At this point, I think it would be well to put in the record all of the correspondence from Senator Williams to me as chairman of this committee, or to the general counsel for the committee and his reply to Senator Williams. I think that would—

Mr. McLENDON. I think in fairness that ought to be done.

Senator PELL. I think so, too.

Senator WILLIAMS. I have no objection. Some of this I will let you assume the responsibility for having checked it. As I told you in the committee, you are putting it out with your responsibility. Put the whole correspondence in there; I have no objection whatsoever to doing it. I only regret I don't have a transcript of the interview I had.

The CHAIRMAN. Well, anything that is transmitted in there that the Department of Justice has asked us not to make public, of course, will be screened.

Senator WILLIAMS. I am not concerned about the Department of Justice's part, so you needn't let that bother you.

The CHAIRMAN. Anything that is being investigated, that will not be done. That is always the case. We have information that they don't want us to reveal, which is perfectly proper. But they also designate, too.

Mr. McLENDON. Now, Mr. Chairman, before proceeding, I want the privilege, with your permission, to make one very brief statement. I would like to make it perfectly clear that what I said this morning in reply to Senator Williams was provoked by his accusation that I had been negligent and perhaps actually dishonest in performing my duty as general counsel to this committee.

Senator WILLIAMS. I didn't intend any such implication.

Mr. McLENDON. Just a moment, please. It is not a pleasure for me to get into a controversy with anyone, particularly a U.S. Senator. I have great respect for every Senator and my relations up here with the Senators, individually and generally, have been good. I have in every single instance in which Senator Williams has called to my attention or to the attention of Senator Jordan any matter that he thought was relevant in this matter, handled it just as I have anything else that came to our attention. In one or two instances I actually reported back to Senator Williams what had been done. Any suggestion that I have ever shown partiality to any witness or any person who has been accused is absolutely untrue. I have been aware of the fact that this investigation has been conducted in an atmosphere of political conflict, which is not my responsibility and is a fact about which I can do nothing.

I have had to work in that context and I have tried as diligently as I could to perform my duties honestly as the committee had a right to expect of me, and I hope that Senator Williams and everyone who has heard what I had to say will understand that it was not voluntary on my part. I regret it, but I could not sit here and be accused of dishonesty without making reply even though that accusation came from a U.S. Senator, and with that, Mr. Chairman, I will at your direction assemble all the correspondence between you and Senator Wil-

liams and between me and Senator Williams, and enter it in the record as soon as it can be assembled.

The CHAIRMAN. Well, unless anything that shouldn't be made public.

Senator WILLIAMS. Sure.

The CHAIRMAN. You know that.

Senator WILLIAMS. It will be put in the record at this point as I understand it, the whole correspondence.

The CHAIRMAN. Yes.

Senator WILLIAMS. I have no objection to the entire file.

Senator PELL. Providing there isn't any conflict with security.

Mr. McLENDON. I don't think there is. But I will examine it carefully with that point in mind. There is no security involved at this point in this correspondence.

Senator WILLIAMS. I don't think it will involve the national security, not at all. It will be perfectly proper.

(The correspondence referred to is as follows; *see also* p. 563.)

EXHIBIT 39A

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
October 25, 1963.

Hon. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR JOHN: In behalf of the Committee on Rules and Administration, I am writing to invite you to appear before the committee on Tuesday morning, October 29, 1963, to give the members the benefit of the information you have acquired pertinent to your Senate Resolution 212.

The meeting will be held in room 301 of the Senate Office Building at 10 a.m., and will be an executive session.

With appreciation for your cooperation in this concern, and with all best regards,

Sincerely,

B. EVERETT JORDAN, *Chairman.*

U.S. SENATE,
Washington, D.C., March 10, 1964.

Hon. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR JORDAN: Mr. Don B. Reynolds was in the office yesterday and gave me the enclosed affidavits concerning his alleged telephone conversations with Mr. Walter Jenkins and Mr. Robert G. Baker. Along with Mr. Reynolds' affidavit is one signed by Irene Clements as the owner and operator of the L and I Answering Service, certifying that these calls were made.

Enclosed also are copies of the telephone company's records confirming the telephone call mentioned in Mr. Reynolds' affidavit.

In addition he left with me a letter signed by Dr. Janet Travell under date of February 1, 1963, a copy of which is enclosed.

Yours sincerely,

JOHN J. WILLIAMS.

SEPTEMBER 22, 1964.

Hon. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR: I am writing to request that you deliver to me, for use by the Senate Rules Committee under authority of Senate Resolutions 212 and 367, all records and documents in your possession relating to the subject matter of said resolutions and particularly to the construction of the District of Columbia Stadium including the following:

1. "The Statement" of Don B. Reynolds from which you read excerpts on September 1, 1964, in the Senate and included in the Congressional Record, volume 10, No. 167 of that date;

2. Letter or copy of letter dated September 14, 1960, signed by Don B. Reynolds and addressed to Mr. Matthew H. McCloskey, 1621 Thompson Street, Philadelphia, Pa.;

3. Copy of check drawn by McCloskey & Co., dated October 17, 1960, payable to Don Reynolds Associates, Inc., in the amount of \$109,205.60; and

4. Any and all other documents or copies of documents in your possession relative and pertinent to the subject matter defined in the two resolutions above referred to.

Yours sincerely,

B. EVERETT JORDAN, *Chairman.*

U.S. SENATE,

Washington, D.C., September 24, 1964.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR: I am acknowledging your letter of September 22, 1964, in which you requested that I furnish to you as the chairman of the Senate Rules Committee certain records and documents relating to the subject matter of the investigation which is being reopened by your committee under the authority of Senate Resolutions 212 and 367. Your requests were as follows:

"1. 'The Statement' of Don B. Reynolds from which you read excerpts on September 1, 1964, in the Senate and included in the Congressional Record, volume 10, No. 167 of that date;"

Answer. A copy of Mr. Don B. Reynolds' complete statement as given to me on August 17, 1964, is enclosed.

"2. Letter or copy of letter dated September 14, 1960, signed by Don B. Reynolds and addressed to Mr. Matthew H. McCloskey, 1621 Thompson Street, Philadelphia, Pa.;"

Answer. Enclosed is a copy of a letter dated September 14, 1960, signed by Mr. Don B. Reynolds and addressed to Mr. Matthew H. McCloskey.

"3. Copy of check drawn by McCloskey & Co. dated October 17, 1960, payable to Don Reynolds Associates, Inc., in the amount of \$109,205.60;"

Answer. Enclosed is a copy of the check, No. 015971, dated October 17, 1960, in the amount of \$109,205.60, signed by Mr. T. D. McCloskey for McCloskey & Co., and marked payable to Don Reynolds Associates, Inc., 8485 Fenton Street, suite 308, Silver Spring, Md. This check was drawn on the account of McCloskey & Co. at the Chase Manhattan Bank, New York City.

Additional documents which, while not requested, are pertinent to your investigation and are enclosed:

(a) A copy of a letter dated September 13, 1960, signed by Mr. Atwood H. Bent for the Hutchinson, Rivinus & Co., and addressed to Mr. Don B. Reynolds, president, Don Reynolds Associates, Inc., 8485 Fenton Street, Silver Spring, Md.

(b) A copy of the original invoice for \$63,599.72 as rendered by the Hutchinson, Rivinus & Co. to Mr. Don B. Reynolds, president, Don Reynolds Associates, Inc., 8485 Fenton Street, Silver Spring, Md.

(c) A copy of the bond as filed by McCloskey & Co. with the District of Columbia government.

(d) A copy of a letter dated August 9, 1960, from Mr. F. K. Colborn, Jr., project manager, McCloskey & Co., addressed to Mr. J. A. Blaser, District of Columbia Armory Section, 2001 East Capitol Street, Washington 3, D.C.

(e) A letter dated August 23, 1960, signed by Mr. Noble W. Herzberg, project manager, Dahl-Ewin-Osborn, 5104 MacArthur Boulevard, Washington 16, D.C., and addressed to Mr. J. A. Blaser, contracting officer for District of Columbia Armory Board, government of the District of Columbia, 300 Indiana Avenue NW., Washington 1, D.C.

(f) A letter dated August 26, 1960, from Mr. W. A. Curtis, alternate contracting officer for District of Columbia Armory Board, addressed to the Manager, District of Columbia Armory Board.

(g) A copy of a "payment request for work performed" as filed by McCloskey & Co. with the District of Columbia Armory Board under date of June 30, 1961.

(h) A copy of the statement of Mr. Meehan, who is an employee of your committee, which statement appears in Report No. 25. pages 2130 and 2131. Practically all of the aforementioned documents have been incorporated

in the Congressional Record and many of them are already in your committee files; however, I am glad to reconstruct them for you. The original check can be obtained from McCloskey & Co. by your committee, or you can ask Mr. McCloskey to present it when he testifies; and of course, Mr. Reynolds and Mr. Baker can give their versions when they testify.

I am forwarding this material to you today since I realize that your committee is anxious to get started, but in item No. 4 of your letter you requested that I deliver to your committee:

"Any and all other documents or copies of documents in your possession relative and pertinent to the subject matter defined in the two resolutions referred to."

I do have some other documents and suggestions which are pertinent to your investigation and which I am confident your committee will be anxious to examine. These are being assembled and photostated, and copies will be transmitted to you at the earliest possible date.

Yours sincerely,

JOHN J. WILLIAMS.

P.S. Also enclosed is a copy of the September 12, 1960, invoice submitted to McCloskey & Co. by Don Reynolds Associates, Inc., of Silver Spring, Md., in the amount of \$109,205.60.

J. J. W.

SEPTEMBER 28, 1964.

HON. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR: Thank you very much for your letter of September 24, in reply to my letter of September 22 requesting from you all documents and information in your possession relative and pertinent to the subject matter defined in Senate Resolution 212 and Senate Resolution 367.

I look forward to receiving at the earliest possible time the "other documents and suggestions" you mentioned as having in your possession, which you said were "being assembled and photostated" when you wrote me.

The purpose of my letter of September 22, as I am sure you know, was to request all documents and information in your possession relative and pertinent to the subject matter of these resolutions, and my listing of certain specific documents was meant in no way to limit my request to these documents.

It will be of great assistance to the committee if you will let us have all your documents and information at the earliest possible time so that we may promptly discharge our responsibilities under these resolutions.

With all best regards.

Sincerely,

B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration.

U.S. SENATE,
Washington, D.C., October 2, 1964.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR: With further reference to our recent correspondence I am enclosing a copy of a statement which I made in May 27, 1964, in which I outlined that the stock which Mr. Maywood H. Boggs, the Washington representative of the International Brotherhood of Boilermakers, Iron Shipbuilders, Forgers, and Helpers, AFL-CIO, allegedly sold to Mr. Baker in November 1960 for \$4,600 although it was actually worth \$31,600 based upon its quoted market value on the date of the transaction.

In addition I am enclosing a letter dated August 4, 1964, signed by Mr. P. N. Brownstein, Commissioner, Federal Housing Administration, in which he confirmed that his agency lent the above-mentioned union \$2,451,800 on May 14, 1962 (later increased to \$2,485,400), for the purpose of constructing a retirement home and that this property was never opened to a single occupant but rather is now in bankruptcy. Apparently no payments were made either on the interest or the principal.

I am sure that your committee will wish to question both Mr. Baker and Mr. Boggs as to what services, if any, Mr. Baker rendered in return for this apparent \$27,000 gift or payment and whether or not there was any connection

between this FHA loan and the transfer of the stock at a fraction of its market value. Under the law this transaction would be taxable to Mr. Boggs as a gift or to Mr. Baker as income, and this point can be checked by your committee.

Your committee already has in its files records of the \$5,000 check which Mr. Baker cashed in the Senate Disbursing Office for 50 \$100 bills. This check was paid by the Redwood National Bank of California to Mr. Wayne Bromley, but I understand that the check was left at Mr. Baker's office and that Mr. Bromley merely endorsed the check and Mr. Baker cashed it. I am enclosing a letter signed by Mr. James J. Saxon, Comptroller of the Currency, in which he states that as far as the official record is concerned neither Mr. Bromley rendered any service toward getting this charter approved nor did Mr. Baker.

I am sure that your committee will wish to question both Mr. Baker and Mr. Bromley to determine what arrangements they had. As you will recall we discussed this case in our colloquy on the floor on July 27.

The Senate in passing Senate Resolution 367 accepted an amendment which clearly extended the authority of your committee to investigate other activities of employees and former employees of the Senate and Senators beyond those involving business and financial arrangements.

In view of this expanded language I am suggesting that your committee now obtain the FBI files of Mrs. Ellen Rometsch. There have been several rather persistent rumors that these files will show a connection between Mrs. Rometsch, Mr. Baker, and perhaps others associated with the U.S. Senate. I do not think that we as the Senate can allow this question pertaining to call girls to be passed over without a thorough investigation as to whether or not the girls were used by Mr. Baker or others to influence legislative decisions or business contracts. I am enclosing a copy of a statement which I understand Miss Ingrid Luttert gave to the FBI concerning her acquaintance with Mrs. Rometsch.

I am assembling records as to another case which I will call to your attention, and this will be forwarded as soon as I can get it together.

Yours sincerely,

JOHN J. WILLIAMS.

P.S.—Also enclosed is a letter dated September 4, signed by Mr. Brownstein, in which he states that they have no record of any improper calls. However, this still leaves the questions referred to in my letter unanswered.

J.J.W.

U.S. SENATE,
Washington, D.C., October 3, 1964.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR: I have received a letter from Mr. John T. Naylor, present address Post Office Box 485, Manila, Philippine Islands, in which he enclosed certain memorandums and documents which describe what is allegedly highly improper, if not actually illegal, procedure for collection of campaign contributions. Mr. Robert Baker was mentioned as the collector.

It is my understanding that this solicitation which Mr. Naylor describes took place while he was serving as vice president of the International Telephone & Telegraph Co. and involves what is allegedly a shakedown of political contributions from top officials of that company. There is a suggestion that there may have been a conspiracy to violate not only the laws which would prohibit political contributions by corporations, but, also, which would prohibit such contributions from being charged off as deductions for income-tax purposes.

As background for these allegations I am enclosing a memorandum, or diary, as kept by Mr. Naylor during the negotiations and solicitations, along with the photostated copy of his personal \$1,200 check. This check was dated October 18, 1960, check No. 38, signed by Mr. J. T. Naylor, drawn on the First National City Bank of New York, and is endorsed for deposit to the account of the "Texas Business and Professional Committee for Johnson for Vice President."

Mr. Naylor in his memorandum has outlined what in his opinion constitutes the violation of various laws both in regard to the solicitation and handling of the check and the possible inclusion of these contributions as deductible items on expense accounts for reimbursement.

I have not had an opportunity to talk with Mr. Naylor direct since this was all forwarded through the mail, nor have I had the time to check the other aspects of the allegation. However, recognizing that your committee is most

anxious to get any documents which I have as quickly as possible, I am forwarding both a copy of the canceled check and what is alleged to be Mr. Naylor's daily memorandum. At the same time I am requesting that your committee, before releasing any of this information or allegations, have it thoroughly checked.

I would suggest that you question Mr. Naylor and the other officials of the company mentioned in the memorandum as being involved, as well as question Mr. Baker, who allegedly picked up the checks. In view of the rather serious nature of the charges herein suggested I am sure you will agree that we cannot afford to overlook having this checked.

Yours sincerely,

JOHN J. WILLIAMS.

OCTOBER 6, 1964.

HON. JOHN J. WILLIAMS,
*New Senate Office Building,
Washington, D.C.*

DEAR SENATOR: In the absence of Senator Jordan, I am writing to acknowledge and thank you for your letters dated October 2 and October 3, which were delivered to Senator Jordan's office in the morning mail yesterday, October 5.

Senator Jordan had no opportunity to read either of them before he left for the Rules Committee meeting set for yesterday morning, and other commitments during the day kept him from having any chance to read them before leaving for North Carolina this morning.

I am holding them for his personal attention as soon as he can return to the office.

With all best regards.

Sincerely,

WILLIAM M. COCHRANE,
Administrative Assistant to Senator B. Everett Jordan.

OCTOBER 13, 1964.

HON. JOHN J. WILLIAMS,
*U.S. Senate,
Washington, D.C.*

DEAR SENATOR WILLIAMS: Thank you for the additional information which you sent in your letters of October 2 and 3, which came the day I was leaving Washington for North Carolina and which was acknowledged by my administrative assistant.

As you know, on Friday, October 2, I directed that a notice be sent to all members of the Rules Committee for a meeting to be held on Monday, October 5, at 10 o'clock, this being 3 days from time of notice until the meeting was scheduled, in order to comply with the agreement the committee made with Senator Scott to give him 3 days' notice of any meeting of the committee.

Only Senator Cooper and I were in attendance at the meeting; hence, no business was transacted as there was not a quorum present.

I had commitments in North Carolina for the balance of the week but returned to Washington yesterday morning and spent all of yesterday and today consulting with members of the Rules Committee by telephone. For your information, I am enclosing a copy of a statement I have issued today.

Meanwhile, the committee staff is still at work on the investigation, and if you have any additional information I hope you will let us have it as soon as possible so that the investigators may go to work on it.

With all best regards.

Sincerely,

B. EVERETT JORDAN, *U.S. Senator.*

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
October 16, 1964.

HON. JOHN J. WILLIAMS,
*Hotel Dupont,
Wilmington, Del.*

DEAR SENATOR: Thank you very much for your recent letter enclosing a 16-page memorandum and a copy of the canceled check. I note that exhibit A starts off with page 3 and continues in consecutive numbers. I would appreciate it very much if you would send me pages 1 and 2 of the exhibit.

I appreciate very much your turning over this material to me and I assure you that it will be investigated thoroughly.

With all best regards,
Sincerely,

B. EVERETT JORDAN, *Chairman.*

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
November 13, 1964.

Re investigation by Rules Committee under S. 367.

Hon. JOHN J. WILLIAMS,
U.S. Senator,
Millsboro, Del.

DEAR SENATOR WILLIAMS: As you no doubt know, Senator Jordan, chairman of the Rules Committee, has scheduled hearings in the investigation under S. 367 to begin December 1. He has directed that the evidence be prepared for presentation commencing on that date and continuing until the hearings have been completed.

At Senator Jordan's request you have furnished him certain information deemed to be useful in the committee's investigations and have indicated that you had additional information which would also be useful.

The purpose of my letter is to ask if you will be kind enough to permit me to talk with you at your convenience in Washington. I would like to be sure that we have all of your information, and I would also like to have the benefit of your opinions and advice about certain aspects of the investigation.

I inquired at your office and was told that you had not notified them as to any specific time you would be back in Washington. I will appreciate it if you will have your office notify me when you will be here and when I could meet with you for a short time.

Yours sincerely,

L. P. McLENDON, *General Counsel.*

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
November 18, 1964.

To Senator JOHN J. WILLIAMS:

The documents to which you referred in our conversation are as follows:

1. A memorandum written on Baker's stationery dated September 14, (1959): "Don Reynolds called about the stadium bill. See if you can get the bill that passed the Senate (also passed the House), which now has a resolution attached to it passed today.

"White House has assured that the bill will be signed."

The above appears in your speech in the Congressional Record of July 27, at page 16456.

2. A letter dated January 25, 1960, signed by Don Reynolds addressed to Mr. William N. McLeod. This letter refers to the passage of the stadium bill and Reynolds' interest in the insurance and surety bonds in connection with the construction of the stadium.

The two paragraphs were read by you on July 27, as appears at page 16456 of the Congressional Record.

3. The statement which you read on the floor as having been furnished to you by Don Reynolds and referring to the breakfast meeting, appears at page 20578, Congressional Record, September 1.

L. P. McLENDON, *General Counsel.*

(One copy sent to Senator Williams at his home, Millsboro, Del.)

U.S. SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
November 23, 1964.

Hon. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: We learned on Friday of last week that Don B. Reynolds could not be found for the service of a subpoena. For several days prior to that time I had been relying on the statement of his counsel that Mrs.

Reynolds was ill and that he was looking after her. Our information is now that he has made the statement that he would not appear before the committee unless you requested him to do so.

I have had a telephone call in to you at your home and office since Friday and this morning was informed that you were on a hunting trip.

I am also informed that Mrs. Reynolds is at home and not seriously ill as I had been previously informed.

My purpose in writing you is to request that you aid the committee in getting Mr. Reynolds present for the hearings which are to begin on Tuesday, December 1, 1964. We have requested his attorney to have him available for an interview before he is called to testify. His attorney advises he has no authority to accept the service of the subpoena, to produce the documents we have subpoenaed or to make any agreement about an interview.

Under these circumstances, we will greatly appreciate any aid you can give the committee.

Respectfully,

LENNOX P. MCLENDON, *General Counsel.*

The CHAIRMAN. All right; let's proceed with the witness.

Mr. MCLENDON. I won't make any comment on that.

The CHAIRMAN. Go ahead with your questions.

Mr. MCLENDON. Did the reporter give an exhibit number to the tax returns? I think I handed it to you, did I not?

Mr. STEWART. Yes.

Mr. MCLENDON. There is a front page together with all the schedules. Have you got them all there? Let Mr. Stewart be sure the whole thing is there because it is so voluminous. I believe that is all I want to ask this witness.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Mr. Chairman, I want to return to what may now seem the duller aspect of this case [laughter]—to this matter which is before the committee, concerning which, as the counsel for Mr. Stewart said yesterday, we are charged with determining who told the truth about this matter. Mr. McCloskey said that Reynolds had lied and I think it is our duty to examine all the circumstances. I may say from common experience I had once as a judge that I found it very difficult for a man to concoct a lie and make it stand up in court for it is very difficult for a person lying to foresee and arrange all the details. I must say this is one factor that impresses me about Reynolds' statement. I want to test the reasonableness of the statement that Mr. McCloskey has given and you have given by asking some questions. At the time the contract was awarded to McCloskey & Co., Mr. Stewart, you knew that your company carried general liability insurance which would cover the District of Columbia Stadium.

Mr. STEWART. Yes, sir.

Senator COOPER. You knew that quarterly, from thence on until the contract was finished, that adjustments would be made between Aetna Insurance Co. and McCloskey to pay additional premiums on account of the District of Columbia Stadium job, did you?

Mr. STEWART. All jobs.

Senator COOPER. What?

Mr. STEWART. All jobs.

Senator COOPER. Including the District of Columbia Stadium job. Isn't that correct?

Mr. STEWART. I didn't know that, Senator.

Senator COOPER. I cannot understand this. You have said again and again that every quarter adjustments in the premium were made.

Mr. STEWART. Yes, sir; no question about that.

Senator COOPER. Adjustments in the premiums were made to cover the District of Columbia Stadium job?

Mr. STEWART. Yes, sir; all jobs, including the District of Columbia Stadium job.

Senator COOPER. Now, on October 17, 1960, over 4 years ago McCloskey & Co. paid Don Reynolds \$109,205.60, the full estimated premium for both the performance bond and the general liability contract?

Mr. STEWART. Yes, sir.

Senator COOPER. And you knew that Reynolds was to remit a proportion of it, after deducting his commissions, to Hutchinson, Rivinus & Co.?

Mr. STEWART. Yes, sir.

Senator COOPER. And eventually paid that?

Mr. STEWART. Yes, sir; should have paid that.

Senator COOPER. And you approved that \$109,000 check yourself?

Mr. STEWART. Yes, sir.

Senator COOPER. After that time, every quarter, premium payments were made to Aetna. Did you approve those payments?

Mr. STEWART. No, sir.

Senator COOPER. What?

Mr. STEWART. No, sir.

Senator COOPER. Someone in your company did?

Mr. STEWART. Yes, sir.

Senator COOPER. Who did?

Mr. STEWART. Well, it would have been more of an accounting routine. I suppose the comptroller.

Senator COOPER. The bookkeeping department and the auditors would know that Reynolds had been paid \$109,000, wouldn't they?

Mr. STEWART. I am sorry, sir.

Senator COOPER. Some employee of your company, an official, had to know that Reynolds had been paid \$109,000?

Mr. STEWART. Yes, sir; they did know.

Senator COOPER. And some employees or officials knew that every quarter Aetna was paid its premiums?

Mr. STEWART. Yes.

Senator COOPER. On the same general liability contract?

Mr. STEWART. Yes, sir.

Senator COOPER. Now, I have calculated that there were at least 10 quarters that followed between the payment of \$109,000 to Mr. Reynolds and the time Senator Williams spoke in the Senate. You now say that in none of those quarters did it come to your attention, or that of Mr. Closkey or any official of your company, that Reynolds had already been paid?

Mr. STEWART. Yes, sir.

Senator COOPER. The full premium?

Mr. STEWART. Yes, sir.

Senator COOPER. You didn't ever think of it?

Mr. STEWART. No, sir. It never came to my attention though, either.

Senator COOPER. What?

Mr. STEWART. It never came to my attention during that period.

Senator COOPER. Yet you were able to remember in great detail your talk with Mr. Reynolds?

Mr. STEWART. Yes, sir.

Senator COOPER. You were able to recall almost the exact figures of the estimate you made to Mr. Reynolds of the premium. You were able to recall that?

Mr. STEWART. Yes, sir.

Senator COOPER. You gave it to the committee yesterday?

Mr. STEWART. The figures are available.

Senator COOPER. You also said that this was a rather unusual transaction. It wasn't your custom to give this type of insurance to individuals or companies other than Hutchinson, Rivinus; is that correct?

Mr. STEWART. I don't know how unusual that would be, sir. Through the years we have named other brokers many times.

Senator COOPER. You did say yesterday that it wasn't the usual practice, did you not?

Mr. STEWART. Not usual in the sense that it is not a daily transaction. Many times we have done it.

Senator COOPER. You first said yesterday you couldn't remember that it had ever been done with any other company, and then you finally said it might have been done in three or four instances; is that correct?

Mr. STEWART. I don't believe so, Senator. You are now speaking directly of whether we name a broker in connection—different from Hutchinson, Rivinus?

Senator COOPER. Was it an unusual practice?

Mr. STEWART. We had done it many times, Senator.

Senator COOPER. You did not say that yesterday. You said at first you did not remember it, and then you said perhaps on three or four occasions. Mr. McCloskey testified that it was a special kind of favor to Baker and Reynolds. Does it seem a little unusual to you that for 4 years—although you could remember every detail of the Reynolds transaction after nearly 4 years—quarter after quarter these adjustments were made but you never thought of this payment to Reynolds?

Mr. STEWART. Well, they would not come to my attention, Senator.

Senator COOPER. To your attention?

Mr. STEWART. Those quarterly adjustments would not normally come to my attention.

Senator COOPER. Do you think it rather unusual that no one in your company ever thought of it?

Mr. STEWART. I think it is. The bill itself indicated it went through the accounting department. I would think that they should have picked it up.

Senator COOPER. You think it rather unusual?

Mr. STEWART. Yes, sir.

Senator COOPER. Hutchinson, Rivinus & Co. have been the agents for Aetna with whom you usually deal?

Mr. STEWART. Yes, sir; they are.

Senator COOPER. Do you think it is rather unusual that in 4 years it never entered their minds that Reynolds owed them some money?

Mr. STEWART. I don't believe it would be unusual in that situation if they didn't know about it, Senator.

The CHAIRMAN. Let me ask a question at that point, if I may. Hutchinson, Rivinus would have no way of knowing that you had already paid for that liability insurance, would they?

Mr. STEWART. No, sir; not unless they had been told.

The CHAIRMAN. What?

Mr. STEWART. Not unless it had been brought specifically to their attention, they wouldn't have known.

The CHAIRMAN. Unless they had been told it had been paid for in a lump sum?

Mr. STEWART. Yes, sir.

The CHAIRMAN. And this quarterly audit would have been an adjustment?

Mr. STEWART. By another; that is, by Aetna.

The CHAIRMAN. What?

Mr. STEWART. The quarterly adjustment actually is by Aetna, not by Hutchinson, Rivinus.

The CHAIRMAN. Didn't the bill go from Aetna directly to McCloskey?

Mr. STEWART. No, sir. Through Hutchinson, Rivinus.

The CHAIRMAN. But you got your bill for this \$35,000 approximately of general liability from Reynolds, did you not?

Mr. STEWART. Yes, sir.

The CHAIRMAN. So Hutchinson, Rivinus would not have known anything about that transaction at all?

Mr. STEWART. No, sir.

The CHAIRMAN. Unless you told them?

Mr. STEWART. Specifically; yes, sir.

The CHAIRMAN. I want to get that cleared up in my mind to understand this.

Mr. STEWART. Yes.

Senator COOPER. I want to clear that up, too. It is rather unusual that you did not tell Hutchinson, Rivinus that you had already paid Reynolds for the premium?

Mr. STEWART. Yes, sir; it is, and I think I would have told them. I talked to them every—five or six times a week on the phone.

Senator COOPER. Now, 4 years passed and then this Baker investigation was instituted. In January or February of 1964, nearly a year ago, Reynolds came before this committee and testified about this meeting with Mr. McCloskey and you, and he stated that he had received payment only on the performance bond. Were you aware of that? It was in the newspapers.

Mr. STEWART. No, sir. If it was in the papers, I don't think I saw it. I may have.

Senator COOPER. Although Reynolds told about this meeting with McCloskey—

Mr. STEWART. I didn't read the reports.

Senator COOPER (continuing). And how part of this money was to go to Baker. Reynolds stated that he paid Baker \$4,000 and McLeod \$1,500. Neither you, Mr. McCloskey, nor your lawyers knew anything about the overpayment to correct it at that time?

Mr. STEWART. I never knew about the \$4,000.

Senator COOPER. In March did you know that the minority members moved to have McCloskey called as a witness here?

Mr. STEWART. I may have, Senator.

Senator COOPER. Did you know that testimony was taken by Mr. Meehan, who called McCloskey? Senator Clark talked to him?

Mr. STEWART. No, sir; I didn't know that. He was in Ireland at the time.

Senator COOPER. Did you know that we said in a meeting that McCloskey ought to be called so as to find out these facts and to ascertain if there were other facts?

Mr. STEWART. No, sir. I have no recollection of such.

Senator COOPER. You heard McCloskey testify that he had talked to Meehan about this?

Mr. STEWART. Yes, sir.

Senator COOPER. And nearly 4 years later—

Mr. STEWART. He didn't talk to me about it, Senator.

Senator COOPER. Reynolds was making these statements, and it never came to your attention or to anybody's in your company that you had overpaid him?

Mr. STEWART. No, sir.

Senator COOPER. That you had paid this premium twice?

Mr. STEWART. No, sir.

Senator COOPER. Then did you know that on the floor of the Senate in March the same questions were raised in debate and published in all the newspapers, and including the request that McCloskey be called to explain the circumstances? You never knew anything about that?

Mr. STEWART. That is when we started our own investigation of it.

Senator COOPER. In March?

Mr. STEWART. Well, when Senator Williams made the statement.

Senator COOPER. That was some months later.

Mr. STEWART. I had been tied up for several months prior to that.

Senator COOPER. First I will say with reference to the performance bond that nobody from McCloskey & Co. volunteered to explain the circumstances of this deal. When Senator Williams took the Senate floor sometime in August and brought out the fact that \$109,000 had been paid, your statement is that this is the first time in 4 years that you remembered you had paid the premium twice?

Mr. STEWART. Yes, sir.

Senator COOPER. Do you think this sounds like a very reasonable explanation?

Mr. STEWART. I think that is up to you, Senator. It is up to you to make that judgment.

Senator COOPER. As I said a while ago, Mr. McCloskey and you have stated that Reynolds is a liar and is telling a false story. It is not a question of credibility, but I may say again it is pretty hard for a man to believe your explanation, where curiously enough all the facts other than the question of credibility dovetail into his story. It is just a question of who is telling the truth.

Mr. STEWART. Yes, sir.

Senator COOPER. As to the \$35,000. I am amazed, and I think I will again ask you—having been in this business all these years and knowing the processes of paying the premiums with the Aetna on different jobs quarterly—whether you do not think it very unusual that nobody discovered this overpayment in 4 years, until after Senator Williams had made these charges?

Mr. STEWART. I am certainly satisfied, Senator.

Senator COOPER. At this time you had a contract for construction of the House Office Building?

Mr. GITTIS. I think that is correct, Senator. Mr. Stewart really doesn't know the answer to that.

Mr. STEWART. I don't have that information.

Senator COOPER. Do you know if you had the contract for the House Office Building?

Mr. STEWART. We had one; yes, sir. We had the contract on the foundations.

Senator COOPER. Did you brokerage out your liability insurance on the House Office Building?

Mr. STEWART. No, sir; not to the best of my knowledge.

Senator COOPER. You did not do it?

Mr. STEWART. But I don't have any of those records available, Senator. If you would like me to look into it, I will be happy to do so.

Senator COOPER. I think, Mr. Chairman, in view of the absolute conflict in testimony between the company, their officials and employees, on the one hand, and Reynolds, that company practices regarding other contracts would certainly be relevant and proper to our consideration. I think it is our duty to see whether the same procedures have been followed with other contracts. It would certainly bear on the true facts in this case.

Mr. STEWART. I can tell you as recently as a few weeks ago there was a broker on a job designated—

Mr. McLendon. Keep your voice up. It is very difficult to hear you.

Mr. STEWART. I said I can tell you as recently as a few weeks ago there was a different broker designated on a job. In this particular case it was the owner of the facility that directed us to do it. It did not go through Hutchinson, Rivinus. So it is not unusual. It has happened within the last few weeks. Very often the owner will designate it.

The CHAIRMAN. Senator Cooper, if the insurance people that are here to testify later do not develop these facts, why, I will ask that they be inserted in the record.

Senator COOPER. I will hear the testimony and then I will make my request for such further evidence and records as I think are required.

The CHAIRMAN. Proceed, sir. Are you through?

Senator COOPER. I am through for the time being.

The CHAIRMAN. That is all at this time, Mr. Stewart.

Mr. McLendon. I would like to call two witnesses a little out of order because of an emergency existing with respect to both of them. Mr. Hauck, will you come around?

The CHAIRMAN. Mr. Hauck, did you hear this opening statement read this morning?

Mr. HAUCK. No, sir.

The CHAIRMAN. It will be necessary that I read this to you in order that you may know your rights and privileges before this committee. There is a quorum present.

This committee is acting by direction and under the authority of Senate Resolution 367, agreed to on September 10, 1964, and Senate Reso-

lution 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 and regulations are necessary or desirable for the purpose of prohibiting or restricting 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 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. You are not under subpoena?

Mr. HAUCK. No, sir.

The CHAIRMAN. You came voluntarily. Will you please stand and put your left hand on the Bible and raise your right hand, sir, and take the oath? Do you solemnly swear that the evidence you are about to give before the committee in the matter under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAUCK. I do.

The CHAIRMAN. Thank you very much. Will you have a seat, sir?

Mr. McLENDON. Mr. Hauck, I believe you attended part of the public session of this committee when it was taking evidence on October 1 and 2 concerning the construction of the stadium?

TESTIMONY OF J. P. HAUCK

Mr. HAUCK. No, sir; this is my first appearance.

Mr. McLENDON. Were you asked to be here at that time?

Mr. HAUCK. No, sir.

Mr. McLENDON. Who was it from your firm?

Mr. HAUCK. Nobody. You called me and said you would let me know, but I never got another call.

Mr. McLENDON. Anyway, I know there was some difficulty.

Mr. HAUCK. The time.

Mr. McLENDON. About your not being here.

Mr. HAUCK. That is right.

Mr. McLENDON. You weren't present to testify?

Mr. HAUCK. No, sir.

Mr. McLENDON. That was because you left town in the absence of a call from me.

Mr. HAUCK. That is right. I had a trip I had to make.

Mr. McLENDON. What business are you engaged in?

Mr. HAUCK. General construction.

Mr. McLENDON. What is the name of your firm?

Mr. HAUCK. John McShain, Inc.

Mr. McLENDON. Did that firm make a bid on the construction of the District of Columbia Stadium?

Mr. HAUCK. Yes, sir.

Mr. McLENDON. Did you file it or prepare it?

Mr. HAUCK. Helped to prepare it.

Mr. McLENDON. Were you present when the bids were opened?

Mr. HAUCK. No, sir.

Mr. McLENDON. Did you find out how your bid compared with the other bids that were received by the Armory Board?

Mr. HAUCK. Yes, sir.

Mr. McLENDON. How did you stand?

Mr. HAUCK. Second.

Mr. McLENDON. Who was first?

Mr. HAUCK. McCloskey.

Mr. McLENDON. You mean first, low bidder?

Mr. HAUCK. Low bid.

Mr. McLENDON. And you were second low bid?

Mr. HAUCK. Yes, sir.

Mr. McLENDON. Was that bid of your company filed in the regular and ordinary course of business as it is customary in accepting and receiving bids?

Mr. HAUCK. Yes.

Mr. McLENDON. Was there anything unusual about the way the bids were received?

Mr. HAUCK. No, sir.

Mr. McLENDON. Was there anything unusual about the way yours was prepared?

Mr. HAUCK. No, sir.

Mr. McLENDON. Did you have any information prior to the time you filed your company's bid, as to what any other contractor would bid?

Mr. HAUCK. No, sir.

Mr. McLENDON. Did you have any information that was not made available to all bidders?

Mr. HAUCK. No, sir.

Mr. McLENDON. Do you have any information that any favoritism was shown by the Board in awarding the contract?

Mr. HAUCK. No.

Mr. McLENDON. You have no information that you could give the committee that would indicate any irregularities in connection with the filing of bids, the opening of bids, and awarding of the contract?

Mr. HAUCK. No.

Mr. McLENDON. That is all.

The CHAIRMAN. Any questions?

Senator CURTIS. Yes. Would you mind telling what your bid was?

Mr. HAUCK. \$14,427,000, I believe.

Senator CURTIS. What was the McCloskey bid?

Mr. HAUCK. \$14,182,000.

Senator CURTIS. It wasn't built for that figure, was it?

Mr. HAUCK. I don't understand your question.

Senator CURTIS. The stadium was not built for that figure, was it?

Mr. HAUCK. Well, I have no definite knowledge. After our bid went in we dropped out of it. It is a matter of fact what it cost, I believe, but I understand there were certain extras in connection with it.

Senator CURTIS. In the neighborhood of \$3 million?

Mr. HAUCK. This I wouldn't know.

Senator CURTIS. Do you know anything about the transactions of McCloskey & Co. that resulted in placing the performance bond through Robert Baker, a Senate employee, from which he gained \$4,000?

Mr. HAUCK. No.

Senator CURTIS. Do you know anything about the transaction in which another congressional employee, William McLeod, got \$1,500?

Mr. HAUCK. No.

Senator CURTIS. Do you know anything about whether or not Don Reynolds wrote any general liability insurance on the stadium?

Mr. HAUCK. No.

Senator CURTIS. Do you have any knowledge whether or not Don Reynolds delivered the cash to Bobby Baker from the excess over the premium, as he has stated it?

Mr. HAUCK. No.

Senator CURTIS. That is all.

The CHAIRMAN. Mr. Hauck, may I ask just one question? Mr. Hauck, in the first place, I want to thank you for coming.

Mr. HAUCK. Thank you, sir.

The CHAIRMAN. Our records indicated that you were the second bidder on this contract. We are trying to get as many facts as we can about this. There has been at least some intimation that there was probably something wrong about the letting of this contract, and the committee felt that had you as a bidder, losing a \$14 million contract, known of any irregularities, you would have contested that bid, wouldn't you?

Mr. HAUCK. Yes, sir.

The CHAIRMAN. That is, certainly you wouldn't have passed over that if you had any indication. Do you feel that you got the same set of plans and specifications that all the rest of them got, including McCloskey?

Mr. HAUCK. Yes.

The CHAIRMAN. That you have no doubt about the fairness, that you had received all the information everybody else received, and you bid on the same basis, and it was just a little bit too high?

Mr. HAUCK. That is right; yes, sir.

The CHAIRMAN. Thank you very much. We appreciate your being with us. Senator Cooper would like to ask you a question.

Senator COOPER. You are an official in the company of John McShain?

Mr. HAUCK. I am general manager; not an official.

Senator COOPER. In that capacity did you have anything to do with the general liability insurance method of payment?

Mr. HAUCK. No.

The CHAIRMAN. Any further questions?

Mr. McLendon. Mrs. Broome.

The CHAIRMAN. Mrs. Broome, you heard me read the statement a few minutes ago.

Mrs. BROOME. Yes; I did.

The CHAIRMAN. Will you stand, place your left hand on the Bible, and raise your right hand? Do you solemnly swear that the evidence you are about to give before this committee in the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. BROOME. I do.

The CHAIRMAN. Thank you. Please be seated.

Mr. McLendon. State your name and address.

TESTIMONY OF MARGARET M. BROOME, ACCOMPANIED BY MARK B. SANDGROUND AND MELVIN FELDMAN, ATTORNEYS

Mrs. BROOME. Margaret Mary Broome, 325 C Street SE.

Mr. McLendon. Are you accompanied by your counsel?

Mrs. BROOME. Yes; I am.

Mr. McLendon. Will he state his name and address?

Mr. SANDGROUND. My name is Mark B. Sandground, with the firm of Amram, Hahn & Sundlun, 944 Washington Building, Washington 5, D.C. I am also representing Mrs. Broome, and associated with us is Mr. Melvin Feldman, member of our firm at the same address. Major, on behalf of my client before the questioning starts, may I make a brief statement for her?

Mr. McLendon. For her?

Mr. SANDGROUND. Yes.

Mr. McLendon. Yes.

Mr. SANDGROUND. Thank you. Believing in the fundamental fairness of this congressional hearing and the genuine propriety of this investigation before this honorable committee, my client Margaret Broome is voluntarily here this morning to answer all questions propounded. She is still an employee of the Congress of the United States, and believes—and she will be completely candid and cooperative with this committee. She has appeared without subpoena formally served upon her.

Mr. McLendon. She has also been interviewed without subpoena.

Mr. SANDGROUND. Yes, sir. She has been interviewed on several occasions by this committee without subpoena, and has given certain statements which I am sure you have in your possession, Major.

Mr. McLendon. We have called Mrs. Broome at this time out of order, if you noticed, because of your urgent representation to me that you and she could not conveniently be here at any other time.

Mr. SANDGROUND. Thank you very much.

Mr. McLendon. Mrs. Broome, were you ever employed in the office of Robert G. Baker?

Mrs. BROOME. Yes, sir.

Mr. McLendon. While he was secretary to the majority?

Mrs. BROOME. Yes, sir.

Mr. McLendon. Will you give us the term of your employment?

Mrs. BROOME. From January 1955 until February of 1961.

Mr. McLendon. In what capacity did you act?

Mrs. BROOME. As his secretary.

The CHAIRMAN. Speak a little louder, please.

Mrs. BROOME. As his secretary.

Mr. McLENDON. Were you the senior secretary in his office?

Mrs. BROOME. I was the only.

Mr. McLENDON. The only secretary?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. During the time that you served there and before your resignation, did you become acquainted with a man named Myron Weiner?

Mrs. BROOME. Weiner?

Mr. McLENDON. Yes.

Mrs. BROOME. Yes, sir.

Mr. McLENDON. That is W-e-i-n-e-r, is it not?

Mrs. BROOME. I don't know that.

Mr. McLENDON. Did you know him by the nickname of "Mickey"?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. How did it happen that you became acquainted with him?

Mrs. BROOME. I met him in Mr. Baker's office.

Mr. McLENDON. About when did you first become acquainted with him?

Mrs. BROOME. To my recollection, Major, it was sometime before the inauguration.

Mr. McLENDON. I am sorry; I couldn't hear you.

Mrs. BROOME. I said, to my recollection, it was sometime before the inauguration in 1960.

Mr. McLENDON. Did you gather any information as to what his relations to Baker were?

Mrs. BROOME. No, sir.

Mr. McLENDON. Will you tell the committee something about, in your own way, how often he visited the office and what he did?

Mrs. BROOME. I don't know that, Major. He came to the office to see Mr. Baker. I have no personal knowledge of the man.

Mr. McLENDON. How often did he visit him?

Mrs. BROOME. He visited rather frequently at that time.

Mr. McLENDON. Would you elaborate on that a little bit?

Mrs. BROOME. He visited frequently at that time.

Mr. McLENDON. Do you mean, by frequently, every week or every day?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. Every week? I believe you used the expression when you were interviewed that he made Baker's office his "second office"; is that an accurate description?

Mrs. BROOME. I think that is accurate; yes. I said he was there often.

Mr. McLENDON. Excuse me?

Mrs. BROOME. I said he was there quite often.

Mr. McLENDON. By that expression, do you mean that he was permitted to use the facilities of the office?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. Such as the telephone?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. How about the secretary? Did he give the secretary anything to do?

Mrs. BROOME. No, sir.

Mr. McLENDON. Did he communicate to you in any way what his purposes were in these frequent visits to Baker?

Mrs. BROOME. No, sir.

Mr. McLENDON. Did Mr. Baker tell you anything about who he was and what his relations to Weiner were?

Mrs. BROOME. No, sir.

Mr. McLENDON. During your service there, did you learn, or did you learn after you left, about a transaction between Weiner and Baker and Ernest Tucker?

Mrs. BROOME. I know nothing about that, Major.

Mr. McLENDON. You have no knowledge of that?

Mrs. BROOME. No knowledge.

Mr. McLENDON. Even now?

Mrs. BROOME. Even now.

Mr. McLENDON. What observations did you make while you were working in the office, with respect to Baker having substantial quantities of money in the office at various times?

Mrs. BROOME. Well, as I told your investigators 2 weeks ago, there was money kept in the safe in Mr. Baker's office. I do not know what amounts of money were kept there.

Mr. McLENDON. Could you give any indication of whether it was a small amount or a large amount?

Mrs. BROOME. Well, I would think it would vary at times, but I had no personal access to it, and had nothing to do with it.

Mr. McLENDON. Do you have any knowledge of his delivering cash to anyone there in the office?

Mrs. BROOME. No, sir.

Mr. McLENDON. Did you know Mrs. Novak?

Mrs. BROOME. Yes; I know Mrs. Novak.

Mr. McLENDON. Were you ever present on any occasion when she picked up cash?

Mrs. BROOME. No, sir.

Mr. McLENDON. There in Mr. Baker's office?

Mrs. BROOME. No, sir.

Mr. McLENDON. Do you have any knowledge that she did that?

Mrs. BROOME. No, sir. Only what I read in the newspaper.

Mr. McLENDON. What you read in the paper?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. When you were interviewed, I believe you said that while you had no knowledge of cash being delivered by Mrs. Novak, and that you didn't handle his personal books and records—is that correct?

Mrs. BROOME. That is correct.

Mr. McLENDON. What do you mean by "his personal books and records"?

Mrs. BROOME. Well, I would assume you mean his own personal checking account and his household expenses and things of that nature. I did not.

Mr. McLENDON. You did not see his checkbook?

Mrs. BROOME. Never.

Mr. McLendon. Or have anything to do with it?

Mrs. Broome. Never.

Mr. McLendon. Did you handle his correspondence?

Mrs. Broome. Yes, sir.

Mr. McLendon. Did he dictate letters to you concerning business matters, in which he was interested?

Mrs. Broome. Yes, sir.

Mr. McLendon. Do you recall any of the business that you learned about in connection with his dictation of letters to you? Can you designate any of them?

Mrs. Broome. Well, Major, I have been gone from there for 4 years.

Mr. McLendon. Yes; I understand.

Mrs. Broome. I couldn't come out and say I remember a letter on a certain date.

Mr. McLendon. Can you remember the business in which he was interested, like the Carousel Hotel or Motel?

Mrs. Broome. I was not there when he was building the Carousel Motel.

Mr. McLendon. You were not there at that time?

Mrs. Broome. No, sir.

Mr. McLendon. Did you have any knowledge about the Serv-U Corp.?

Mrs. Broome. No, sir.

Mr. McLendon. Did you have any knowledge of the Capitol Vending Co.?

Mrs. Broome. No, sir.

Mr. McLendon. Or the Melpar?

Mrs. Broome. No, sir.

Mr. McLendon. None of those came to your attention?

Mrs. Broome. No, sir.

Mr. McLendon. And you can't now recall any particular business that you did have knowledge of?

Mr. Sandground. May I consult with my witness?

Mr. McLendon. Yes; certainly.

Mrs. Broome. Major, if you have any specific correspondence or anything you could show me, if I could see it, I might recall.

Mr. McLendon. Unfortunately, we don't, because Mr. Baker took the fifth amendment and hasn't informed us about those matters.

Mrs. Broome. Major, a memorandum was mentioned here the other day that Mr. Reynolds said that I had typed. Do you have that?

Mr. McLendon. You did do that?

Mrs. Broome. I would like to see it.

Mr. McLendon. I will see if I can find that for you. I think it is No. 26. I have got it here. Someone please hand her this. Look at that document that Mr. Alexander is handing you and state whether or not that is the memorandum to which you refer. That is not a very good copy. It is a little difficult to read.

Mr. Sandground. Major, the date on this memorandum—all we can see on it is September 14–11. Is there another date, sir, on the original? This is illegible.

Mr. McLendon. It is in evidence that that was written in 1959. We had trouble about the year, too, and perhaps we will be able to

clear it up with oral testimony. Mr. Alexander, do you have a copy of that that is a little clearer? Mrs. Broome, maybe this will help you refresh your recollection. There is some testimony before the committee that that memorandum was written right close to the day that the stadium bill was passed, and that was on the 23d day of September 1959.

Mrs. BROOME. The reason why I hesitate about this, Major, is because this is not my form of typing.

Mr. McLENDON. It is not your what?

Mrs. BROOME. This is not my form of typing.

Mr. McLENDON. What do you mean by that?

Mrs. BROOME. If I were doing this as a memo, it would be "To," "From," "Subject," and the subject matter. It is not familiar to me at all.

Mr. McLENDON. You don't think you wrote that?

Mrs. BROOME. It is certainly done on Bobby Baker's stationery. I never knew that he had any memorandum stationery. Oh, I see; this is a memo pad that has been enlarged into a regular sheet. Well, I could have typed it, Major, but I don't recognize it.

Mr. McLENDON. You don't recognize it at all?

Mrs. BROOME. No, sir.

Mr. McLENDON. You are unable to say, then, whether you wrote it?

Mrs. BROOME. It just isn't my form at all.

Mr. McLENDON. Is there anything in the memorandum itself, the subject matter in the memorandum, that helps you?

Mrs. BROOME. Major, I don't believe I did this.

Mr. McLENDON. You don't think you did?

Mrs. BROOME. No, sir. It isn't my form of language, either. I would state it probably another way if I were typing it.

Mr. McLENDON. Referring to the statement in there which makes reference to the President of the United States and his approval of the stadium bill, does that refresh your recollection as to whether you ever heard Baker make such a statement?

Mrs. BROOME. No, sir.

Mr. McLENDON. It is in evidence through the witness, Don B. Reynolds, that he was the person who made the call, the telephone call, and that you wrote the memorandum. He picked it up off your desk and he talked with Baker about it later. He kept a copy of the memorandum. Does any of that help you refresh your recollection?

Mrs. BROOME. No, sir.

Senator CURTIS. Do we have anything in the record as to who typed the memorandum?

Mr. McLENDON. Yes. Well, I want to be accurate about it. My recollection is that he said that he picked this memorandum up off Mrs. Broome's desk. I am not absolutely sure he said that she wrote it, but the implication—

Senator CURTIS. I thought he said Bobby gave it to him. Is the transcript here?

Mr. McLENDON. He said he talked about it.

Mrs. BROOME. No, Major; Mr. Reynolds said that Mr. Baker gave it to him, because I heard that.

Mr. McLENDON. We don't seem to be able to find Mr. Reynolds' testimony on this exact point. Let me summarize it this way: From

your examination of the document and from reading the subject matter, examination of the type and the other information from the document itself, you are unable to say that you wrote that. You think you did not write it. Is that accurate?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. And you have no independent recollection of the subject matter, any discussion of the subject matter?

Mrs. BROOME. No, Major.

Mr. McLENDON. And you have no recollection of a telephone conversation with Reynolds, in which that subject matter was stated?

Mrs. BROOME. No, Major; I do not, and I might add at this point that when I was out of the office, someone else would be there, and it is very possible that one of my substitutes could have typed this.

Mr. McLENDON. It would be difficult to identify the substitute, I assume.

Mrs. BROOME. Well, it would be one of Bobby's other assistants or a page boy who would come and answer the phone for me when I was out to lunch.

Mr. McLENDON. It could possibly involve three or four different people.

Mrs. BROOME. It certainly could.

Mr. McLENDON. How often did Mr. Reynolds call Baker along about that time in 1959?

Mrs. BROOME. Well, Mr. Reynolds called Mr. Baker frequently all the time.

Mr. McLENDON. I beg your pardon?

Mrs. BROOME. Mr. Reynolds called Mr. Baker frequently all the time.

Mr. McLENDON. Called him frequently?

Mrs. BROOME. All the time.

Mr. McLENDON. All the time. Did he also visit the office frequently?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. Did you ever hear any discussion between them concerning the stadium or the stadium bill that was pending?

Mrs. BROOME. Well, I guess I could say I was aware that they were talking about the insurance on it, on the performance bond.

Mr. McLENDON. Yes?

Mrs. BROOME. I was aware of that.

Mr. McLENDON. Can you remember anything specifically about that?

Mrs. BROOME. No, sir.

Mr. McLENDON. You mean you are just aware that that subject was one of discussion?

Mrs. BROOME. That is right.

Mr. McLENDON. Between the two of them?

Mrs. BROOME. That is right.

Mr. McLENDON. Did you have any information with respect to whether Reynolds was active in connection with the bill?

Mrs. BROOME. In connection with the bill?

Mr. McLENDON. Yes; the passage of the bill.

Mrs. BROOME. No, sir.

Mr. McLENDON. How about Mr. Baker? Do you have any information whether he was active in connection with it?

Mrs. BROOME. No, sir.

Mr. McLENDON. How about William N. McLeod?

Mrs. BROOME. I do not know Mr. McLeod.

Mr. McLENDON. You don't know him at all?

Mrs. BROOME. No, sir.

Mr. McLENDON. The most you can say about that is that there was discussion between Reynolds and Baker about the stadium and about insurance on the stadium; is that correct?

Mrs. BROOME. To my knowledge that is all I know about it.

Mr. McLENDON. I am only asking you for your knowledge. OK. That is all.

The CHAIRMAN. Senator Pell, do you have any questions?

Senator PELL. Not at this time.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. Mrs. Broome, I notice in the staff memorandum of your interview you were aware that Baker had large sums of money around there, but you didn't handle them or know anything about it; is that correct?

Mrs. BROOME. I don't think I stated there were large sums of money around there.

Senator CURTIS. Well, was there cash around the place?

Mrs. BROOME. There was cash.

Senator CURTIS. But that was not handled by you?

Mrs. BROOME. Had nothing to do with it whatsoever.

Senator CURTIS. Who would it be handled by?

Mrs. BROOME. By Baker.

Senator CURTIS. And your duties were confined to the official senatorial work pursuant to his jobs?

Mrs. BROOME. That is correct.

Senator CURTIS. Did he keep his own books? I withdraw that. Was he ever treasurer of a senatorial campaign committee?

Mrs. BROOME. Yes, sir.

Senator CURTIS. And he kept his own books on that?

Mrs. BROOME. I kept the books on that.

Senator CURTIS. Now, this cash around the office, was that all related to the senatorial campaign treasury, or are you referring to the fact there was other cash?

Mrs. BROOME. Senator Curtis, I do not know that.

Senator CURTIS. You do not know that?

Mrs. BROOME. No, sir.

Senator CURTIS. Would the books reveal it?

Mrs. BROOME. No, sir.

Senator CURTIS. The books did not reveal the cash?

Mrs. BROOME. No, sir.

Senator CURTIS. What was reduced to writing in the books, the people who got checks; is that right?

Mrs. BROOME. The campaign committee books were kept for the purpose of contributing to senatorial campaigns. As I have said before, I am sure the books are available to your committee.

Senator CURTIS. Yes. And your reference to the fact that there was cash around the office you meant was separate and apart from what you knew of the senatorial campaign matters?

Mrs. BROOME. That is correct.

Senator CURTIS. Did Mr. Mickey Weiner visit the office now and then?

Mrs. BROOME. Yes.

Senator CURTIS. Over what period of time?

Mrs. BROOME. I do not know that.

Senator CURTIS. Was he an occasional visitor, or frequent?

Mrs. BROOME. Senator, I left Mr. Baker in 1961.

Senator CURTIS. 1961?

Mrs. BROOME. Yes. Now, I don't know how frequently Mr. Weiner came to the office after 1961.

Senator CURTIS. When you were there was he in every once in a while?

Mrs. BROOME. He was in there frequently.

Senator CURTIS. He assisted in some of the inaugural plans?

Mrs. BROOME. I do not know that.

Senator CURTIS. Did Mr. McCloskey call at the office?

Mrs. BROOME. Yes, sir.

Senator CURTIS. Quite frequently?

Mrs. BROOME. No, sir.

Senator CURTIS. I realize this is a relative time, but would it be rare occasions, or once in a while or once a month or what?

Mrs. BROOME. I would say rather rare occasions.

Senator CURTIS. Would you handle Mr. Baker's telephone calls?

Mrs. BROOME. Yes, sir.

Senator CURTIS. Would he talk to Mr. McCloskey on the telephone sometimes?

Mrs. BROOME. Yes, sir.

Senator CURTIS. And how about William McLeod, whose name has been mentioned here? Did he have telephone conversations with him?

Mrs. BROOME. Well, it is possible, but I don't recall that.

Senator CURTIS. Did Mr. Thomas Webb visit the office while you were there?

Mrs. BROOME. Yes, sir.

Senator CURTIS. More than once?

Mrs. BROOME. Yes, sir.

Senator CURTIS. A number of times?

Mrs. BROOME. Yes, sir.

Senator CURTIS. Did Mr. Clint Murchison visit?

Mrs. BROOME. Occasionally.

Senator CURTIS. Did Wayne Bromley visit?

Mrs. BROOME. Yes, sir.

Senator CURTIS. Very often?

Mrs. BROOME. Yes, sir.

Senator CURTIS. What work was he engaged in?

Mrs. BROOME. I beg your pardon?

Senator CURTIS. What work was he engaged in?

Mrs. BROOME. Well, Wayne, of course, was a Senate employee for many years, and he is now with an independent firm downtown.

Senator CURTIS. Do you know whether Ernest Tucker and Robert Baker were law partners?

Mrs. BROOME. I always assumed they were.

Senator CURTIS. Upon what did you base that assumption?

Mrs. BROOME. Well, they were doing business together. Their names were on the same door, on the same letterhead.

Senator CURTIS. And you at one time were married to Ernest Tucker?

Mrs. BROOME. That is correct.

Senator CURTIS. And it was during that year you were also secretary to Bobby Baker?

Mrs. BROOME. That is correct.

Senator CURTIS. And during that time you believed them to be law partners?

Mrs. BROOME. I assumed that they were law partners, yes.

Senator CURTIS. I think that is all.

Mr. McLENDON. Mrs. Broome, I have found this testimony here. It is not very long. I will read it to you.

Mr. McLENDON. Will you hand him exhibit 26 now, please? Did you furnish this exhibit 26 to Senator Williams?

Mr. REYNOLDS. I did, sir.

Mr. McLENDON. What is it?

Mr. REYNOLDS. It is a memorandum that was given to me by Bobby Baker in his office with the statement that he had accomplished what I had called about.

Mr. McLENDON. And where did you get it?

Mr. REYNOLDS. In Bobby's office, and he gave it to me, sir, and I inadvertently stuck it in my pocket in file 13, sir.

Mr. McLENDON. The date at the top is so badly blurred that the reproduction doesn't show what it is. Would you help us about the date?

Mr. REYNOLDS. Well, sir, Mr. FitzGerald has the original on this, and I asked him for it. He said he thought it was in the portfolio he left in his car, because he does have the original. But I believe it is the same year; that is the same month that the stadium bill was passed, sir.

Mr. McLENDON. That would be in 1959, wouldn't it?

Mr. REYNOLDS. 1959, I believe, is right.

Mr. McLENDON. And this is a memorandum apparently made by Baker's secretary.

Mr. REYNOLDS. Mrs. Tucker.

You were Mrs. Tucker before your second marriage to Mr. Broome?

Mrs. BROOME. Yes.

Mr. McLENDON. The next question:

Mr. McLENDON. Recording a telephone call from you?

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And she passed it on to Baker?

Mr. REYNOLDS. Bobby, and Bobby told me that she had taken care of it.

Mr. McLENDON. And then you visited Baker's office and he gave you a copy of it?

Mr. REYNOLDS. He said, "Here it is, Don. I have got your note and I have taken care of it."

Mr. McLENDON. And it contains a statement that the White House has assured that the bill will be signed?

Mr. REYNOLDS. That is not my statement, sir.

Mr. McLENDON. I didn't say that. I said this statement says.

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. "White House has assured that the bill will be signed."

Mr. REYNOLDS. Right, sir.

Mr. McLENDON. And then it says "Bible." Who is that?

Mr. REYNOLDS. I don't know unless it is Senator Bible, of Nevada.

Mr. McLENDON. Chairman of the Senate committee?

Mr. REYNOLDS. I assume so, sir.

Mr. McLENDON. "Was to check with Morse." Who is Morse?

Mr. REYNOLDS. I don't know, sir. This is not my typing.

Mr. McLENDON. Didn't you talk to Baker about it?

Mr. REYNOLDS. No. He said, "I have taken care of it. It is all done. You don't have to worry. Here it is."

Mr. McLENDON. Didn't you have any curiosity to find out what this thing meant?

Mr. REYNOLDS. Sir, I only wanted the completed action, not the details.

Mr. McLENDON. Weren't you interested in what the man was doing?

Mr. REYNOLDS. No, sir, or how.

Mr. McLENDON. Why would you even read it then if you had so little interest in it?

Mr. REYNOLDS. Because he gave it to me, said, "I got your note," pulled this out, and "taken care of it."

Mr. McLENDON. Why did you keep it if it was valueless; why did you keep it?

Mr. REYNOLDS. I cannot answer that truthfully except faith, sir.

Mr. McLENDON. Can you tell the committee whether you did in fact on that date call Baker about the stadium bill?

Mr. REYNOLDS. I cannot verify that on that date I did, but I could believe that I had called him, sir.

Then skipping a meaningless question, the next question:

Mr. McLENDON. If you saw Baker on that day and he gave you the copy of the memorandum, wouldn't that refresh your recollection as to whether you called him by phone as this memorandum purports to say?

Mr. REYNOLDS. I would believe that I called and Bobby was busy and I spoke with Mrs. Tucker, his secretary, and I asked her to relay the message to Bobby. Subsequent to that time Bobby called me and told me to drop by the office.

Mr. McLENDON. What was the message you gave to his secretary to relay to Bobby?

Mr. REYNOLDS. I don't know. It must be this, sir.

Mr. McLENDON. Can't you recall it?

Mr. REYNOLDS. No, sir. How can I remember insignificant details?

Mr. McLENDON. How could you remember the memorandum if you didn't remember?

Mr. REYNOLDS. I found it, sir.

Mr. McLENDON. What was the purpose of your telephone call?

Mr. REYNOLDS. Well, I think it is pretty obvious that something had gotten bogged down in a parliamentary procedure. I don't know, sir.

Mr. McLENDON. Was there something bogged down?

Mr. REYNOLDS. I cannot answer that, either.

Mr. McLENDON. And you were the generalissimo, and you were calling Bobby to get it straightened out; is that what you mean?

Mr. REYNOLDS. No; I knew Bobby had a lot of pressure, sir.

Mr. McLENDON. President Eisenhower was here then, wasn't he?

Mr. REYNOLDS. To the best of my knowledge, certainly.

Mr. McLENDON. Who gave the information that the White House has assured that the bill would be signed?

Mr. REYNOLDS. You will have to ask Mrs. Tucker or Mr. Baker. I do not know, sir.

Mr. McLENDON. Is this the best explanation you can make of this document?

Mr. REYNOLDS. Yes, sir. I have no knowledge of who makes this statement.

Mr. McLENDON. Why did you think it was significant enough to give Senator Williams?

Mr. REYNOLDS. I just gave him a whole bunch of papers I had, and at the moment I wasn't even sure I had given it to him or it was there, sir.

Mr. McLENDON. Can you tell us the day—

Well, that moves on to something else. Does any of that refresh your recollection?

Mrs. BROOME. No, sir; and I heard him say that on television the other evening, too. It still doesn't ring a bell with me.

Mr. McLENDON. All right. That is all. Thank you.

Senator CURTIS. One question. Did Mr. Fred Black come to the office any time while you were there?

Mrs. BROOME. Yes, sir.

Senator CURTIS. Somewhat frequently?

Mrs. BROOME. Yes, sir.

Senator CURTIS. Did he go into Mr. Baker's office?

Mrs. BROOME. Yes, sir.

Senator CURTIS. But Black and these other people transacted their business with Mr. Baker and not with you?

Mrs. BROOME. Privately; that is correct.

Senator CURTIS. How large a working force was in Baker's office during the time you were there, including page boys that would come in and do some work? Three or four?

Mrs. BROOME. Three or four. Four.

Senator CURTIS. Four. And were you the only one that typed up things?

Mrs. BROOME. No. The others would type things occasionally.

Senator CURTIS. That is all.

Mr. McLENDON. One other question I will ask you. This is all a fishing expedition I am engaged in. Do you recall a meeting in Mr. Baker's office while you were there, attended by Mr. Matthew McCloskey, Baker, Reynolds, McLeod, and Congressman McMillan?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. You do recall that?

Mrs. BROOME. Yes, sir.

Mr. McLENDON. Tell us what you know about it.

Mrs. BROOME. Nothing other than they came in, went in and shut the door, and went out again.

Mr. McLENDON. You mean you didn't hear any of the conversation?

Mrs. BROOME. No, sir.

Mr. McLENDON. None at all?

Mrs. BROOME. No, sir.

Mr. McLENDON. Did you, at Baker's request, make any telephone calls to any of those gentlemen inviting them to the meeting?

Mrs. BROOME. I am sure I did.

Mr. McLENDON. Do you have any independent recollection of which ones you called?

Mrs. BROOME. No, sir.

Mr. McLENDON. You knew Mr. McCloskey, I imagine?

Mrs. BROOME. Yes; I knew Mr. McCloskey.

Mr. McLENDON. Did he visit Mr. Baker's office frequently?

Mrs. BROOME. No. Occasionally.

Mr. McLENDON. Occasionally. After that meeting, although you didn't sit in it and hear what took place, did Baker make any statement in your presence to Reynolds about the stadium or about insurance or a bond or anything like that?

Mrs. BROOME. No, sir.

Mr. McLENDON. At that time did you have any information that indicated that Baker was trying to get the business for Reynolds?

Mrs. BROOME. Well, I assumed that is what he was doing, Major.

Mr. McLENDON. Why did you assume it?

Mrs. BROOME. Well, why would they be talking to Mr. McCloskey about it, if they weren't trying to get the business?

Mr. McLENDON. How did you know that they talked to McCloskey about it?

Mrs. BROOME. Well, I just assumed that that is what—

Mr. McLENDON. Oh, you assumed?

Mrs. BROOME (continuing). What they were talking to Mr. McCloskey about.

Mr. McLENDON. Are you sure Mr. Baker might not have made some reference to it in your presence?

Mr. SANDGROUND. May I consult with my witness?

Mr. McLENDON. Certainly. Will you answer my question now?

Mrs. BROOME. Would you mind repeating it, Major?

Mr. McLENDON. I said: Are you sure that Baker may not have said something in your presence about talking to Mr. McCloskey about getting him to give insurance and the bond business to Mr. Reynolds?

Mrs. BROOME. Do you mean—do you want a yes or a no answer to that question?

Mr. McLENDON. Maybe I haven't made my question clear.

Mr. SANDGROUND. Major, my client doesn't understand the question.

Mr. McLENDON. All right; let me ask it over. Are you certain that, after this conference in the office that you testified about, attended by McCloskey, Baker, Reynolds, McLeod, and McMillan—are you certain that he might not have said to you something indicating that he was trying to get McCloskey to give the insurance business to Reynolds?

Mrs. BROOME. No, sir.

Mr. McLENDON. You can't be sure about it?

Mrs. BROOME. No, sir.

Mr. McLENDON. And you are unable to point out anything specific that made you think that subject was being discussed?

Mrs. BROOME. No, sir.

Mr. McLENDON. I am still fishing. Did you know anything about a check that Weiner—Myron Weiner or Mickey Weiner—gave to Ernest Tucker for Robert Baker?

Mrs. BROOME. No, sir.

Mr. McLENDON. You knew nothing about that?

Mrs. BROOME. No, sir.

Mr. McLENDON. All right; thank you.

Senator PELL. Mr. Chairman.

The CHAIRMAN. Senator Pell.

Senator PELL. Mrs. Broome, in connection with the passage of the stadium bill and that memo that the general counsel is referring to, do you recall as a matter of procedure who it was that Mr. Baker would contact at the White House concerning the signing of legislation? Who on President Eisenhower's staff he was in touch with?

Mrs. BROOME. I have no idea.

Senator PELL. This would be another way of getting at the same question. You do not remember, as a normal course concerning legislation, who he would be in touch with?

Mrs. BROOME. That was during the Eisenhower administration, wasn't it?

Senator PELL. Exactly.

Mrs. BROOME. General Persons, I believe.

Mr. McLENDON. What did she say?



The CHAIRMAN. What was your answer?

Mrs. BROOME. General Persons.

Senator PELL. Persons?

Mrs. BROOME. P-e-r-s-o-n-s.

Senator PELL. Thank you. Do you recall any visits on the part of Mr. Reynolds when he would come along and then the funds of the senatorial campaign committee would seem increased following these visits?

Mrs. BROOME. No, sir.

Senator PELL. There is no relationship to the supplies of funds and the visits of Reynolds, to your knowledge?

Mrs. BROOME. No, sir.

Senator PELL. Thank you.

Senator CURTIS. As I understand it, your work with the senatorial campaign funds didn't handle cash; is that right?

Mrs. BROOME. No, sir.

Senator CURTIS. So you wouldn't know whether it decreased or increased?

Mrs. BROOME. No, sir.

Senator CURTIS. After a particular visit to the office.

Mrs. BROOME. No, sir.

Senator CURTIS. Do you happen to know anything about Mr. Wayne Bromley having a check cashed for \$5,000 from the national bank in California?

Mrs. BROOME. No, sir.

Senator CURTIS. You do not?

Mrs. BROOME. No, sir.

Senator CURTIS. That is all.

Senator COOPER. Let me ask you a question. You state that you knew that certain amounts of cash were kept in Mr. Baker's office. Is that correct?

Mrs. BROOME. Yes, sir.

Senator COOPER. Where was it kept?

Mrs. BROOME. In a safe.

Senator COOPER. Where?

Mrs. BROOME. In a safe.

Senator COOPER. How did you know the money was there? Did you look into the safe and see it?

Mrs. BROOME. Yes, sir.

Senator COOPER. Did you ever see anyone give Mr. Baker cash?

Mrs. BROOME. No, sir.

Senator COOPER. Did you ever see him deliver cash to anyone?

Mrs. BROOME. No, sir.

Senator COOPER. To refresh your recollection, did you ever see him give any cash to any page?

Mrs. BROOME. No, sir.

Senator COOPER. To Mrs. Novak?

Mrs. BROOME. No, sir.

Senator COOPER. How did you know about these telephone calls?

Mrs. BROOME. I beg your pardon?

Senator COOPER. You have related that Mr. Baker from time to time received calls from different persons. How did you know that? Did you hear him talk over the phone?

Mrs. BROOME. Well, I answered the phone.

Senator COOPER. Some reference has been made to a memorandum which said Mr. Baker had cleared this matter with the White House. Did you ever hear him talk to anyone at the White House?

Mrs. BROOME. Well, I just told Senator Pell that I think he talked frequently with General Persons.

Senator COOPER. To whom?

Mrs. BROOME. General Persons, who was at the White House at the time.

Senator PELL. Mr. Chairman, while a report should always be filed, I think the record should show that we are all aware of the fact that use of cash in political campaigns is not necessarily an illegal and wrong act.

The CHAIRMAN. Are there any further questions? Senator Curtis? Thank you very much, Mrs. Broome. Is Mr. Blaser in? Come around, Mr. Blaser. Mr. Blaser, I believe you have testified before this committee before; is that correct?

Mr. BLASER. I have, Mr. Chairman.

The CHAIRMAN. So you were sworn at that time?

Mr. BLASER. Correct.

The CHAIRMAN. It won't be necessary to swear you again.

Mr. BLASER. No, sir.

The CHAIRMAN. Thank you very much. We appreciate your being here this morning.

Mr. McLENDON. Mr. Alexander, will you hand the witness exhibits 40 and 41? Mr. Blaser, you previously testified at a public hearing that you were the contracting officer for the construction of the District of Columbia Stadium?

TESTIMONY OF JAMES A. BLASER

Mr. BLASER. That is correct.

Mr. McLENDON. In that capacity did you receive an inquiry from Mr. Bergman, who occupied the position of manager of the stadium, for a certificate of insurance on the stadium?

Mr. BLASER. I did.

Mr. McLENDON. According to letter dated August 8, 1960?

Mr. BLASER. Yes, sir.

Mr. McLENDON. Do you have that before you?

Mr. BLASER. I have.

Mr. McLENDON. And did you, in consequence of that letter, write a letter dated August 11, 1960, addressed to McCloskey & Co., Philadelphia, in which you said:

The District of Columbia Armory Board during discussions with their insurance broker, concerning insurance for the District of Columbia Stadium other than for construction purposes, has been requested by that broker to obtain from the construction contractor "certificates of their workmen's compensation and public liability policies including automobile liability coverage."

Did you write that letter?

Mr. BLASER. I did.

Mr. McLENDON. And then, following that on September 27, did you write again to the McCloskey Co., in which you said:

Reference is made to my letter dated August 11, 1960, subject as above, concerning certificates of workmen's compensation and public liability policies including automobile liability coverage.

You are again requested to furnish to the contracting officer the certificates for your insurance.

Mr. BLASER. I did write that.

Mr. McLENDON. You wrote that. Then did you receive from Hutchinson, Rivinus, the documents, dated September 29, 1960, letter addressed to you, saying:

"We are enclosing herewith certificate of insurance in evidence"—I suppose it should be "as evidence," but it reads "in evidence," doesn't it?

Mr. BLASER. It does read "in evidence."

Mr. McLENDON. "That the above captioned is carrying workmen's compensation, public liability, and property damage insurance with limits as indicated thereon."

The letter and certificate are marked "Exhibit 40." Do you have both of those?

Mr. BLASER. Major McLendon, I have exhibit 40, which are those documents you have mentioned.

Mr. McLENDON. One is the transmittal letter and the other one is the certificate of insurance.

Mr. BLASER. Yes, sir.

Mr. McLENDON. And the certificate of insurance includes workmen's compensation, does it not?

Mr. BLASER. Right.

Mr. McLENDON. Comprehensive automobile, bodily injury liability, and property damage liability, does it not?

Mr. BLASER. Correct.

Mr. McLENDON. And the last one is comprehensive general, bodily injury, and property damage liability, is it not?

Mr. BLASER. Yes, sir.

Mr. McLENDON. It gives the certificate numbers, the effective date, and the expiration date in each case?

Mr. BLASER. That is correct.

Mr. McLENDON. I offer those in evidence, Mr. Chairman.

(The documents referred to are as follows:)

EXHIBIT 40

September 29, 1960

Mr. J. A. Blaser, Contracting Officer
D. C. Armory Board
300 Indiana Avenue, N. W.
Washington, D. C.

Re: Washington, D. C.

Gentlemen:

We are enclosing herewith Certificate (s) of Insurance in evidence that the above captioned is carrying Workmen's Compensation, Public Liability, and Property Damage Insurance with limits as indicated thereon.

Trusting the above is found to be in order, we remain,

Very truly yours,

HUTCHINSON, RIVINUS & CO.

H. F. Jackson
amc

William F. Jackson

WFJ/amc

Encs.

CC: McCloskey & Co.

P. S. This is one of those infrequent unexplainable instances where the sending of the Certificate was long delayed.

H. J. W.

403
Shw.



Hutchinson, Rivinus & Co.
Public Ledger Building
Independence Square
Philadelphia 6, Pa.

The Aetna Casualty and Surety Company
Hartford, Connecticut



Certificate of Insurance

To **FR. J. A. BLASER**
CONTRACTING OFFICER
D.C. ARMORY BOARD
300 INDIANA AVE. N.W.
WASHINGTON, D.C.

Date **9-28-60**

Gentlemen: This is to certify that insurance policies, subject to their terms, conditions and exclusions, are at present in force in this Company as follows:

Name of Insured **MC CLOSKEY AND COMPANY**

Covering **WASHINGTON D.C. STADIUM**

KIND OF INSURANCE	LIMITS OF LIABILITY	POLICY NO.	EFFECTIVE	EXPIRATION
Workmen's Compensation		4 C 93100-RR	12-31-59	12-31-60
Manufacturers' & Contractors' Bodily Injury Liability	Thousand Dollars Each Person Thousand Dollars Each Accident			
Property Damage Liability	Thousand Dollars Each Accident Thousand Dollars Aggregate			
Owners' or Contractors' Protective Bodily Injury Liability	Thousand Dollars Each Person Thousand Dollars Each Accident			
Property Damage Liability	Thousand Dollars Each Accident Thousand Dollars Aggregate			
Comprehensive Automobile Bodily Injury Liability	100 Thousand Dollars Each Person 300 Thousand Dollars Each Accident	4 JC 1879-RR	12-31-58	12-31-61
Property Damage Liability	10 Thousand Dollars Each Accident			
Comprehensive General Bodily Injury Liability	200 Thousand Dollars Each Person 500 Thousand Dollars Each Accident Thousand Dollars Aggregate	4 AL 9337-RR	12-31-58	12-31-61
Property Damage Liability	50 Thousand Dollars Each Accident 50 Thousand Dollars Aggregate			
Bodily Injury Liability	Thousand Dollars Each Person Thousand Dollars Each Accident Thousand Dollars Aggregate			
Property Damage Liability	Thousand Dollars Each Accident Thousand Dollars Aggregate			

In event of cancellation, written notice will be given to the party to whom this certificate is addressed.

7-59
The Aetna Casualty and Surety Company By *John A. Hagston*
Authorized Representative

EXHIBIT 41

DEC 24 4 30 #

Aug. 8, 1960

TO: Mr. James A. Blaser
Contracting Officer

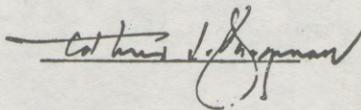
FROM: Arthur J. Bergman
Manager

RE: Liability Insurance Coverage - McCloskey & Co.

With the concurrence of Mr. Chester Gray, and upon the recommendation of our insurance brokers, we are now covered on the Stadium site with an "Owners' Contingent Liability" policy. This, of course, does not affect the public liability insurance covered by McCloskey.

In connection with this insurance, our insurance brokers have requested that we secure from each firm with whom we now have, or will have a contract for the construction of the new stadium and its facilities, "certificates of their Workmen's Compensation and Public Liability policies, including Automobile Liability coverage".

You may remember that we spoke of this matter some time ago and you said that routinely such certificates were not required; however in view of the request from our brokers, I am wondering if this might put a different aspect on the matter.



AJB/k

File No. 1.3-37

August 11, 1960

McCloskey & Co.
1620 W. Thompson St.
Philadelphia, Penna.

Re: Contract A. B. F. C. No. 1
Construction of
D. C. Stadium
Subj: Contractor's Insurance

Gentlemen:

The D. C. Armory Board during discussions with their insurance broker, concerning insurance for the D. C. Stadium other than for construction purposes, has been requested by that broker to obtain from the construction contractor "certificates of their Workmen's Compensation and Public Liability policies including Automobile Liability coverage".

Accordingly, it will be appreciated if your insurer or insurers will furnish to the contracting officer such certificates for your insurance.

Very truly yours,

J. A. BLASER
Contracting Officer for
D. C. Armory Board

cc:Mr. Bergman

JAB
JAB:m

WAC
WAC

File No. 1.3-68

September 27, 1960

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

Re: Contract A. B. F. C. No. 1
Construction of
D. C. Stadium
Subj: Contractor's Insurance

Gentlemen:

Reference is made to my letter dated August 11, 1960, subject as above, concerning certificates of Workmen's Compensation and Public Liability policies including Automobile Liability coverage.

You are again requested to furnish to the contracting officer these certificates for your insurance.

Very truly yours,

J. A. BLASER
Contracting Officer for
D. C. Armory Board

cc:Mr. Bergman

sm

JAB

NEW YORK OFFICE
59 JOHN STREET

TELEPHONE: WALNUT 8-7000
CABLE ADDRESS: HUTCHRIV

HUTCHINSON, RIVINUS & Co.
Insurance Brokers — Average Adjusters

Fire — Marine — Casualty
Life — Group — Pension Consultants

PUBLIC LEDGER BUILDING
INDEPENDENCE SQUARE

FRANK F. CLAIN
W. WRIGHT HUMPHREYS
JAMES B. McHALE, JR.
O. DONN BURTON
JOHN TYSON
GEORGE L. RITTER
J. CARROLL GOODMAN
SNOWDEN HENRY
NELSON BILLINGTON
FRANK L. CLAIN
FREDERIC M. BABERICK
JOHN B. ROY, JR.
ROBERT E. DONAHUE

PHILADELPHIA 6

September 29, 1960

Mr. J. A. Blaser, Contracting Officer
D. C. Armory Board
300 Indiana Avenue, N. W.
Washington, D. C.

Re: Washington, D. C.

Gentlemen:

We are enclosing herewith Certificate (s) of Insurance in evidence that the above captioned is carrying Workmen's Compensation, Public Liability, and Property Damage Insurance with limits as indicated thereon.

Trusting the above is found to be in order, we remain,

Very truly yours,

HUTCHINSON, RIVINUS & CO.

W. F. Jackson
amc

William F. Jackson

WFJ/amc

Encs.

CC: McCloskey & Co.

Mr. McLendon. That is all.

Senator CURTIS. Now, Mr. Blaser, referring to all of those exhibits—

Mr. BLASER. Yes, sir.

Senator CURTIS (continuing). Relating to the general liability insurance, is there anything to indicate in there that there was any correspondence with Don Reynolds Associates or Don Reynolds personally, or is there anything in those exhibits to indicate that he might be connected with the general liability insurance?

Mr. BLASER. Nothing whatsoever, Senator Curtis.

Senator CURTIS. That is all.

The CHAIRMAN. Senator Cooper?

Senator COOPER. No questions.

The CHAIRMAN. Senator Pell?

Senator PELL. No questions.

Mr. McLendon. That is all. Thank you, Mr. Blaser.

The CHAIRMAN. Mr. Tom McCloskey, will you please come forward. Mr. McCloskey, were you present when the statement was read this morning or yesterday?

Mr. McCLOSKEY. Yes, Senator.

The CHAIRMAN. You have not been sworn, though, have you?

Mr. McCLOSKEY. No, sir.

The CHAIRMAN. Will you stand please, sir, and place your left hand on the Bible and raise your right hand? Do you solemnly swear that the testimony you are about to give before the 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, sir. Please be seated.

Mr. McLendon. Mr. McCloskey, in 1959 and 1960, were you connected with McCloskey & Co.?

TESTIMONY OF THOMAS D. McCLOSKEY, ACCOMPANIED BY HOWARD GITTIS, ATTORNEY

Mr. McCLOSKEY. Yes, Major.

Mr. McLendon. In what capacity?

Mr. McCLOSKEY. Vice president.

Mr. McLendon. Are you related to Matthew H. McCloskey?

Mr. McCLOSKEY. Son.

Mr. McLendon. Were you assigned to have charge of the construction of the District of Columbia Stadium for your company?

Mr. McCLOSKEY. Yes, Major.

Mr. McLendon. How much time did you spend in Washington in connection with that job?

Mr. McCLOSKEY. Well, at the time we were doing about, or, I guess six or eight jobs in Washington, and I probably spent 2 to 3 days every week here.

Mr. McLendon. You looked after all of them?

Mr. McCLOSKEY. That is correct.

Mr. McLendon. In a supervisory way?

Mr. McCLOSKEY. Yes.

Mr. McLendon. Did you personally have anything to do with preparing and filing McCloskey & Co.'s bid for the stadium contract?

Mr. McCloskey. Up to the actual moment of the bid, no. I was not in Washington when we put the bid together. But prior to that—why, these estimates take weeks, Major—and in that respect I was very much involved in it. But in the final assemblage of the bid I was not able to be here, and we had our other estimating team here in town. They put the bid together.

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

Mr. McCloskey. No, sir.

Mr. McLendon. You did attend the award of the contract?

Mr. McCloskey. That is correct.

Mr. McLendon. And you signed the contract, I believe, and also the contract bond?

Mr. McCloskey. Right.

Mr. McLendon. Both documents are in evidence?

Mr. McCloskey. That is right.

Mr. McLendon. Do you remember what individual from the Aetna Co. attended the contract?

Mr. McCloskey. No; I don't remember.

Mr. McLendon. Look at the contract there. Doesn't it show the name of a man named "Fields" representing Aetna?

Mr. McCloskey. I think he was their Washington representative. I wouldn't recognize him if I saw him.

Mr. McLendon. Did you know Don B. Reynolds?

Mr. McCloskey. No, sir.

Mr. McLendon. Had you ever seen him?

Mr. McCloskey. I haven't seen him yet.

Mr. McLendon. Never have met him?

Mr. McCloskey. No, sir.

Mr. McLendon. Therefore, you wouldn't have any conversation with him?

Mr. McCloskey. No. I saw him on television yesterday, but I have never met him personally.

Mr. McLendon. The original check, Mr. McCloskey, from McCloskey & Co. to Don Reynolds Associates, Inc., dated October 17, 1960, purports to bear your signature. Would you examine it and state whether or not it does?

Mr. McCloskey. It does, Major. I don't need to examine it. I signed that check.

Mr. McLendon. You don't need to?

Mr. McCloskey. That is correct.

Mr. McLendon. How did you happen to sign the check?

Mr. McCloskey. Well, at that time I signed all the checks. We were, I think, doing about \$150 million worth of business that year, and I signed them by the hundreds. In fact there was some humor attached to the fact that when they would bring in all these checks, the length of time that it took. So when this check came to me it was one of many, and it came through our accounting and auditing department properly approved and attached to the invoice, and was one of many checks that satisfied me that it had been properly approved as it was stamped on the invoice, so I signed it.

Mr. McLendon. You did have the invoice from Don Reynolds Associates before you, along with the check?

Mr. McCloskey. When those checks come in front of me they would be attached to the invoice or a copy of the invoice with a notation on there that they were approved, which was the assurance that I needed from the system that we operated under that it was all proper to sign it.

Mr. McLendon. Do you have any independent recollection of the invoice?

Mr. McCloskey. No, sir, Major; I do not, at that time. Of course since then I have seen it.

Mr. McLendon. Could you look at a copy of it now and tell us whether this is a copy of the invoice that you had in your presence at the time the check was signed?

Mr. McCloskey. That would be it, Major.

Mr. McLendon. The amount given opposite the word "total" is \$109,205.60?

Mr. McCloskey. Correct. That was the amount of the check.

Mr. McLendon. Sir?

Mr. McCloskey. That corresponded with the amount of the check.

Mr. McLendon. That is right. Does the invoice recite it is for bond, giving the amount of the contract, and for general liability?

Mr. McCloskey. That is correct.

Mr. McLendon. And the invoice does not break down the matter of premium for either of those items?

Mr. McCloskey. No. It just shows the total for the two items of coverage by the Aetna Casualty Co.

Mr. McLendon. Mr. McCloskey, there have been suggestions made that in the conduct of the construction of the stadium under your contract, the company's contract with the Armory Board, that favoritism was shown your company to the extent that you were permitted to collect something over \$2½ million, or approximately that amount, through change orders, and perhaps that that was a scheme to permit you to recover more money than you would have gotten under the contract without the change orders. I would like to ask you to make your own comment about that.

Mr. McCloskey. Well, Major, to begin with I think anyone that knows the construction business would realize that that would be a most hazardous way to conduct your business, if you elected to bid a proposed structure by the Government on the basis that you were hopeful that if you could be low bidder, that perhaps there might be a lot of change orders later on. I mean these are very, very hazardous conditions for any construction company that might bid the job. And I might say on this District of Columbia Stadium, we have felt always that the Government benefited by the fact of the way they took the bids at the early date they did, realizing that the plans were not completed in some of the details.

The timing of this stadium—I think the District at the time was committed to have that stadium opened in September of 1961 for the Washington Redskins to play, and in order to do that, they had to break ground and break ground quickly, and at least get the structure up, which enabled the architect and the engineers to design the restrooms or select the type of doors they might, or what kind of hardware, or where the concession stands would be, these types of

things. There were many extras there that we had nothing to do with. For instance, the selection of the seats. That was a direct bid, the scoreboard was a direct bid, all the parking facilities, all the lighting, things of that nature, we had nothing to do with.

The only real change orders that came to us, I think, came properly because they were change orders that were involved in the trades that we were employing at the time: plumbers, electricians, plasterers, painters, and people of this nature. And the architect and engineer would decide that they wanted—for instance, the offices that are occupied I believe by the various tenants, the Redskins and the Washington Senators, this had to be worked out what the requirements were going to be, and it took a while to detail them.

When the plans were finished, we were asked to give them a proposal, which we did. It was reviewed very carefully by Mr. Blaser in his office and by the architects and the engineers, and reviewed and changed again, and then these things would all be properly documented and our contract would be increased or decreased. Some of these change orders were decreases. Then we would be instructed to proceed. So that I don't really feel that the Government, in any way that we favored—I don't think we were favored. We would try very earnestly to make a performance here. We had a tight schedule and we worked what we thought was in good practice when you had these changes that came up.

Actually the contract, the Government's contracts, leave you no alternative anyway. If the architect or the owner directs you to make these changes, you have got to comply. If you can't agree on a proposal or a price, they can do it on what they call force account work, actually keep your time, check your labor, and everything like that, which when we couldn't agree on pricing, why that is the way it was done. But in most instances we were able to satisfy the proper people that these change orders were all—that the pricing was correct and that the Government was getting their money's worth.

Mr. McLendon. Let me see if I understand one comment that you made. That the written contract between McCloskey & Co. and the Armory Board contains a provision that has been testified to in prior hearings before the committee, that required McCloskey to do the change orders whether they liked it or not. In other words, if the Board ordered you to make the change, you had to do it; is that right?

Mr. McCloskey. I think the language is in general that on all Government contracts, Major.

Mr. McLendon. But it was in this one.

Mr. McCloskey. I would think specifically yes; it would be on this one.

Mr. McLendon. And Mr. Blaser and others testified that the procedure was that when a change order was made by the armory, that you or someone representing your company and Mr. Blaser would then sit down and try to negotiate the cost or the amount to be paid to the contractor for that particular change order; is that correct?

Mr. McCloskey. Well, usually what they did do is give us the documents. They would either give us drawings and a bulletin describing the work and the specifications to follow; we would put our estimators on it immediately, and as soon as we could come out with a proposal, we would submit it in writing completely broken down as

to the number of bricks, yards of concrete or whatever the item might be. And then, after Mr. Blaser's office had a chance to review it, they would say this was too high or that was wrong or whatever it was, and we would sit down and work these things out with them.

Mr. McLENDON. If you hadn't agreed on the amount, under the terms of the contract would you have been required to do the work anyway?

Mr. McCLOSKEY. Yes.

Mr. McLENDON. And then take your chance on reaching an adjustment afterward?

Mr. McCLOSKEY. No; it spells that in there that if you can't agree on a proposal, that you do it on what they call a force account work. They will actually put you on a specific project and count the number of men that are on it and the hours they work and multiply it by the wage rates and the materials that you are using, and you have to show invoices for the materials and that type of thing. This is done all the time.

Mr. McLENDON. Were any of these change orders issued at the request of the McCloskey Co. or did they originate with the Board?

Mr. McCLOSKEY. I think they all originated with the Board. We tried to be helpful where we could and give them the benefit of any experience we might have, which I think they will bear me out on that one. But if we were asked to give an opinion based on experience and what was good practice or where they thought perhaps they might get the most for their money, we were happy to do it. But the change orders were all originated by the requirements of the Armory Board.

Mr. McLENDON. Did these change orders require additions to the original design of the building as made by the architects?

Mr. McCLOSKEY. Now the overall dimensions of the building as such, the structure is what actually they took the bids on first, I would say, the piling, and there was a big structural steel job, a structure. Actually I think the change orders were mostly on the finishing portions of the job.

Mr. McLENDON. It did involve one large item, as I recall it, because of the necessity of rearranging the seating for football and baseball. Do you remember that?

Mr. McCLOSKEY. No; that was in the original.

Mr. McLENDON. That was in the original?

Mr. McCLOSKEY. These are the movable stands you are talking about?

Mr. McLENDON. Yes.

Mr. McCLOSKEY. They put them up for football and take them down for baseball.

Mr. McLENDON. Quite a unique arrangement, wasn't it?

Mr. McCLOSKEY. And actually it has been followed I think by almost every stadium now under design in the country. This is the best-designed stadium we found in the country.

Mr. McLENDON. But this was a precedent-setting arrangement.

Mr. McCLOSKEY. That is correct. There were about 7,500 seats that were movable that they used to take apart and store. Then there was another section of seats that rolled on a truck from left field over so it would be like the end zone, in a football game, which was in the original contract.

Mr. McLendon. One of the members of the Board testified, Mr. McCloskey, that in the summer or spring of 1961 when the time was really running short to get the stadium ready for the opening of the football season, that you had a conference with him and Mr. Marshall—is that the Redskin man?

Mr. McCloskey. Yes; Mr. George Marshall.

Mr. McLendon. About the urgency of getting the job going.

Mr. McCloskey. That is right.

Mr. McLendon. And ready for the opening game. Do you remember that?

Mr. McCloskey. Very well. I was on the job, as a matter of fact, and Mr. Marshall called me and said could I come right over. Actually I had about 2 tons of mud on my shoes and I looked terrible. I told him and he said that didn't matter, to come over, so I hopped in a cab and went over, and he was in quite a dither because they had to know for certain whether they could have that stadium in September or not. They opened up with the New York Giants and they had to print the tickets and all this kind of stuff, and he kept asking me and asking me could I assure him, and I said, "I can't guarantee you," but I said, "I would think from what we have scheduled and what we know at this time, what I am fairly certain of, that you will be able to play," and I remember kidding him and I said, "You might have to change and dress in Union Station and walk over," but, I said, "at least the field will be ready for you," and he thought I was serious and said, "My gosh, we can't do that." I said, "I am only kidding you."

Based on that, he called Rozelle, the commissioner in New York, and I was sitting there and said I assured him, and I said, "Don't tell him I assure you," and he said, "Oh, yes, he had assured us and he is known never to let people down, and they always live up to these schedules," and as a result Rozelle released the schedule, and they printed the tickets, so we really had some reasons to get done in a hurry at the time.

Mr. McLendon. I believe members of the Board testified along about that time, and from that time until the opening of the football season, that you worked practically around the clock on the job.

Mr. McCloskey. That is correct.

Mr. McLendon. Sundays, nights, and every other thing.

Mr. McCloskey. Well, I will just tell you one. We poured concrete out there. To begin with the Weather Bureau said that that was the worst winter in the history of the Weather Bureau for this Washington area. This is a matter of record. And at the time we were pouring the structural concrete, one day we had our own concrete trucks on the job, we had 52 flat tires in 1 day, I remember, trying to keep the concrete pouring going. We thought this was over and above what was expected, but we had a contract and a time to meet, and we met it.

Mr. McLendon. Let me ask you one overall question. Was your company at any time shown any favoritism by which you were able to get out of this job any more money than you were entitled to under the strict terms of the contract?

Mr. McCloskey. None whatsoever, Major.

Mr. McLendon. You testified you didn't know Don Reynolds, never met him?

Mr. McCloskey. No. I mean, that is correct; I have not.

Mr. McLendon. Did you have any knowledge of any arrangement by which he was to act as broker for procuring the performance bond and general liability insurance on the stadium?

Mr. McCloskey. Yes.

Mr. McLendon. What information did you have?

Mr. McCloskey. Mr. McCloskey said he had agreed to put this insurance through a firm in Washington, and that was the extent of the knowledge that I had, so that when this invoice came through, why I had no hesitation to sign it, the check, rather.

Mr. McLendon. Did you refer to your father when you said Mr. McCloskey told you?

Mr. McCloskey. Yes, sir.

Mr. McLendon. And what he told you was what, now, that—

Mr. McCloskey. He said that he had agreed to put this insurance through a Washington company, or words to that effect. I mean he did say, because I recall asking him about this Reynolds company, and he said, well, he had agreed to put that insurance through a Washington firm.

Mr. McLendon. Did you try to verify the amounts or the total amount on that invoice that you received from Reynolds?

Mr. McCloskey. No, sir; no. I didn't.

Mr. McLendon. Was that someone else's job in the office of the company?

Mr. McCloskey. Well, as I explained, when it got to me, by the time it got to signing by an officer of the company, it had gone through whatever procedure we have up there in the company as far as approval and posting and coding and what not in our accounting department.

Mr. McLendon. The question has arisen as to whether permitting someone to act as broker on the bond and general liability insurance as distinguished from writing or purchasing the bond and insurance from your regular agent is unusual or extraordinary. What do you say about that?

Mr. McCloskey. No; I don't think so.

Mr. McLendon. Does your company select people to act as brokers?

Mr. McCloskey. We have in the past; yes.

Mr. McLendon. Does that present any particular difficulty insofar as McCloskey & Co. is concerned?

Mr. McCloskey. No; actually, Major, it doesn't cost McCloskey & Co. any difference. It is just placing it perhaps with a different organization or a different company.

Mr. McLendon. The cost would be just the same as if Hutchinson, Rivinus had furnished the bond and general liability.

Mr. McCloskey. I would think so; yes.

Mr. McLendon. All right.

The CHAIRMAN. Senator Pell?

Senator PELL. Mr. McCloskey, would you be willing to hazard a general estimate as to what portion of your business is with the Federal Government?

Mr. McCloskey. Percentagewise?

Senator PELL. Percentagewise, very roughly, a quarter, a half, three-quarters?

Mr. McCloskey. With the Federal Government?

Senator PELL. Yes.

Mr. McLENDON. You mean at that time?

Mr. McCLOSKEY. Of course, we do a lot of highway work also that there is Federal money in, and it is unusual—at the moment we are finishing up the House Office Building, which is really unique in size; a building that big doesn't come up very often. But I would say 70 percent of our work would be Federal money in it—let me put it that way. Of course, I couldn't very well distinguish. On highway work, for instance, in the State of Pennsylvania, I think there is 10 percent Federal money; the rest is State.

Senator PELL. Or 50 percent.

Mr. McCLOSKEY. Or 50 percent; excuse me.

Senator PELL. Also did you have any knowledge of the arrangement made with Mr. Baker whereby some of this insurance money would go to the Democratic Party?

Mr. McCLOSKEY. No; not at all, Senator.

Senator PELL. That is all. Thank you.

Senator CURTIS. Who approved this check, this account that you wrote the check for?

Mr. McCLOSKEY. To my knowledge, Senator, the accounting department stamps any invoice as approved.

Senator CURTIS. Does it show who in the accounting department approved it?

Mr. McCLOSKEY. No.

Senator CURTIS. But you knew it was all right because your father had said so.

Mr. McCLOSKEY. He had said to me, as I said earlier to the major here, that he had agreed to put this insurance through a Washington firm.

Senator CURTIS. Is that what he said?

Mr. McCLOSKEY. Yes; words to that effect.

Senator CURTIS. Did he say anything about the performance bond?

Mr. McCLOSKEY. No; he just used, I think, the word "insurance."

Senator CURTIS. How come you approved it then for the performance bond?

Mr. McCLOSKEY. That is insurance.

Senator CURTIS. In general parlance it may be.

Mr. McCLOSKEY. Insurance that we were going to complete the work.

Senator CURTIS. Would some specific individual in your accounting department approve this?

Mr. McCLOSKEY. I would think not, as a specific instance; no.

Senator CURTIS. If some official of the company advised the accounting department to approve or not approve a certain bill, would such a notation be made on the records anyway?

Mr. McCLOSKEY. Of course, if it was noted not to approve it, it would never come to me with a check attached—I hope. But if it was approved, then, of course, it would go through the routine of the accounting department and wind up in front of me.

Senator CURTIS. And would it ever carry any notation of who advised that it be approved?

Mr. McCLOSKEY. Not necessarily, sir—Senator; no.

Senator CURTIS. Not necessarily. I said would it ever?

Mr. McCLOSKEY. I don't think so. It could, but it would not be the routine.

Senator CURTIS. It has been testified here that this particular bill was sent to your father. Do you have anything to indicate that it was not?

Mr. McCLOSKEY. The first time I saw it was when it came to me with that check attached.

Senator CURTIS. You have nothing to indicate that it did not go to his—

Mr. McCLOSKEY. I have no knowledge one way or the other, Senator.

Senator CURTIS. At any rate—coupled with the routine approval by the accounting department—you are also aware that your father had spoken to you about it?

Mr. McCLOSKEY. Yes.

Senator CURTIS. Will your company still have in its possession the document, whether it is an invoice or whatever you would call it, or voucher showing when and by whom the bill was approved and what location it was on?

Mr. McCLOSKEY. No, sir.

Senator CURTIS. You wouldn't have that?

Mr. McCLOSKEY. No. I think the only thing we would have would be the original invoice.

Senator CURTIS. As it goes through the accounting department, they don't make any record?

Mr. McCLOSKEY. There isn't any record of it; no, sir.

Senator CURTIS. No notation is made of it. There is nothing written on there to indicate to you that it has been approved?

Mr. McCLOSKEY. Yes. There is a stamp on there that says "Approved."

Senator CURTIS. And will you still have that?

Mr. McCLOSKEY. Would we still have what?

Senator CURTIS. The voucher that came through the—

Mr. McCLOSKEY. This is a photostat of it. You have been furnished the original copy. We still have the original, but this a photocopy which shows that it is approved. It is identified as the contract number which was 403, and then it is marked "Approved."

Senator CURTIS. But it doesn't show by whom.

Mr. McCLOSKEY. No. But the approval shows that it was in the accounting department and it was approved.

Senator CURTIS. I understand. That is all.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Who was the chief official or officer of the accounting and auditing department?

Mr. McCLOSKEY. A man worked for us named McQuaid, Lawrence.

Senator COOPER. Is he still working for McCloskey & Co.?

Mr. McCLOSKEY. No; he hasn't worked for us for about 3 years now.

Senator COOPER. He was?

Mr. McCLOSKEY. At that time; yes. Controller I suppose would be his title.

Senator COOPER. Normally it would be the procedure that his approval should be given to checks sent to you to be signed?

Mr. McCLOSKEY. Well, his name wouldn't appear as such, Senator. I think these invoices would come to me and with an approval stamp on there would be all that I would need to have to sign it.

Senator COOPER. The approval stamped on this particular invoice of Reynolds has no signature or notation of any kind to indicate who gave the approval in the accounting and auditing department. Is that normal?

Mr. McCLOSKEY. I would think so; yes. Gosh, the ones that come through—this is one of many, many invoices, and I would say it bears on it what the majority of any invoice that is paid out of our office would have on it, with the approval, it would have a contract number on it, the date.

Senator COOPER. Some are initialed then and some are not?

Mr. McCLOSKEY. I would say most are not initialed.

Senator COOPER. Is Mr. McCrude here today?

Mr. McCLOSKEY. Is he here today? No. Mr. McQuaid?

Senator COOPER. Who is chief of the accounting and auditing office at this time?

Mr. McCLOSKEY. Mr. Oberhause.

Senator COOPER. What?

Mr. McCLOSKEY. His name is Arthur Oberhause, O-b-e-r-h-a-u-s-e.

Mr. GITTIS. He is not here, Senator.

Mr. McCLOSKEY. He is in Philadelphia.

Senator CURTIS. Where does Mr. McQuaid live?

Mr. McCLOSKEY. He works in Philadelphia.

Senator CURTIS. Can you give us his name and address?

Mr. GITTIS. May I suggest, sir, Mr. McQuaid was interviewed by the FBI during the course of the investigation. When I get back to Philadelphia, I could locate his address and give it to you, but I think the FBI could probably give it to you a little easier. I know they have it. I know they have interviewed him.

Mr. McLendon. Do you remember his initials?

Mr. GITTIS. I believe it is L. F.

Mr. McCLOSKEY. Lawrence A. or F.

Senator COOPER. Do you remember whether or not Mr. McQuaid spoke to you at the time and said that this invoice had been approved—the payment?

Mr. McCLOSKEY. No; I know he didn't. The only conversation I had, Senator—

Senator COOPER. Did Mr. Stewart speak to you about it?

Mr. McCLOSKEY. No. I talked to the Ambassador.

Senator COOPER. What?

Mr. McCLOSKEY. I talked to the Ambassador and he said, as I said earlier, that he had agreed to put this through a Washington firm, and I had signed it.

Senator COOPER. Is that sometime prior to the time you signed the check on September 8?

Mr. McCLOSKEY. I would say it was around a day or so prior, or a day or so afterward.

Senator CURTIS. Did you discuss the amount with your father?

Mr. McCLOSKEY. No, Senator.

Senator COOPER. Subsequent to that time have you signed checks to the Aetna Insurance Co., representing payments to them of premiums on account of the general liability insurance?

Mr. McCLOSKEY. Yes.

Senator COOPER. Are you familiar with the fact that adjustments were made quarterly between the Aetna Insurance and McCloskey & Co. to take into account the premiums on different construction projects which were included in the overall general liability insurance contract?

Mr. McCLOSKEY. I am aware, Senator, that that is the procedure; yes. The actual adjustments and the notices and whatnot, I never see those.

Senator COOPER. Then adjustments would have been made quarterly on account of the District of Columbia Stadium project?

Mr. McCLOSKEY. I would assume so.

Senator COOPER. What?

Mr. McCLOSKEY. I would assume that is correct.

Senator COOPER. Did it ever occur to you during the 4-year interval from the time you signed this check that you could have been making payments on the District of Columbia Stadium contract for general liability insurance which had already been paid to Reynolds in advance?

Mr. McCLOSKEY. No; I never had that thought.

Senator COOPER. It never occurred to you?

Mr. McCLOSKEY. No.

Senator COOPER. You might have been paying twice for the same insurance?

Mr. McCLOSKEY. No. We like to think that we don't do those things, Senator, pay twice.

Senator COOPER. You did in this case.

Mr. McCLOSKEY. Apparently, yes.

Senator COOPER. What?

Mr. McCLOSKEY. Yes, but you can imagine what that would mean going back constantly checking and rechecking. That just never occurred.

Senator COOPER. Do you know whether or not an audit is made each year of the business of McCloskey & Co.?

Mr. McCLOSKEY. An audit?

Senator COOPER. Yes. You have an auditing firm.

Mr. McCLOSKEY. An auditing firm, yes. We have it once a year.

Senator COOPER. Would it be the duty of this auditing firm to discover whether or not such a double payment had been made?

Mr. McCLOSKEY. I wouldn't think so, Senator. I don't think so; no.

Senator COOPER. Then you might make many overpayments and they would not discover them?

Mr. McCLOSKEY. Well, I would hope not, but to answer specifically whether or not they might pick this up, I would think not.

Senator COOPER. In this process of adjustment between McCloskey & Co. and the Aetna Insurance Co. the latter would have to have some facts to work upon. Aetna would have to have some basis which would justify McCloskey paying additional premiums. Wouldn't that be true? There would have to be some memorandum, some statement

upon which Aetna could claim against McCloskey that McCloskey owed it additional amounts?

Mr. McCLOSKEY. I am not sure I follow the reasoning there, Senator. This would be a cost to McCloskey & Co. as far as an audit was concerned, the drawing of a check and the charging of this expense to a particular item. Now, when the auditors come in, I don't think they go into the detail whether they take this and go back to the quarterly records of the insurance company and try to cross-check.

Senator COOPER. Your general liability insurance according to given testimony was issued and a nominal sum paid at the time work was commenced on the contract, which sum in this case seems to be \$2,500. Adjustments are made quarterly for the insurance due upon different projects upon which the company worked. Aetna would have to have someone going over these matters with McCloskey & Co. It could not make claims against McCloskey & Co. unless there was some evidence to support them.

Mr. McCLOSKEY. Well, it is a constant thing. It goes on constantly; though where one job might finish you would pick up a new one.

Senator COOPER. I know. There would have to be some evidence to support Aetna's claim for payment.

Mr. McCLOSKEY. Yes. They would certainly have to analyze and come up and figure out how much the coverage was costing.

Senator COOPER. Would that information be held by the accounting and auditing department of McCloskey & Co.?

Mr. McCLOSKEY. I think that actually, Senator, will be the Aetna's records. This is quite a detailed analysis and a very voluminous study.

Senator COOPER. Aetna or McCloskey & Co. or both of them would have to have some information about specific contracts in order to make the adjustments quarterly.

Mr. McCLOSKEY. Not to be short about it, I don't know that detail other than I know the Aetna Co. constantly has these records, makes studies and makes these suggestions that you are after, and then I would assume that after they had been able to determine what cost this is to them, they would so bill McCloskey & Co. for it.

Senator COOPER. Your company would naturally be interested in knowing whether or not it paid this bill or any other bill twice, wouldn't it?

Mr. McCLOSKEY. That is right.

Senator COOPER. What?

Mr. McCLOSKEY. That is correct.

Senator COOPER. You never discovered it in 4 years.

Senator PELL. Mr. McCloskey, as president of the company, what steps are you taking to recoup this double payment?

Mr. McCLOSKEY. Well, I think a lot of it, Senator, will be after this hearing is over, and then we will certainly meet among ourselves and decide what steps to take and what steps to initiate.

Senator PELL. But when you first heard about the double payment which was, as I understand it, in September—is that correct?

Mr. McCLOSKEY. I think September 1; yes.

Senator PELL. September 1. Did you immediately initiate steps at that time, when you had established to your own satisfaction that there was a double payment, to try to recoup the money from Reynolds?

Mr. McCLOSKEY. No, not yet, no. We have been gathering these facts together and answering a lot of questions, and we have had a lot of visitors in the office, furnishing them all this information.

Senator PELL. But your intent is to go after one of the payments?

Mr. McCLOSKEY. Yes; I would certainly think so, sir.

Mr. GITTIS. Senator, if I might answer it as counsel: we have advised the company that they should do nothing in connection with attempting to recoup until after the conclusion of any hearings held by this committee. We didn't want it to appear that we were starting suit at a time before the committee had its hearings, and that was the advice that we gave to the company—which they followed.

Senator PELL. Thank you.

The CHAIRMAN. Thank you very much, Mr. McCloskey.

The committee will recess until 2 o'clock.

(Whereupon, at 12:45 p.m., the committee was recessed, to reconvene at 2 p.m. on the same day.)

AFTERNOON SESSION

(Now being present: Senators Jordan (chairman), Hayden, Pell, Curtis, and Cooper.)

The CHAIRMAN. The committee will come to order, please.

Mr. McLendon. Mr. Bent.

The CHAIRMAN. Mr. Bent, I believe you heard this opening statement read this morning?

Mr. BENT. Yes, sir.

The CHAIRMAN. You have not been sworn?

Mr. BENT. No.

The CHAIRMAN. Will you rise, please, sir, and place your left hand on the Bible and your raise right hand? Do you solemnly swear 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. BENT. I do.

The CHAIRMAN. Thank you, sir. Please be seated.

Mr. McLendon. Will you state your name and address for the record?

TESTIMONY OF ATWOOD H. BENT, ACCOMPANIED BY HOWARD GITTIS, ATTORNEY

Mr. BENT. Atwood H. Bent.

Senator COOPER. Mr. Chairman, may I ask a question? May I ask whether this witness is going to testify concerning any matter connected with McCloskey?

Mr. McLendon. Yes, he is; he is from Rivinus & Co. Shall we go ahead?

Senator COOPER. Yes.

Mr. McLendon. Will you give your name and address?

Mr. BENT. My name is Atwood H. Bent, 70 East Clearfield Avenue, Havertown, Pa.

Mr. McLendon. Are you accompanied by counsel?

Mr. BENT. Yes; I am.

Mr. McLendon. Will counsel state his name and address?

Mr. Gittis. My name is Howard Gittis, Packard Building, Philadelphia 2, Pa.

Mr. McLendon. Mr. Bent, in 1959 and 1960, were you employed by Hutchinson, Rivinus & Co., in Philadelphia?

Mr. Bent. Yes, I was.

Mr. McLendon. Were you an officer of the company?

Mr. Bent. No; I was not an officer.

Mr. McLendon. Are you one of the partners?

Mr. Bent. Beg your pardon?

Mr. McLendon. Are you a partner?

Mr. Bent. No; I am not. I am manager of the bonding department.

Mr. McLendon. Manager of the bonding department. I show you a document here which is marked "Exhibit 28"; do you have a copy of it, Mr. Gittis?

Mr. Gittis. Is that the letter?

Mr. McLendon. Letter of July 28, marked "Exhibit 28," which purports to be a letter dated July 28, 1960, signed "Hutchinson, Rivinus & Co. by Atwood H. Bent." Did you write such a letter?

Mr. Bent. Yes; I did.

Mr. McLendon. The letter is addressed to McCloskey & Co.?

Mr. Bent. Yes.

Mr. McLendon. And it stated it was enclosing a 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 the District of Columbia Stadium. Why did you send this bill to McCloskey & Co.?

Mr. Bent. Well, because McCloskey & Co. had been awarded that contract and, in accordance with the law, had to file a performance bond on it. We write their bonding business, and the bill originating from the Aetna Insurance Co.—they billing us and then we bill the contractor—this represented the bill for that bond.

Mr. McLendon. Did you have to get special instructions to send this bill or was it just a matter of routine?

Mr. Bent. No; I would do it as a matter of routine.

Mr. McLendon. And you say that is because your company wrote all the bonds for McCloskey?

Mr. Bent. That is right.

Mr. McLendon. You didn't get paid on this invoice?

Mr. Bent. Well, I am not sure about that, sir. This invoice was sent out in July and, whether or not we got paid on any invoice, I would not know unless our accounting department had told me that we hadn't been paid, because the checks come into our accounting department in payment of insurance bills, and we don't necessarily see them in the various departments.

Mr. McLendon. What I had reference to is this: That subsequent to this date, Hutchinson, Rivinus sent a letter and a bill for exactly this same amount for this bond to Don Reynolds Associates, Inc.

Mr. Bent. That is correct.

Mr. McLendon. Well, then you didn't collect the money directly from McCloskey but you collected it from Don Reynolds Associates; is that right?

Mr. Bent. Yes; we did.

Mr. McLENDON. Why did you send a bill to Don Reynolds Associates?

Mr. BENT. Well, because, subsequent to the date of this letter, Mr. McHale, one of the partners of our firm, instructed me that Mr. Reynolds of the Reynolds agency was to have the bond put through his agency and to send him the bill for it.

Mr. McLENDON. And that is shown in the letter to Don Reynolds Associates which said, "According to instructions of Mr. McHale."

Mr. BENT. Yes; that is correct. That is the letter that I wrote to Mr. Reynolds.

Mr. McLENDON. Yes. And that stated the amount of the bond premium?

Mr. BENT. Yes.

Mr. McLENDON. And the amount of his commission?

Mr. BENT. Yes.

Mr. McLENDON. And the net amount to be remitted to Hutchinson, Rivinus?

Mr. BENT. The net amount remitted to us so we could pay the insurance company.

Mr. McLENDON. At the time you mailed that invoice—the first invoice to McCloskey & Co. and at the time you mailed the second one on Mr. McHale's instructions to Reynolds Associates—did you have any information that Reynolds Associates had also brokered the general liability insurance?

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

Senator CURTIS. May I ask one question there?

Mr. BENT. Yes.

Senator CURTIS. When did you first learn that?

Mr. BENT. I beg your pardon?

Senator CURTIS. When did you first receive any information—

Mr. BENT. In connection—

Senator CURTIS (continuing). At all, indicating that it was alleged that Don Reynolds participated in the general liability insurance.

Mr. BENT. Well, I don't know. I can't tell you that. It must have been within, oh, within the last few weeks actually, I think, when I saw a copy of the invoice in the newspaper.

Senator CURTIS. And, as a matter of fact, up until then you had never heard of this?

Mr. BENT. I never heard of it; no.

Senator CURTIS. Had anybody else in Hutchinson, Rivinus & Co. heard of it?

Mr. BENT. Well, this I don't know. I am not sure, to the best of my knowledge.

Senator CURTIS. That is all.

Mr. McLENDON. So the sequence of events was that Mr. McHale told you to mail the bill to Reynolds Associates?

Mr. BENT. Yes, sir.

Mr. McLENDON. Which you did?

Mr. BENT. Yes.

Mr. McLENDON. In that connection, did you know Reynolds or anybody connected with Reynolds Associates?

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

Mr. McLENDON. Did you have to get any information from him in connection with the brokering of his bond?

Mr. BENT. Yes; I did.

Mr. McLENDON. How did you do that?

Mr. BENT. Major, I called Mr. Reynolds; when Mr. McHale told me that Mr. Reynolds was to be broker of record on the bond, I called Mr. Reynolds on the telephone to ascertain the number of his broker's license.

Mr. McLENDON. Broker's license?

Mr. BENT. His broker's license.

Mr. McLENDON. His broker's license?

Mr. BENT. To find out if he was properly licensed as an insurance broker in the District.

Mr. McLENDON. Did he tell you?

Mr. BENT. Yes; he did.

Mr. McLENDON. He said he was?

Mr. BENT. Yes; he did.

Mr. McLENDON. Was anything else said in that conversation?

Mr. BENT. No, except that I was going to send him the bill according to my instructions.

Mr. McLENDON. You told him over the telephone you were sending him the bill?

Mr. BENT. Yes.

Mr. McLENDON. Did you tell him the amount of it; do you remember?

Mr. BENT. I can't remember whether I did or not. I would think probably not.

Mr. McLENDON. How long was this telephone conversation between you and Reynolds before you mailed the bill to Reynolds Associates?

Mr. BENT. Oh, I would have said maybe a day or two before.

Mr. McLENDON. When you told him that you were mailing him the bill for the premium on the bond did he say anything to you about the fact that he contended that he was also a broker in the general liability insurance?

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

Mr. McLENDON. Thereafter, did you ever see the invoice that Reynolds Associates sent to McCloskey & Co. for the \$109,000 including the premium on the bond and the premium on the general insurance?

Mr. BENT. No, Major. I have never seen that, as I say, until I saw a copy of it in the newspapers.

Mr. McLENDON. Yes. If you had known that he was also broker for the liability insurance would you have mailed a bill for both?

Mr. BENT. No. I would not have because I do not handle any of the liability insurance matters in our office. That would have been done by another department.

Mr. McLENDON. Who is here that would know about that?

Mr. BENT. Mr. Harry Watson.

Mr. McLENDON. He is here as a witness today?

Mr. BENT. Yes; he is.

Mr. McLENDON. Does your company handle business with brokers both for bonds and insurance?

Mr. BENT. Yes; we do.

Mr. McLENDON. How often does that happen?

Mr. BENT. Very frequently indeed.

Mr. McLENDON. How does that usually originate? I mean by my question, does it originate with you or originate by an inquiry from the broker or does it originate with the customer?

Mr. BENT. No; as a matter of fact, it almost invariably originates with the assured, the customer, our customer.

Mr. McLENDON. If he asked you or your company to permit L. P. McLendon to act as broker in a particular case, unless there was something about me you didn't like you would do it, wouldn't you?

Mr. BENT. That is correct, providing you were a licensed insurance broker in your jurisdiction.

Mr. McLENDON. OK. That is all.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. No questions.

The CHAIRMAN. Senator Cooper?

Senator COOPER. This will be somewhat repetitious but I want to have the chain of transactions clear for the record. Looking at exhibit 19, if you have it; do you have exhibit 19?

Mr. GITTIS. What is that?

Senator COOPER. A copy of the performance bond.

Mr. McLENDON. Here is one you can have.

Mr. GITTIS. We have the original.

Senator COOPER. Do you have it?

Mr. GITTIS. Yes, sir.

Senator COOPER. This exhibit shows that on the 7th day of July Aetna Casualty & Surety Co. entered into a performance bond as surety for McCloskey & Co. That is correct, is it not?

Mr. BENT. Yes.

Senator COOPER. And this copy indicates the total amount of premium charged. Then after that, according to your statement, Hutchinson, Rivinus sent its bill to McCloskey & Co. for this amount?

Mr. BENT. Yes; that is correct.

Senator COOPER. Was it after that date that you were informed that Reynolds was the broker?

Mr. BENT. Yes, sir.

Senator COOPER. Who informed you?

Mr. BENT. Mr. McHale of our office.

Senator COOPER. Then you sent your bill to—

Mr. BENT. Then I sent the bill to Mr. Reynolds.

Senator COOPER. And then later in November Reynolds remitted to you the amount due after taking out his own commission?

Mr. BENT. The amount of commission; yes, sir.

Senator COOPER. And during all that time nothing was said about the general liability insurance?

Mr. BENT. Nothing whatsoever was said to me, Senator Cooper.

Senator COOPER. What relation is Mr. McHale to Mr. McCloskey?

Mr. BENT. He is Mr. McCloskey's son-in-law.

Senator COOPER. Do you know of any other occasion in which your company entered into an agreement with a broker to participate in insurance on contracts McCloskey had?

Mr. BENT. Well, yes; I can't recall any specific cases but there have been quite a few, very many of them, over a period of years.

Senator COOPER. Did you have any duty to notify the Aetna Casualty & Surety Co. that Reynolds was participating?

Mr. BENT. You say did I have?

Senator COOPER. Did your company have any duty to notify the Aetna Casualty & Surety Co. that Reynolds was participating?

Mr. BENT. No; I would say none whatsoever.

Senator COOPER. You had no duty?

Mr. BENT. I would say there was no such duty required.

Senator COOPER. The insurance company was never notified?

Mr. BENT. This I don't know. They certainly weren't notified by me. I don't know why—what occasion would arise where they would have to be notified, because we can pay a commission to any—any insurance agent or broker can pay a broker on a piece of business if the other broker is legally entitled to receive the same under a broker's license.

Senator COOPER. Were you the agent for the Aetna Casualty & Surety Co. on its general liability—

Mr. BENT. Yes.

Senator COOPER. Insurance for McCloskey & Co.?

Mr. BENT. Yes, sir.

Senator COOPER. And did McCloskey & Co. pay you any sums it owed on account of the general liability insurance on the District of Columbia Stadium?

Mr. BENT. I would not know these matters, sir, because this is not under my jurisdiction in our office; this is another department.

Senator COOPER. What department?

Mr. BENT. Well, this would be our casualty department, ordinarily so-called. Mr. Watson handles all these matters.

Senator COOPER. Who would be able to testify about this side of the business?

Mr. BENT. Well, I would say Mr. Watson would be able to.

Senator COOPER. Who?

Mr. BENT. Watson.

Senator COOPER. Watson.

Mr. McLendon. He is the next witness.

Senator COOPER. That is all.

The CHAIRMAN. Thank you, Mr. Bent.

Mr. McLendon. Harry Watson.

The CHAIRMAN. Mr. Watson, you have been in the room; did you hear this opening statement read to the other witnesses?

Mr. WATSON. Yes, sir.

The CHAIRMAN. You have not been sworn, have you?

Mr. WATSON. No; I have not.

The CHAIRMAN. Will you please rise and put your left hand on the Bible and raise your right hand? Do you solemnly swear 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. WATSON. I do.

The CHAIRMAN. Thank you, sir; please be seated.

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

TESTIMONY OF HARRY J. WATSON, ACCOMPANIED BY HOWARD GITTIS, ATTORNEY

Mr. WATSON. My name is Harry J. Watson, 494 Hawarden Road, Springfield, Delaware County, Pa.

Mr. McLENDON. Is your counsel present with you?

Mr. WATSON. Yes, sir.

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

Mr. GITTIS. Howard Gittis, Packard Building, Philadelphia, Pa.

Mr. McLENDON. Mr. Watson, what position did you hold with Hutchinson, Rivinus & Co. in 1959, 1960?

Mr. WATSON. I am what you call an account handler, particularly large accounts; one of my functions was to handle McCloskey & Co. account from an overall basis, servicing and so forth.

Mr. McLENDON. The expression you used was "account handler."

Mr. WATSON. Account handler.

Mr. McLENDON. How long had you been with the company?

Mr. WATSON. Ten years; I will be with them 10 years this year.

Mr. McLENDON. Are you a part owner in the business or an employee?

Mr. WATSON. No; I am not.

Mr. McLENDON. Does your position require you to be familiar with the premium and the calculation of premiums on compliance bonds?

Mr. WATSON. I would say it would be my position to keep my finger on most everything on that account as an overseer for that organization.

Mr. McLENDON. Would that include the insurance?

Mr. WATSON. Yes; it would.

Mr. McLENDON. Different types of insurance?

Mr. WATSON. That is right.

Mr. McLENDON. Would you be familiar with how the premium was calculated on different types of insurance?

Mr. WATSON. Yes; I would.

Mr. McLENDON. When did you learn that Reynolds Associates had been authorized by the McCloskey Co. to act as broker for them?

Mr. WATSON. I don't recall exactly except it just sort of happened in around the office that I heard that somebody else was going to write the bond, be included in the bond as broker of record, and I don't recall who told me.

Senator CURTIS. May I ask him a brief question there? When did you first learn it was alleged that Reynolds participated in the general liability insurance?

Mr. WATSON. When it first came out in the press.

Senator CURTIS. And you had your finger on everything around there?

Mr. WATSON. Pretty much; yes.

Senator CURTIS. That is all.

Mr. McLENDON. When you learned he was to be the broker on the performance bond, did you have anything to do with the preparation of the invoice or bill for the premium?

Mr. WATSON. No; I did not.

Mr. McLENDON. That was done by someone else?

Mr. WATSON. That was done by our bond department, which it normally is.

Mr. McLENDON. Did you have anything to do with notifying the Aetna Co. to have a representative at the meeting where the contract was signed?

Mr. WATSON. No; I didn't.

Mr. McLENDON. That was done by someone else?

Mr. WATSON. Apparently.

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

Mr. McLENDON. Will you explain to the committee how the premium on the performance bond is calculated, first, and then I want to ask you some questions with reference to calculating the premium on the general liability.

Mr. WATSON. I don't have the rate schedule here but I can give you a general idea.

Mr. McLENDON. All right.

Mr. WATSON. Usually, it is based on the total contract cost, the award, so to speak, and the first hundred thousand dollars is usually at \$10 per thousand. Then the scales—it scales down, \$7.50 for the next \$2.4 million, and the next rate is, I think—I don't know what the next rate is—it is \$5.25 and then \$5 and then \$4.70 all over \$7.5 million. So that schedule is available to any insurance man; it is published by the insurance companies.

Mr. McLENDON. So that, as far as the bond premium is concerned, it would be relatively easy to calculate?

Mr. WATSON. That is right.

Mr. McLENDON. The total premium, based on the size of the contract; is that right?

Mr. WATSON. That is right.

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

Mr. McLENDON. Tell us how you calculate the premium for general liability insurance?

Mr. WATSON. Well, general liability insurance for an account like this is based on the total contract cost, and the payroll, and against which we apply a factor or a rate times payroll for what we call operations coverage, that is your so-called tort liability, negligence arising out of operations. Then you have miscellaneous liability which is based on a per-thousand-dollars-of-contract cost. Miscellaneous liability, you have another rate which you apply, times per-thousand-dollars-of-contract cost. In that miscellaneous liability is various coverages such as sublet work or independent contractors, contractual, or what we call assumed liability under written contract or agreement, and the other is what we call complete operation which is better known as products.

Mr. McLENDON. Better known as what?

Mr. WATSON. Products.

Mr. McLENDON. Products

Mr. WATSON. That is, in essence the total is, your comprehensive general liability policy, as we know it in our business.

Mr. McLENDON. Now, there is some evidence here indicating that the rate for establishing the premium on general liability was calculated by districts or by cities.

Mr. WATSON. That is right.

Mr. McLENDON. In other words, the rate is not the same in every city in the United States?

Mr. WATSON. As a matter of service to McCloskey & Co., so they will be prepared for bids, we submit to them rates by each State or as many States as we know they are going to work in or anticipate, so they will be ready for bidding when bidding comes in those States, and there are rates applicable in each of those States based on the company's rates plus experience and whatever the makeup may be.

Mr. McLENDON. You mean you do that voluntarily without being requested by McCloskey & Co.?

Mr. WATSON. Sometimes we do it voluntarily, and sometimes we do it by request, the reason being McCloskey carries certain limits of coverage. There are stated rates for that, established right at the beginning of the policy period. But as contracts are let, the insurance requirements in these contracts sometimes call for higher limits than they normally carry, which means we must get additional information and get rates from the insurance company at which time the rate would be higher. So that would vary depending on the contract itself and whatever the requirements are under the contract.

Mr. McLENDON. Do you get that information from Aetna?

Mr. WATSON. I get that information from—what information; the rating?

Mr. McLENDON. The information on which you figure the rate?

Mr. WATSON. Yes. We get the rate information, and I gather together the underwriting information which necessarily we must have to apply the rating for McCloskey's specifications or the contract.

Mr. McLENDON. Let me see if I understand that now. In order to calculate the premium on a hundred thousand dollars of general liability insurance—I am just using an arbitrary figure—you get some information from the insurance carrier, in this case Aetna?

Mr. WATSON. They establish the rates, after they know what the underwriting information is as respects, for example, whether they are going to do any pile driving or how much cement work or concrete or are they going to do any demolition; it all enters into it. I mean every job is not quite the same, but most of the time it is.

Mr. McLENDON. What I am trying to clarify is: Do you make the calculations solely on the information furnished by Aetna or on the information furnished by Aetna plus information that Hutchinson, Rivinus has?

Mr. WATSON. I usually make up what we call bidding rates for McCloskey.

Mr. McLENDON. Yes.

Mr. WATSON. And that information as far as the basis for the rating is supplied to me by the Aetna; yes, sir.

Mr. McLENDON. Now, how does Aetna bill for that premium on insurance, including general liability?

Mr. WATSON. As I understand—I don't handle the billing myself, but when the FBI came in we checked our record, and at that time for economy reasons is the only one I know of, we billed on the basis of total audited premium for a particular State, whether it be Pennsylvania, Washington, D.C. It wasn't broken down by job.

Mr. McLENDON. And how often was such bill rendered?

Mr. WATSON. Quarterly.

Mr. McLENDON. So, under that system, McCloskey & Co. would pay its bill to Hutchinson, Rivinus for insurance carried by Aetna—How? Frequently? Quarterly or annually, or what?

Mr. WATSON. We had better pay it within 60 days or we would have somebody on our door.

Mr. McLENDON. If you didn't pay it within 60 days?

Mr. WATSON. Sixty days is the normal payment.

Mr. McLENDON. Give the committee some idea of the size of these transactions. What would you say would be the amount of the quarterly bill at that time?

Mr. WATSON. I would say, depending on the workload for the year, it has been running anywhere from \$700 to a million dollars a year premiums.

Mr. McLENDON. Million dollars a year?

Mr. WATSON. Yes.

Mr. McLENDON. So quarterly bills would be—

Mr. WATSON. This can rise or fall depending on a given year.

Mr. McLENDON. Quarterly bills then might be as much as a fourth of a million dollars?

Mr. WATSON. Pardon me?

Mr. McLENDON. Quarterly bills might be as much as \$250,000?

Mr. WATSON. That is right. That is right.

Mr. McLENDON. How long has this system been in use?

Mr. WATSON. Well, we have changed the system as far as—I was the instigator of that, the reason for it being we wanted to find out on a per-job basis the relationship between the premium and the losses, so we could blame it on the superintendent—"You are not doing a very good job; you are costing us money insurancewise." We just put that system in about a year or a year and a half ago.

Mr. McLENDON. I am asking: At this time in 1960, how long had the system been in effect that you have described?

Mr. WATSON. As long as I can remember.

Mr. McLENDON. As long as you can remember?

Mr. WATSON. Yes.

Mr. McLENDON. When you had a broker, Mr. Watson, when a broker was involved—a broker for the insurance now I am talking about—and you were notified that John Doakes was the broker for the insurance on a particular job at Raleigh, N.C., or Washington, D.C., how was that handled?

Mr. WATSON. Well, it would depend on whether he was going to handle it or we were going to handle it. If he was a broker to share in commissions only, we would handle it in the normal way. All we would do is send him a commission check for whatever share of that particular project he was to participate in. If he was going to handle it on his own he would get us out of the picture, but very seldom that happens. We try to control it for the simple reason is that we feel we know what we are doing and even though some other brokers are in the picture, which happens many times, we want to be able to service our account, keep our fingers on what is going on, and, at the same time, have some idea of each of their risks so we do, for our client's benefit, negotiate renewals in every risk instead of having them picking it out plus the fact it is going to cost you more money doing that.

Mr. McLENDON. Let me see if I understand that. Are you saying the broker, if he is authorized to act as a broker in a given case, could handle it through Hutchinson, Rivinus?

Mr. WATSON. Oh, yes.

Mr. McLendon. Or he could, at his own election—

Mr. Watson. All he would have to do—

Mr. McLendon. Send—wait a minute, let me complete it—or he could, at his own election, send the bill directly to the insured, in this case McCloskey & Co.?

Mr. Watson. That is right.

Mr. McLendon. Is that right?

Mr. Watson. Yes.

Mr. McLendon. And, if he sent it directly to the insured, would it cost McCloskey & Co. any more money than if he had handled it through Rivinus?

Mr. Watson. No; it would not.

Mr. McLendon. Not a bit?

Mr. Watson. Not as long as it stays under the same policy.

Mr. McLendon. I beg your pardon?

Mr. Watson. Not as long as it stayed under the same policy.

Mr. McLendon. Yes. If he did send a bill directly to McCloskey & Co. for the bond premium and the general liability premium, Hutchinson, Rivinus would only know about that in the event somebody notified them; is that right?

Mr. Watson. That is right.

Mr. McLendon. Did you have any notice from any source that, in this case, Reynolds Associates were, as broker, billing McCloskey & Co. directly?

Mr. Watson. To my knowledge, nobody ever told me; no.

Mr. McLendon. When did you discover that that had been done?

Mr. Watson. Just since this investigation started—when I saw it in the paper was my first knowledge.

Mr. McLendon. After this thing was called to your attention, did you learn that Reynolds had billed McCloskey directly and did you see a copy of the invoice?

Mr. Watson. The only time I saw a copy of the invoice was when the FBI showed it to me when they were in our office.

Mr. McLendon. Did you read it?

Mr. Watson. Yes.

Mr. McLendon. Did you notice that it was stated, on the face of the invoice, performance bond and, also, general liability?

Mr. Watson. Yes.

Mr. McLendon. And a total, without breaking it down, giving the premium on each. Do you remember that?

Mr. Watson. Yes.

Mr. McLendon. Mr. Reynolds has made a statement in writing which has been introduced in evidence and marked as "Exhibit 15," and I want to read you a sentence out of here and ask you what this means.

In consideration for my being the media—

M-e-d-i-a—

for passing these funds I was to receive the full amount of the normal commission on such a bond, including the contingency reserve loss, ratio earned premium return.

Mr. Watson. I never heard of such a thing.

Mr. McLendon. Sir?

Mr. Watson. I never heard of such a thing in our business.

Mr. McLendon. Will you take it and read it again now and be sure of your answer? Have you a copy out there?

Mr. Gittis. No, sir.

Mr. McLendon. It is in the long paragraph right on the front page.

Mr. Watson. I don't know what it means.

Mr. McLendon. Are you familiar, after 10 or 12 years' experience in the insurance business, with the terms—the language—relating to calculation of premiums and commissions?

Mr. Watson. Yes.

Mr. McLendon. Does that language, in your opinion, have anything to do with the commission—

Mr. Watson. I have never run across it before.

Mr. McLendon. Wait a minute; let me finish asking the question. Does that language have any applicability to the manner in which you compute the commissions due on either a bond or liability insurance?

Mr. Watson. I don't even know what it means, so I would say "No."

Mr. McLendon. And you never have seen any collection of words like that before anywhere in your business?

Mr. Watson. Never have.

Mr. McLendon. After this matter came up, were you interviewed by the FBI?

Mr. Watson. Yes.

Mr. McLendon. Did you, at their request, make some investigations of the records of your company?

Mr. Watson. Yes, sir.

Mr. McLendon. And also McCloskey & Co.?

Mr. Watson. Yes, sir; they came down to our office and we opened our records to them—anything they wanted.

Mr. McLendon. Did they have access to all of your company's records?

Mr. Watson. Yes; they did.

Mr. McLendon. How about McCloskey & Co.?

Mr. Watson. You mean McCloskey & Co.'s records in our files?

Mr. McLendon. Yes.

Mr. Watson. Yes, sir; that is all they were interested in.

Mr. McLendon. Do you know of any information relating to this transaction, including the numerous book entries that have been introduced in evidence, that was withheld from the FBI or withheld from this committee?

Mr. Watson. None whatsoever.

Mr. McLendon. Mr. Watson, is there anything about these entries in these numerous records which have been put in evidence here, your accounting records I am speaking of—

Mr. Watson. Yes.

Mr. McLendon. Is there anything about that any different from what happens normally in handling the bond transaction as you knew it?

Mr. Watson. I would say "No."

Mr. McLendon. I have a document here, if I can put my finger on it, from your company showing the entry of the amount—do you have exhibit No. 42 there?

Mr. Gittis. I believe we do, sir. Yes, sir.

(The document referred to is as follows:)

Mr. McLENDON. Will you look at that, please, and tell the committee what that is?

Mr. WATSON. This appears to be a photostatic copy of entries of what we call our order card. In other words, every bond that is written is entered in here, number of the company and the amount, and the premium, and the job that it is covering, and also any other pertinent information, whatever the underwriter feels should be put in here. This is sort of a company record. This is what we call an order card, and it has also attached with it a copy of the bond itself, I would say.

Mr. McLENDON. I notice on the first page of exhibit 42 a line drawn through the entry there referring to, giving the date of July 7, 1960, which I assume is the date of the contract. Do you see that?

Mr. WATSON. Yes.

Mr. McLENDON. What was that entry?

Mr. WATSON. I am not familiar with the actual mechanics or the clerical application of it, but it seems to me that apparently this is a cancellation. In other words, it was put through and then it was taken out.

Mr. McLENDON. In other words, would that indicate that your company first made, sent the bill, to McCloskey & Co.?

Mr. WATSON. I would say so; yes.

Mr. McLENDON. Then on the second page another entry appears for exactly the same amount of money; do you see that? The second line?

Mr. WATSON. Yes.

Mr. McLENDON. The top.

Mr. WATSON. Yes.

Mr. McLENDON. It gives the name of the company as Aetna Casualty, date July 7, 1960, and then the words "to offset entry." Do you find that?

Mr. WATSON. Yes; I do.

Mr. McLENDON. And then in the column which I assume means the premium—does it not?—there is \$73,000.

Mr. WATSON. Yes, sir; that is the total premium.

Mr. McLENDON. Opposite that is "Bond, District of Columbia contract for construction of Columbia Stadium, Washington, D.C."

Mr. WATSON. Oh, yes.

Mr. McLENDON. Do you see that?

Mr. WATSON. Yes; I do.

Mr. McLENDON. So that shows the first bill was put on your books as having been mailed to McCloskey & Co., and then the second bill when it was sent to Reynolds Associates, you struck out the first entry and substituted an entry which would show that it was not sent to McCloskey & Co., but nevertheless that amount of premium had been paid; is that right?

Mr. WATSON. I don't think it indicates it has been paid.

Mr. McLENDON. Well, charged, then, as far as this—

Mr. WATSON. Yes.

Mr. McLENDON. Charged on this exhibit. Did you know Don B. Reynolds?

Mr. WATSON. Don't know him.

Mr. McLENDON. Ever have any conversation with him?

Mr. WATSON. Never have.

Mr. McLENDON. Ever have any communication with him by phone or otherwise?

Mr. WATSON. Never have.

Mr. McLENDON. Did you know Robert G. Baker?

Mr. WATSON. Met him once.

Mr. McLENDON. Where?

Mr. WATSON. Down here at some function; just shook hands with him and that was it.

Mr. McLENDON. Was that while the stadium was under construction?

Mr. WATSON. Gee, I can't recall when it was. It was when we were doing a lot of work down here.

Mr. McLENDON. Did you have any conversation with him about either the bond or insurance on the stadium?

Mr. WATSON. Had no conversation with him at all.

Mr. McLENDON. None at all. How often in your experience does it happen that your company handles insurance and bonds with brokers?

Mr. WATSON. More often than we like. Quite a bit.

Mr. McLENDON. You mean by that your company makes a little less money on brokerage contacts.

Mr. WATSON. We don't like anybody getting into the act when we do all the work.

Mr. McLENDON. Do you get a little less money?

Mr. WATSON. Well, sometimes we don't get anything.

Mr. McLENDON. Sometimes you don't get anything?

Mr. WATSON. Yes. They share in the commissions. It depends. But if it is a large account, when it is a large account quite often this happens. In other words, you are playing with the overall rather than just the one specific thing.

Mr. McLENDON. I see.

Mr. WATSON. So in large accounts it seems to me this is something you have got to live with, and this is all part of the game.

Mr. McLENDON. Yes. All right. That is all.

Senator COOPER. When did you say you met Mr. Baker?

Mr. WATSON. It was down here one time I was down here. I used to come every once in a while to the job for the safety program and so forth. I ran into him and somebody introduced me to him and that is all.

Senator COOPER. Do you remember where it was?

Mr. WATSON. It seems to me it was downstairs somewhere.

Senator COOPER. Where?

Mr. WATSON. In the corridors of one of the buildings.

Senator COOPER. You mean in the Capitol?

Mr. WATSON. I think it might have been; yes. Because we were doing a job at that time in the Capitol—outside of the Capitol.

Senator COOPER. What makes you remember you met him?

Mr. WATSON. Because somebody mentioned he was Bobby Baker and later on somebody told me who he was. I didn't know who he was from a bunch of beans at the time.

Senator COOPER. Who did they tell you he was?

Mr. WATSON. Pardon me?

Senator COOPER. What did they say about him?

Mr. WATSON. At that time he was a Senate something.

Senator COOPER. What?

Mr. WATSON. Senate secretary or something.

Senator COOPER. Do you remember who was with you when you met him?

Mr. WATSON. No; I am not certain.

Senator COOPER. What?

Mr. WATSON. I am not sure. It has been so long ago.

Senator COOPER. What were you doing up here in the Capitol? Does this refresh your recollection?

Mr. WATSON. We had a job at the Capitol right outside the Capitol there, and we had several jobs going at that time and I think I was down at a safety meeting or something.

Senator COOPER. To what?

Mr. WATSON. A safety meeting, a job safety meeting that we had.

Senator COOPER. At the time the contract was let for the stadium your company, as agent for the Aetna Co., had already written a policy for McCloskey covering general liability insurance. Is that correct?

Mr. WATSON. Yes; we did.

Senator COOPER. And it would have been the natural procedure under this policy for you to collect any premiums due from McCloskey and pay them over to Aetna?

Mr. WATSON. That is right.

Senator COOPER. Did your company do that?

Mr. WATSON. Well, it is not on the delinquent list so I presume we did.

Senator COOPER. What?

Mr. WATSON. We don't have any outstanding item right now.

Senator COOPER. How would you ascertain the amount that you had to pay to the Aetna on this contract?

Mr. WATSON. Well, as I say—

Senator COOPER. Will you speak up a little?

Mr. McLendon. Speak a little louder.

Mr. WATSON. We have quarterly audits which the Aetna picks up and they bill us for it and we in turn bill McCloskey.

Senator COOPER. You don't have any part in the audit?

Mr. WATSON. Oh, not physically.

Senator COOPER. The audit is made by Aetna and McCloskey?

Mr. WATSON. That is right. It would need the two of them to complete it; that is right.

Senator COOPER. When there is a broker participating in insurance policies, was the normal procedure for your company to bill McCloskey, McCloskey to pay your company, and then you to pay the broker's commission?

Mr. WATSON. Well, if there was a broker involved.

Senator COOPER. In those cases involving a broker?

Mr. WATSON. If it was a broker involved we would have billed the broker because he was to participate in the commission.

Senator COOPER. In all cases then McCloskey would pay the broker and you would collect from the broker?

Mr. WATSON. He would pay the representative, whoever he designated, because he is the one that designates who is supposed to be the broker on the risk.

Senator COOPER. In this case McCloskey paid Reynolds. In all cases where there was a broker involved would McCloskey pay the broker?

Mr. WATSON. I would say so; yes.

Senator COOPER. Do you know?

Mr. WATSON. That is the normal procedure, to pay the broker.

Senator COOPER. So this was not an unusual procedure?

Mr. WATSON. I would say not.

Senator COOPER. But in those cases McCloskey would inform you that there was a broker?

Mr. WATSON. That is right.

Senator COOPER. And name the broker?

Mr. WATSON. That is right.

Senator COOPER. No one ever informed you in this case?

Mr. WATSON. To my recollection nobody; as many times as I talked to them about various jobs nobody ever told me about Reynolds.

Senator COOPER. How did you first learn about him, and from whom?

Mr. WATSON. The first time I really learned about it was when it came out in the papers.

Senator COOPER. Did McCloskey & Co. ever inform you or talk to you about this double payment?

Mr. WATSON. No; they did not.

Senator COOPER. Never have?

Mr. WATSON. No.

Senator COOPER. Never discussed the matter with you?

Mr. WATSON. Never checked with me on it.

Senator COOPER. Do you think that is the ordinary procedure?

Mr. WATSON. Is what? What is an ordinary procedure?

Senator COOPER. Not to inform you as agent that there was a broker?

Mr. WATSON. I would say that they should have informed me.

Senator COOPER. What?

Mr. WATSON. They should have informed me.

Senator COOPER. I have nothing else.

Senator PELL. Mr. Chairman? Could you recall or refresh my memory as to who it was, and when, that told you to bill Reynolds for the performance bond?

Mr. WATSON. I wasn't involved in the bond at all.

Senator PELL. In the performance bond?

Mr. WATSON. I knew nothing about the performance bond until after it was all done and then I heard about it in the office that somebody else had got in on that bond on the stadium.

Senator PELL. But you submitted a bill to Reynolds for the performance bond?

Mr. WATSON. Our firm did; yes.

Senator PELL. Your firm did. Who in your firm would have submitted your bill?

Mr. WATSON. Mr. Bent, our bond man.

Senator PELL. Is he coming before us here?

Mr. WATSON. He was here.

Mr. McLendon. He has already testified.

Senator PELL. Has that question been asked?

Mr. McLENDON. He said Mr. McHale told him to send the bill to Reynolds Associates.

Senator PELL. Was Mr. McHale asked why he told him?

Mr. McLENDON. Yes; he testified that McCloskey told him to—he agreed to let Reynolds be the broker.

Senator PELL. For the general liability and performance or just for the one?

Mr. McLENDON. I think he said both.

Senator PELL. All right.

Senator COOPER. May I ask another question? Do you know of any other case in the history of your company where a broker participated in an insurance risk with McCloskey & Co. and where McCloskey failed to inform you there was a broker?

Mr. WATSON. Not where they failed to inform me.

Senator COOPER. That is the only case?

Mr. WATSON. We have many times brokers participating.

Senator PELL. Major, if Mr. McHale was told to submit a bill for both, why did he not submit the bill for both?

Mr. McLENDON. That is where the goof occurred.

Senator PELL. I see. So, in other words, the firm of Rivinus & Hutchinson was told to submit the bill for both but they failed to submit the bill for both?

Mr. McLENDON. I am not sure that your statement that they were told to submit the bill for both is correct.

Senator PELL. What was McHale told?

Mr. McLENDON. McHale told—you see, the bill for the bond had been issued.

Senator PELL. Yes.

Mr. McLENDON. And he said this bill should be issued to Don Reynolds Associates, referring to the bond, and they wrote the bill over, and mailed it to Don Reynolds Associates, and nothing was done or said about the insurance at that time.

Senator PELL. Who told McHale to do that?

Mr. McLENDON. McHale got the information about the bond from Mr. McCloskey.

Senator PELL. But somewhere along the line—

Mr. McLENDON. But he wasn't told about the insurance.

Senator PELL. The general liability?

Mr. McLENDON. Yes.

Senator PELL. Somewhere along the line one ball was dropped and I am trying to figure out from whose hands it was dropped.

Mr. McLENDON. The evidence was primarily by Mr. Stewart because he is the one who made the arrangements with Mr. Reynolds.

Senator PELL. Thank you.

Mr. McLENDON. One other question. I think you have answered that. Did Reynolds himself ever notify your company that he was acting as insurance agent for the insurance as well as the bond?

Mr. WATSON. To my knowledge he never did.

The CHAIRMAN. Mr. Jamme. Mr. Jamme, have you heard the statement read?

Mr. JAMME. Yes; I have.

The CHAIRMAN. You have not been sworn though, have you?

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

The CHAIRMAN. Will you please rise? Thank you, sir. Do you solemnly swear 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. JAMME. I will.

The CHAIRMAN. Thank you, sir, and be seated.

Mr. McLENDON. Mr. Jamme, in 1959 and 1960 were you employed by the Aetna Casualty & Surety Co.?

TESTIMONY OF GEORGE B. JAMME

Mr. JAMME. Yes, sir.

Mr. McLENDON. In what capacity?

Mr. JAMME. Well, I have always been with the Aetna Casualty & Surety since I have gotten out of school. In 1959 I was in St. Louis but I came to Philadelphia in November of 1959 and I was the bond manager of the Philadelphia office from then on.

Mr. McLENDON. I forgot to ask you to identify yourself. Give your name and address, please, for the record.

Mr. JAMME. My name is George B. Jamme, "B" as in Baker [laughter], and my address is 670 Brookwood Terrace, Wayne, Pa.

Mr. McLENDON. Are you accompanied by your counsel?

Mr. JAMME. No, sir.

Mr. McLENDON. Do you know that you have a right to counsel?

Mr. JAMME. Yes, sir.

Mr. McLENDON. You heard the chairman's statement that he read?

Mr. JAMME. Yes, sir.

Mr. McLENDON. To the witnesses?

Mr. JAMME. Yes, sir.

Mr. McLENDON. So, in the fall of 1960 you became connected with the Aetna Co. in Philadelphia?

Mr. JAMME. I have always been with the Aetna Casualty.

Mr. McLENDON. But in Philadelphia?

Mr. JAMME. November 1959 we moved there.

Mr. McLENDON. Thank you. Did you learn that a performance bond was to be executed in connection with the District of Columbia Stadium contract?

Mr. JAMME. Yes, sir.

Mr. McLENDON. And did you notify any person in your organization, Aetna, to execute the bond?

Mr. JAMME. Yes, sir.

Mr. McLENDON. Who was that?

Mr. JAMME. Mr. Fields is our Washington person and we were asked by McCloskey & Co. to have someone present at the formal signing in Washington; so rather than go there myself I asked Mr. Fields of our Washington office to sign for our company, which he did.

Mr. McLENDON. And the contract and bond is in evidence marked "Exhibit 19" and appears to have been signed by Eugene Fields, attorney in fact for the surety company.

Mr. JAMME. Yes, sir.

Mr. McLENDON. Is he the man that you instructed to sign the bond?

Mr. JAMME. Yes.

Mr. McLendon. Mr. Jamme, are you familiar with how premiums are calculated on surety bonds such as this?

Mr. JAMME. Yes, sir.

Mr. McLendon. This one shows that it was so many dollars per thousand.

Mr. JAMME. Yes, sir.

Mr. McLendon. Of the contract price?

Mr. JAMME. That is correct.

Mr. McLendon. And the rates are stated on the bottom of the bond?

Mr. JAMME. Yes, sir.

Mr. McLendon. And executed as a part of the contract. You have seen that, haven't you?

Mr. JAMME. I haven't seen that; no, sir, but that is a typical form of the U.S. Government.

Mr. McLendon. Show it to him. Is the tabulation on the bottom of the bond, a copy of which you have in your hand, in the usual form?

Mr. JAMME. Well, yes, sir; I see one minor error in it. It says \$6.50 per thousand for the next two million five. That should be two million four.

Mr. McLendon. Two million four?

Mr. JAMME. But everything else is the same.

Mr. McLendon. Other than that, it has the correct rates?

Mr. JAMME. Yes, sir.

Mr. McLendon. The agent of your company writing the bond would be entitled to a commission, would he not?

Mr. JAMME. Yes, sir.

Mr. McLendon. How is that computed?

Mr. JAMME. The commission, that is in accordance with a schedule that we have. It is also on a sliding scale basis.

Mr. McLendon. And approximately how much would be the premium for a bond for \$14 million?

Mr. JAMME. Well, approximately \$70,000.

Mr. McLendon. That would be the premium. How much would the commission be?

Mr. JAMME. The commission, about \$10,000.

Mr. McLendon. And instead of charging a commission on \$14 million at that figure, the premium was computed to be \$109,000 instead of \$73,000; you could only arrive at that figure by running up the cost of the contract price, couldn't you?

Mr. JAMME. If the premium were \$109,000.

Mr. McLendon. Yes.

Mr. JAMME. Are you asking me?

Mr. McLendon. Yes.

Mr. JAMME. Oh, I see. Yes; it would have to be a much larger bond than \$14 million.

Mr. McLendon. In other words, the contract price would have to be increased almost \$8 million, wouldn't it, to produce a \$109,000 premium?

Mr. JAMME. Roughly, yes. That, of course, just isn't done.

Mr. McLendon. Sir?

Mr. JAMME. The amount, of course, coincides with the contract so that would be the only amount you could use.

Mr. McLENDON. Can you tell us offhand approximately what the commission would be on a premium of \$109,000?

Mr. JAMME. Let's see. Well, I would only be guessing. The commission once you got up to that level would get down to around 5 percent, so 5 percent of the difference between \$73,000 and \$109,000, I would say. I am not that good a mathematician; you will have to do that for me.

Mr. McLENDON. Mr. Reynolds has stated, in a document that he signed and filed with Senator Williams, that his commission was to be computed in a certain way. I would like for you to read the language and tell us what it means. I am handing you a document marked "Exhibit 15," in the long paragraph there on the first page, the front page.

Mr. JAMME. The last sentence you mean?

Mr. McLENDON. Yes, sir; read it out loud.

Mr. JAMME (reading):

In consideration for my being the media for passing these funds—

Mr. McLENDON. Speak a little louder; we can't hear you.

Mr. JAMME (continues reading):

I was to receive the full amount of the normal commission on such bond including the contingency reserve loss ratio, earned premium return.

Mr. McLENDON. What does that mean?

Mr. JAMME. Nothing to me.

Mr. McLENDON. Have you ever seen that collection of words in connection with a bond issued by your company?

Mr. JAMME. I have never seen those words put together in that fashion. It doesn't mean a thing. It is silly as far as I am concerned.

Mr. McLENDON. Does your company furnish to companies that you issue performance bonds for and general liability insurance your company's rates from time to time?

Mr. JAMME. Yes, sir.

Mr. McLENDON. Both bonds and insurance?

Mr. JAMME. Yes, sir.

Mr. McLENDON. How often do you do that?

Mr. JAMME. Well, the bond premiums, the rates, have only changed once since I have been in the business, so that is a fairly standard thing. However, on the insurance general liability, we would compute rates normally every renewal of the policy based on experience and what insurance commissioners will let us charge and things of that type.

Mr. McLENDON. About how often is it a practice to renew the general liability insurance?

Mr. JAMME. It is normally either 1 year or 3 years.

Mr. McLENDON. Do the rates vary from one locality to another?

Mr. JAMME. Yes, sir.

Mr. McLENDON. Is there a formula for calculating the premium on general liability insurance as related to any particular vicinity?

Mr. JAMME. Yes, sir. Most of it is based on payroll; the rate times so many hundred dollars.

Mr. McLendon. Specifically, might the rate furnished by your company be different for general liability in the city of Washington from what it would be in Philadelphia?

Mr. Jamme. Yes, sir.

Mr. McLendon. And what are those differences due to, largely?

Mr. Jamme. Largely due to experience.

Mr. McLendon. Past experience with a particular insured?

Mr. Jamme. Yes, sir; in that area.

Mr. McLendon. Now, how do you or how did you prior to 1960—well, during 1960 and prior thereto—how did you bill McCloskey & Co. for its insurance?

Mr. Jamme. The general liability insurance?

Mr. McLendon. Yes. In all insurance, but specifically general liability?

Mr. Jamme. Well, to start with the bond, of course, each bond is a separate instrument and we would bill on that specific bond at that specific time.

Mr. McLendon. Yes.

Mr. Jamme. General liability, however, is a blanket policy that covers many things, and we would do that on a quarterly basis.

Mr. McLendon. And would you bill the company for all of its liability insurance wherever it might be working? In a lump?

Mr. Jamme. Well, we would break that down by area.

Mr. McLendon. Areas?

Mr. Jamme. Cities.

Mr. McLendon. And how often did the company generally pay a bill for insurance?

Mr. Jamme. Well, I don't handle the billing end of it but if we bill it quarterly, and knowing my company, they pay us promptly. [Laughter.]

Mr. McLendon. If they didn't you could cancel the insurance, couldn't you?

Mr. Jamme. Yes, sir.

Mr. McLendon. Did you bill Hutchinson, Rivinus, your general agent, or would you bill McCloskey Co. directly?

Mr. Jamme. We would bill Hutchinson, Rivinus.

Mr. McLendon. Yes. And then they, in turn, would collect from the insured, the McCloskey Co.?

Mr. Jamme. I would assume so, but they would pay us.

Mr. McLendon. And you looked to them for payment?

Mr. Jamme. Yes, sir. They are responsible for it.

Mr. McLendon. Since this matter came up, Mr. Jamme, involving the payment by McCloskey & Co. of \$109,000 to Reynolds Associates, have you made any investigation to ascertain whether your company had any notice that Reynolds Associates was to act as broker for the general liability insurance?

Mr. Jamme. We wouldn't know that normally. Our broker or our agent is Hutchinson, Rivinus, and so long as they are the agent and we are billing them and they are paying us, we would know nothing else. We wouldn't be interested.

Mr. McLendon. Did you receive any communication from Don Reynolds Associates about the liability insurance?

Mr. JAMME. No, sir; not to the best of my knowledge.

Mr. McLendon. Did you have any notice that he was acting as broker?

Mr. JAMME. No, sir.

Mr. McLendon. For either the bond or the insurance?

Mr. JAMME. No, sir.

Mr. McLendon. You did not. How often, in your experience, do your agents like Hutchinson, Rivinus recognize a broker in the sale of insurance in bonds?

Mr. JAMME. Well, I am only speculating here because I am not an agent; I am an employee of the company and I am only concerned with our dealings with them. What they do beyond that I have no concern. I know as a matter of practice it happens quite often.

Mr. McLendon. Would a broker ever bill, ever obtain a bill from you, direct, from your company direct, rather than through the general agent?

Mr. JAMME. No, sir.

Mr. McLendon. Have you known anything like that to happen?

Mr. JAMME. Well, our agent on the business would be the one to receive the bill from us.

Mr. McLendon. Suppose he sent it to Aetna; what would happen?

Mr. JAMME. Suppose the other broker sent it to Aetna?

Mr. McLendon. Yes.

Mr. JAMME. Well, we would probably return it. It wouldn't mean anything to us. I wouldn't know what to do with it.

Mr. McLendon. In that case would you notify your agent, Hutchinson, Rivinus?

Mr. JAMME. I think we probably would, but you are asking me to speculate about something that just doesn't happen.

Mr. McLendon. I see. All right. Did you know Don B. Reynolds?

Mr. JAMME. No, sir.

Mr. McLendon. Ever meet him at all?

Mr. JAMME. No, sir.

Mr. McLendon. Did you know Robert G. Baker?

Mr. JAMME. No, sir.

Mr. McLendon. Ever had any connection with him of any kind?

Mr. JAMME. Never have.

Mr. McLendon. All right. That is all.

Senator PELL. Mr. Chairman.

The CHAIRMAN. Go ahead, sir.

Senator PELL. Mr. Jamme, would you have in your files the working sheets from which the general liability could be developed?

Mr. JAMME. Well, Senator, the FBI came in to see us and asked pretty much the similar thing, and the answer is "No," but I will go on a little bit on why. First of all—

Senator PELL. You don't know the answer.

Mr. JAMME. It is several years ago and we have a normal destruction program that takes care of most of these things. And further, when we bill, we don't bill just for a city. We break it down further than that. We would bill for types of work, concrete or laborers or masonry or something like that, you see, so we wouldn't have any way of determining that. We would get the payroll, you see, for a type, a classification; that is what we would bill.

Senator PELL. You mean the breakdown would not be on a geographic basis but almost on a craft basis?

Mr. JAMME. Well, both; it would be a craft in that geographic area.

Senator PELL. Yes; and the geographic basis would be the city as a whole?

Mr. JAMME. Yes, sir.

Senator PELL. Not the particular site?

Mr. JAMME. Yes, sir. For instance, you could have the masonry on five different jobs.

Senator PELL. I see. In other words, the masonry portion of it would be segregated in one section of figures and then you would come to the carpentry portion?

Mr. JAMME. Yes.

Senator PELL. And covering the different sites?

Mr. JAMME. Yes; that is right.

Senator PELL. Then it would be very difficult to unscramble the omelet and break down each of these into the specific locations, would it not?

Mr. JAMME. Very difficult.

Senator PELL. Would it be possible if you had the working sheets?

Mr. JAMME. If we had the worksheets?

Senator PELL. Yes.

Mr. JAMME. Well, here again I am speculating. It would be almost impossible, realizing that nothing would be impossible.

Senator PELL. Refresh my memory about what you told the FBI. Did you say the worksheets of the period had been destroyed?

Mr. JAMME. Our billing sheets for that period have been destroyed. Senator PELL. Thank you.

The CHAIRMAN. Mr. Jamme, may I ask a question, please, sir? Does each contractor, for instance, or is it possible for each contractor to have a different liability rate for his insurance?

Mr. JAMME. Oh, yes, sir.

The CHAIRMAN. It very often happens, doesn't it?

Mr. JAMME. Yes, sir.

The CHAIRMAN. In other words, McShain, who bid on this job, and McCloskey could have two different rates right here in the city of Washington?

Mr. JAMME. Yes, sir.

The CHAIRMAN. Which is based on the experience which they have built up over a period of years?

Mr. JAMME. Yes, sir; exactly.

The CHAIRMAN. Thank you, sir.

Mr. McLendon. That is all.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Mr. Jamme, when you billed Hutchinson, Rivinus quarterly under this general comprehensive contract, were you able to break it down as to the amount of premiums owed at that time on all contracts covered under the general contract? More specifically, did you determine how much was due on the District of Columbia Stadium policy?

Mr. JAMME. No, sir. We wouldn't even have to know——

Senator COOPER. Know what?

Mr. JAMME. We wouldn't even particularly know there was a District of Columbia Stadium. We would only know that the payroll for a certain type of operation had gone up.

Senator COOPER. How would you ascertain the amounts due the company quarterly?

Mr. JAMME. By auditing the payrolls.

Senator COOPER. Auditing the payrolls on each contract?

Mr. JAMME. The payrolls submitted to us; yes.

Senator COOPER. Then it would have been necessary to audit the payroll on the District of Columbia Stadium contract?

Mr. JAMME. Senator, I don't know how those payrolls are given to us. I can't answer that. I don't know.

Senator COOPER. Is there anybody who can answer these questions? This is one question that we have been asking again and again at this hearing. I am not blaming you. I asked Mr. McCloskey, and Hutchinson, Rivinus, and no one has been able to say how you could ascertain what premiums were due quarterly, and the information necessary to compute the amounts due. Now, I know you are a man of experience. In order to be able to submit a bill, would you not have to have some information covering all the contracts which McCloskey had and which were covered by your comprehensive policy?

Mr. JAMME. No. We would want to know all of the payroll he had on a given classification in a given area. That is all we would want to know. He might give us the payroll, for instance, on carpenters for five jobs lumped in one figure. We wouldn't know.

Senator COOPER. And there would never be any reference to any specific contract?

Mr. JAMME. I don't believe so.

Senator COOPER. Is there someone in your company that we can ask with reference to the District of Columbia Stadium contract, who would audit the accounts and prepare these bills to Hutchinson, Rivinus?

Mr. JAMME. The difficulty, of course, is these bills are gone.

Senator COOPER. I know it, but I would like to know in any case, whether the bills are gone or not. Now, do you know anyone in your company who is responsible for preparing the bills which you gave to Hutchinson, Rivinus?

Mr. JAMME. I can't give you an offhand answer, Senator. I could find out. That is the best I can do.

Senator COOPER. Mr. Chairman, I am going to ask that he ascertain what official of the company was charged with securing the information quarterly upon which bills could be submitted to Hutchinson, Rivinus. Second, and particularly, if there was any information provided on the District of Columbia Stadium contract. I am certain that somebody can give us that information. Can that be done?

The CHAIRMAN. It certainly can. I presume somebody can try to do that.

Mr. JAMME. I can ask the question, Senator.

The CHAIRMAN. May I ask a question at this point that might help both of us a little bit?

Senator COOPER. I might ask one more.

The CHAIRMAN. Go ahead. I did not mean to butt in.

Senator COOPER. Would you say that it would be impossible to tell this committee the exact premium which had to be paid Aetna on account of the general liability contract applicable to the District of Columbia Stadium?

Mr. JAMME. Yes, sir.

Senator COOPER. Mr. Stewart has testified that he and Mr. Reynolds estimated the premium on the general liability contract to be \$35,605.86. Could that have been done? Could that estimate have been made?

Mr. JAMME. Yes; that could have been done, understanding that we supply the rates to the agent Hutchinson, Rivinus. Now Hutchinson, Rivinus has said that they give a rate to McCloskey & Co. for bidding purposes, so they can figure in advance what it is going to be. We don't provide that information. Hutchinson, Rivinus does.

Senator COOPER. But is the normal practice that premiums for general liability contracts are paid in advance?

Mr. JAMME. I am sorry, Senator; I couldn't hear you.

Senator COOPER. Is it the normal practice for premiums on general liability insurance contracts to be paid in advance as it was in the case where premiums in advance were paid to Reynolds?

Mr. JAMME. The premiums paid to us are paid quarterly. I can't answer you on how the agent collects his money. The money we receive from our agent is paid quarterly.

Senator COOPER. Does your agent Hutchinson, Rivinus have any duty to notify you when there is a participation in insurance contracts?

Mr. JAMME. No, sir.

Senator COOPER. Can your company require that certain persons cannot participate in insurance contracts?

Mr. JAMME. The State commissioners can require that, but we—

Senator COOPER. Has your company made any decision that Reynolds cannot participate in any—

Mr. JAMME. Has our company made any decision that Reynolds cannot participate?

Senator COOPER. Yes; at any time.

Mr. JAMME. No, sir; never heard of any.

Senator COOPER. The substance of your testimony is that you looked to Hutchinson & Rivinus for payment of your premium.

Mr. JAMME. Yes, sir; the extent of our transaction is with Hutchinson, Rivinus. We wouldn't go beyond that.

Mr. McLendon. Mr. Jamme, can you confirm or deny this? Mr. Stewart of the McCloskey Co. has testified that, having your company's rates applicable to the District of Columbia, and having the other information with respect to the size of the payroll on the stadium or any other particular job, he or anyone else could compute the premium on general liability insurance.

Mr. JAMME. Yes, sir; after the agent, Hutchinson, Rivinus takes our rates, they do give a figure to their contractor so he can bid the job. As I have heard said in testimony, it is an item of cost and they have to know what that is. Yes; that is done.

Mr. McLendon. I am asking you if that could be done.

Mr. JAMME. Yes, sir.

Mr. McLENDON. Could Mr. Stewart take your rate and the figures from McCloskey & Co. with respect to the size of the job and payrolls and other data that he testified is used, and compute the premium on general liability insurance applicable to that particular job, the stadium?

Mr. JAMME. Major, you said our rate. Our rate as given to Hutchinson, Rivinus, and what they do with it to give to him, then the answer would be "Yes."

Mr. McLENDON. Assuming that they gave them the right rate.

Mr. JAMME. Yes, sir.

Mr. McLENDON. As given by you, then Mr. Stewart could do what he testified to, in your opinion.

Mr. JAMME. Yes, sir.

The CHAIRMAN. Mr. Jamme, for my own benefit in trying to understand this, is it not true that your auditors—you have auditors?

Mr. JAMME. Yes, sir.

The CHAIRMAN. Your company does the auditing of all your clients' payrolls; is that not correct?

Mr. JAMME. Well, of the ones that are subject to it. Not all of them. Some are very small. Yes.

The CHAIRMAN. You could accept it if you wanted to without auditing the account?

Mr. JAMME. Yes.

The CHAIRMAN. But you have the right to audit any account which you insure, is that correct, so you can send a bill to them quarterly?

Mr. JAMME. We have the right to audit any account that the agreement is made to audit.

The CHAIRMAN. That is correct.

Mr. JAMME. Yes.

The CHAIRMAN. You do not have to do it, but you have the right to do it?

Mr. JAMME. Well, yes.

The CHAIRMAN. And at the end of the year if you do not do it quarterly, you do normally audit at the end of the year anyway plus or minus that account, with the running account that you have all the time; is not that the way it usually is?

Mr. JAMME. This is an agreement set up when we write the contract.

The CHAIRMAN. That is what I mean.

Mr. JAMME. Yes, sir.

The CHAIRMAN. For instance, let us come back to this one thing we are talking about here now, the stadium contract. You have agents here in Washington. I presume—I just presume now; I am asking for information, and you can get this for us if you do not have it—that McCloskey & Co. would keep their payrolls for this particular job in Washington, would they not?

Mr. JAMME. I wouldn't think so; no. I would think this would go through their accounting department in Philadelphia.

The CHAIRMAN. They would not send their payroll to you to be audited. You would send your man to them to audit, would you not?

Mr. JAMME. Yes, sir.

The CHAIRMAN. There is a difference in that.

Mr. JAMME. Yes, sir.

The CHAIRMAN. They know how much the payroll is every week as far as that is concerned, if they pay every week.

Mr. JAMME. Yes, sir.

The CHAIRMAN. They know what it is monthly and they know what it is quarterly. And if you wanted to audit this particular payroll for McCloskey & Co., you would go to their Philadelphia office where they keep all their payroll, and you would actually audit the physical payroll for the whole District of Columbia; is that not right?

Mr. JAMME. Yes, sir; that is exactly right.

The CHAIRMAN. The cement work, carpentry work, pile driving, everything carries a different rate; is that not true?

Mr. JAMME. That is exactly right.

The CHAIRMAN. That would determine the rate in any contract that your insured would have to pay?

Mr. JAMME. Exactly.

The CHAIRMAN. That varies from time to time, does it not?

Mr. JAMME. The policy period; yes, sir.

The CHAIRMAN. That is right.

Mr. JAMME. Yes.

The CHAIRMAN. I wanted to be certain that I was correct in that.

Mr. JAMME. Yes; that is right.

The CHAIRMAN. That is the usual procedure that I know about.

Mr. JAMME. Yes; it is a standard procedure.

The CHAIRMAN. I know that companies do not usually send their payrolls. They are kept in their own possession.

Mr. JAMME. Exactly.

The CHAIRMAN. The insurer comes and checks those payrolls on their premises. There is nothing very mysterious about that at all. It is easy. But you do have a rate you get at the beginning of the year.

Mr. JAMME. Yes, sir.

The CHAIRMAN. And then it is subject to change and the policy is renewed.

Mr. JAMME. Exactly.

The CHAIRMAN. Is that correct?

Mr. JAMME. Exactly.

The CHAIRMAN. So it would be fairly easy, if you knew the rate and the amount of the payroll, for that insurer to figure out just what the exact amount would be, would it not?

Mr. JAMME. Yes, sir.

The CHAIRMAN. Any further questions? Senator Cooper, do you have any further questions?

Senator COOPER. I may have asked this. Do you know of any instance where the premium on a general liability insurance with respect to any specific contract was paid in advance?

Mr. JAMME. No, sir. I don't. There again, you see, we bill the agent, and, according to our billing, he has to pay within a certain number of days. That is the only way we would ever be paid.

The CHAIRMAN. Are there questions? Thank you, Mr. Jamme.

Mr. McLendon. Mr. Barr.

Senator WILLIAMS. Mr. Chairman, may I make a brief statement?

The CHAIRMAN. Yes; you may.

Senator WILLIAMS. Mr. Chairman, earlier in the day in the discussion, I mentioned the fact that there were certain projects which I had placed in inquiry, in which McCloskey & Co. may have been interested,

and one of those projects that I mentioned included post offices in Buffalo, Grand Rapids, and a project over in Connecticut that they were interested in, as well as one in Boston, and I also mentioned a project, the CIA project.

The vice president of the company and his counsel both emphatically denied, as I understood it, that they had any interest in any construction work involving the CIA. Now, I would like to read, with the permission of the counsel, Mr. Chairman, a letter which I received dated April 27, 1964, addressed to:

DEAR SENATOR WILLIAMS: This is in reference to that portion of your letter of March 18 regarding a construction contract with McCloskey & Co.

We understand that representatives of the Central Intelligence Agency called on you and furnished certain information concerning the project covered by the McCloskey contract. As explained during this visit to your office, McCloskey & Co. was selected for the reasons set forth below and a contract negotiated with that firm.

The Central Intelligence Agency stressed an urgent and compelling need for the project. Accordingly, a determination was made that the public exigency would not admit of the delay incident to advertising which would have required completed drawings and specifications on which to obtain bids.

All contractors operating in the Washington metropolitan area deemed qualified to perform the work were considered and the names of five firms, viz, McCloskey & Co., J. W. Bateson Co., George Hyman Construction Co., John McShain, Inc., and J. A. Jones Construction Co. (Tompkins-Jones) were recommended for final consideration. McCloskey & Co. were selected primarily because it had completed other large and important projects satisfactorily and expeditiously for the General Services Administration. This company also had the organization, ability, finances, equipment, and experienced personnel to successfully complete the project as desired, having recently completed Federal Office Building No. 6, a competitively bid project.

The CIA representatives informed us that you wish a list of the subcontractors of the McCloskey contract and the name of the insurance company. This information is contained in the attachment to this letter. However, we have no information regarding any relationship between McCloskey & Co. and the subcontractors and insurance company.

Sincerely yours,

BERNARD L. BOUTIN, *Administrator.*

He is the Administrator of the General Services Administration here in Washington. I ask that this letter, along with the accompanying attachments thereto, be printed in your record, which indicates that at least the General Services Administration thinks the McCloskey Co. were the contractors. In addition to that, I have an article here appearing in the Wall Street Journal of Wednesday, March 18, 1964. They refer to this same contract, and I would like to ask that that, too, be printed, which would indicate that I was not alone in thinking that they were.

(The documents referred to are as follows:)

EXHIBIT 43

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 27, 1964.

Hon. JOHN J. WILLIAMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILLIAMS: This is in reference to that portion of your letter of March 18 regarding a construction contract with McCloskey & Co.

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Sincerely yours,

BERNARD L. BOUTIN, *Administrator.*

BUILDING 213, INSURANCE

McCloskey & Co.—Aetna Casualty & Surety Co.:

Contractor's protective liability, policy No. 4AL9337, December 21, 1958, to December 21, 1961.

Contractor's protective liability, policy No. 4AL16300, December 31, 1961, to December 31, 1964.

Workmen's compensation, policy No. 4C99500, December 31, 1960, to December 31, 1961.

Workmen's compensation, policy No. 4C104200, December 31, 1961, to December 31, 1962.

Workmen's compensation policy No. 4C109200SR, December 31, 1962, to December 31, 1963.

Ambrose-Augusterfer Corp.—Aetna Casualty & Surety Co.:

Public liability, policy No. 4AL9342, January 1, 1959, to January 1, 1962.

Public liability, policy No. 4AL16410, January 1, 1962, to January 1, 1965.

Workmen's compensation, policy No. 4C97981, January 1, 1961, to January 1, 1962.

Workmen's compensation, policy No. 4C104938, January 1, 1962, to January 1, 1963.

Workmen's compensation, policy No. 4C107293, January 1, 1963, to January 1, 1964.

H. P. Foley Co.—Liberty Mutual Insurance Co.:

Public liability, policy No. LPI-131-305338-31.

Workmen's compensation, policy No. WCI-131-305337-31.

McCloskey & Co.—Lump-sum subcontractors:

S. V. Dove, Jr., removal of railroad spur.

Standard Acoustics, Inc., ceiling anchor system.

Long Fence Co., security fence.

Haughton Elevator Co., elevator removal.

Sanymetal Products Co., toilet partitions.

Duckworth Roofing Co., membrane waterproofing.

Potomac Iron Works, reinforcing steel.

Washington Ply-Rite Co., metallic waterproofing.

Peter Bratti Associates, stonework, terrazzo, and ceramic tile.

G. & H. Steel Service, Inc., reinforcing steel.

Belmont Woodworking Co., millwork.

J. W. Conway, Inc., roofing.

Controlled Demolition, Inc., blasting.

Sheris Co., food service equipment.

A. & P. Contractors, plastering and acoustical.

Atlas Machine & Iron Works, structural and miscellaneous steel.

McCloskey & Co.—Lump-sum subcontractors—Continued

Appalachian Flooring Co., floor covering.
 G. & H. Steel Service, reinforcing steel.
 Hires Turner Glass Co., mirrors.
 Southern Plate Glass, aluminum doors, glass, and glazing.
 Liskey Aluminum, Inc., raised floor system.
 Clarke-Baridon, Inc., thermal insulation.
 Houghton Elevator Co., new elevators.
 Paul H. Werres Co., conveyor system.
 Eastern Engineering Co., wood rolling partitions.
 Cupples Products, Inc., aluminum windows (terminated).
 E. F. Houserman Co., metal partitions (terminated).
 Stanley L. Fentress, security office painting.
 Kinner Manufacturing Co., rolling steel doors.
 Potomac Iron Works, architectural aluminum.
 Nabco Plank Division, precast concrete planks.
 William Dunbar Co., painting and spray vinyl.
 Trio Industries, aluminum windows.
 Virginia Metal Products, metal partitions.
 Myers & Quigg Inc., paving.
 Ray Mathews Nurseries, Inc., landscaping.
 Kensington Window Cleaning Co., housecleaning.
 Marenka Stainless Steel Corp., laboratory equipment.

McCloskey & Co.—Cost-plus-fixed-fee subcontractors:

Howard P. Foley Co., electrical.
 Ambrose-Augusterfer Corp., mechanical.

Ambrose-Augusterfer Corp.—Lump-sum subcontractors:

Automatic Sprinkler Corp., sprinkler system.
 Philip Carey Manufacturing Co., nonconductive covering.
 Johnson Service Co., temperature.
 The Marley Co., cooling tower.
 York Corp., refrigeration equipment.

EXHIBIT 44

[From the Wall Street Journal of Mar. 18, 1964]

MCCLOSKEY'S STORY—HOW BIG FUNDRAISER FOR DEMOCRATIC PARTY PROSPERED AS A BUILDER—HE WINS NEGOTIATED CONTRACT ON CIA PROJECT; STADIUM JOB FIGURES IN BAKER PROBE

PRaise FROM MATT'S CLIENTS

(By Monroe W. Karmin, staff reporter of the Wall Street Journal)

WASHINGTON.—A fascinating building tucked away in the southeast sector of this growing Capital is, to the esthetic eye, typical of much local architecture—white, cold, uninspired. Its appeal lies not in its beauty but in its mystery.

Chain-link fencing bars the unwanted; windows of brownish glass brick prohibit penetrating vision; and Government officialdom shuns discussion of the project. It's "classified."

The man whose company recently completed this secret structure appears to be of opposite design. To many a visitor, Matthew H. McCloskey, Jr., personifies grand Gaelic charm—rosy, warm, witty. Fittingly, he represents this country in Ireland as Ambassador. And as this career draws to a close, Matt McCloskey resumes two others. As a master contractor, he's earned millions building public works; as a master politician, he's collected millions for the Democratic Party. Nevertheless, he too is most intriguing in his mystery. Much about Mr. McCloskey is hidden from view.

Like that project in Southeast Washington. The Ambassador, who has been back in the United States for a holiday, won't talk about it. Nor will son Tom, president of the family company in Philadelphia. Nor is much enlightenment offered by the General Services Administration, which negotiated the construction contract. Only persistence elicits the bare information that McCloskey & Co. got the job in November 1961—the first year of the Kennedy administration—and that construction was completed recently "on schedule."

John E. Byrne, the agency's information officer, explains that competitive bidding was skipped because of the "classified" nature of the facility and the

"critical time element involved." He says GSA experts considered five contractors with building experience in Washington, decided on Mr. McCloskey "because of his reputation to be able to do a job of this type (altering and reconstructing an existing building shell) within the time framework," offered it to him personally, and "that was it."

At the time, Mr. McCloskey was quite ready to devote attention to his private business. As national treasurer of the Democratic Party, he had been occupied with the chore of wiping out the multimillion-dollar deficit run up by President Kennedy's 1960 campaign, as managed by brother Bobby. Mr. Byrne is quick to assure that "the recommendation to do this particular job came from our professional staff and there was no politics involved."

SEARCH FOR SIMILAR CASES

Still, Mr. Byrne describes the procedure as "very unusual." The contract wasn't even discussed with the four other builders considered capable, he says. He can't recall a previous occasion when competitive bidding was eschewed on a major Washington project; certainly not since the McCloskey award, nor during the decade before. Searching for cases even remotely comparable, Mr. Byrne requires weeks to discover the \$9.7 million contract negotiated in 1962 with the firm headed by Del E. Webb—a registered Democrat who says he's a sometimes contributor to both parties—to build the U.S. pavilion at the New York World's Fair.

But GSA refuses to discuss the money involved in the McCloskey deal in any terms, other than to say that the company was paid cost plus a 3.35-percent fee for the work. Even such general information as to whether costs exceeded expectations is stamped "classified." Rival builders declare that after they'd noticed construction activity beginning, they were told informally by GSA officials the contract amounted to between \$2 and \$3 million. But as it stands today, the mystery building is adjudged a \$10 million effort.

Nor will Mr. Byrne identify the building's occupants. Yet the saluting guard at the old Navy Weapons Factory enclave, site of the mystery, cheerfully points out to the inquiring stranger this "Central Intelligence Agency Building." Thus, curiosity is heightened. CIA of course does secret spying, but does it do all its building in the dark? In fact, no. During the latter part of the Eisenhower administration, when the Agency erected its enormous headquarters complex in nearby Langley, Va., not only were competitive bids asked, but GSA put out a news release. Full details on bids and costs are public. (Incidentally, McCloskey & Co. bid on some of the work but didn't win any.)

A COMPETITOR COMMENTS

Against this background, resentment over the 1961 mystery contract lingers among Mr. McCloskey's competitors. One declares: "In my book it was clear that Matt McCloskey was a prominent Democrat, had raised a lot of money for the party, and they felt they could throw him this job, perfectly legally, without competitive bids."

Informed of this sentiment, Tom McCloskey dismisses it as sour grapes. "I don't blame them for feeling that way," he comments, but invokes "security" as a bar to further discussion.

Another McCloskey mystery was brought to attention—but apparently will remain unsolved—by the Senate Rules Committee investigation into Bobby Baker's tangled business activities while secretary to the Senate Democrats.

Don B. Reynolds, the insurance man who took Bobby in as a silent but influential partner, testified that in the spring of 1960 (though nobody seems to be able to mark the date precisely) Matt McCloskey joined him and Bobby in Mr. Baker's Capitol office—along with William N. McLeod, Jr., clerk of the House Committee for the District of Columbia, and Chairman John L. McMillan, Democrat, of South Carolina, of the House committee. Mr. McLeod testified a McCloskey vice president, whose name he couldn't remember, attended, too.

This committee had handled legislation authorizing construction of the big District of Columbia Stadium, costliest structure ever built by the District of Columbia government. Mr. Reynolds, in his testimony, quoted Mr. McCloskey as expressing a desire to bid on the stadium job. But Representative McMillan's memory is that Mr. McCloskey already had established himself as low bidder, and the meeting's intent was to "meet Mr. McCloskey and look over the plans for the stadium." Mr. McLeod's recollection is that Mr. McCloskey had not been

designated low bidder at the time but "he was pretty sure he was going to be able to get (the award), because he said it was a contract involving a lot of cement work and he said that was his experience."

Interviewed at his Palm Beach vacation home, the Ambassador parries questions as to the meeting's specifics with this generalized reply: "I went in to see Baker on another matter, and he said 'I'd like you to meet some people,' and that's all there was to it." As for Mr. Baker himself, Bobby is "taking the fifth"—refusing to talk about anything, on the ground he might be incriminated.

If the meeting, indeed, did take place in the spring of 1960, then Mr. McCloskey couldn't have been certified as the winning low bidder at that time. Invitations to bid were sent out on April 19; bids were opened June 10; McCloskey & Co. got the official award July 7 with a bid shaved just \$244,750 under the next lowest bidder.

PERFORMANCE BOND

Having won the award, Mr. McCloskey, as is customary, was required to post a performance bond to insure the contracting authority—in this case the District of Columbia Armory Board—that he would fulfill his contract. On many other contracts, McCloskey & Co. has bought such insurance from Aetna Casualty & Surety Co., Hartford, Conn., through the firm of Hutchinson, Rivinus & Co., Philadelphia, as agent. Mr. McCloskey's son-in-law, J. B. McHale, Jr., is a Hutchinson, Rivinus partner.

The District of Columbia Stadium performance bond traveled this customary route—except for an initial detour. Mr. Reynolds acted as broker, for which he received a commission of \$10,031.56. He promptly distributed \$4,000 to Mr. Baker and another \$1,500 to Committee Clerk McLeod. Mr. Reynolds says he made the payment to Mr. McLeod for, among other favors, having helped get the stadium legislation through the House, and to Mr. Baker for bringing the stadium performance bond to him. Mr. McLeod first told the committee his payment was for personal legal services to Mr. Reynolds; later he described it as a gift.

Ambassador McCloskey agrees he did cut Mr. Reynolds in on the performance bond as a favor to Mr. Baker, whom he describes as "a friend of mine." He explains it this way. During the years when he was Democratic treasurer (1955-62), he received many requests from people for information from Capitol Hill and Mr. Baker was his "contact man in Congress, though I never knew too much about him."

"One day he was telling me about the stadium and asked if I were going to bid on it," Mr. McCloskey recalls. "I said 'Yes, I am,' and he said 'If you get the contract will you let my friend, Reynolds, write the bond?' This is not an unusual thing. So when I got the job, I let his friend write the bond." Mr. McCloskey denies that he received anything in return for this gesture.

STADIUM CONTRACT

The stadium contract is an interesting document. The winning McCloskey low bid amounted to \$14,247,187.50. Yet at the end of construction, the contract totaled \$17,266,015.58. Explanation: In between, the District of Columbia Armory Board has issued 236 "change orders"—alterations of specifications which boosted the price by some \$3 million. In addition, McCloskey & Co. is asking the District of Columbia Contract Appeals Board to award it more than another \$1 million, on the ground that bad weather forced the employment of "unusual and costly procedures not contemplated in the original contract."

An official of the Capitol Architect's Office reports that an informal survey of recent Federal construction showed "change orders" normally run 6 to 10 percent of contract cost. Other Government and industry experts agree; viewing the 21 percent jump in the McCloskey contract, one exclaims, "This just isn't normal." He adds "that's poor management at the least. You could go in below cost if you knew you were going to get that many changes." A loser in the stadium bidding voices a similar complaint: "If we had known there were going to be that many extras, we could have shaved our bid lower than McCloskey's."

The point is that change orders can be the most profitable part of a building job. Industry and Federal sources estimate a contractor can often reap a 10 percent profit on changes, which are negotiated, compared with a typical 6 percent or smaller return on work in the original competitive bid contracts.

CONCESSION EQUIPMENT OMITTED

A closer look reveals about \$1.3 million worth of the changes were for equipping concession stands—with such essentials as water piping and electric wiring, and equipment including hotdog warmers, sinks, and drink dispensers. Why were such necessities of a spectator sporting life omitted from the original contract?

A. J. Bergman, Armory Board manager, has an explanation. When the contract specifications were drawn up, he says, the Board was undecided whether to ask the concessionaire to equip the stands. Later it was concluded that a concessionaire would demand a long-term lease before providing his own equipment, which the Board was opposed to, so the chore was handed to the general contractor after all.

Plausible as this may be, it doesn't impress the contracting community. One builder uses the adjective "silly." He doubts anyone would seriously think hot-dog and hamburger purveyors would want to sink \$1.3 million into such a venture, certainly not without the protection of a long-term pact.

This opinion is shared by the company that now operates the stadium concessions under a 10-year lease. A spokesman for Sportservice Corp., of Buffalo—which claims to be the biggest in the industry with gross business of about \$100 million annually—says, "We certainly would not have considered investing anything like \$1.3 million without at least a 20-year lease, and I seriously doubt we would have done it even with that." Describing the Armory Board's wish as "very illusory," he notes it canvassed the concession industry and found no interest.

"COULD HAVE BEEN CHEAPER"

Even J. A. Blaser, the stadium's contracting officer, confesses to displeasure over the way things turned out. "Including (the concession equipment) at the beginning would have been a lot less messy for a lot of reasons," he sighs, "and it could have been cheaper."

All of which suggests McCloskey & Co. was either smarter or luckier than its rivals. Every other bidder must have been aware the concession equipment was missing from original specifications. One bidding loser agrees, but says the mere fact that the equipment was omitted originally tended to erode his confidence that this job would be given to his firm if it became the general contractor. Tom McCloskey minimizes the importance of the change orders. "Any contractor bidding on a job that size can't bid hoping to get a windfall on change orders," he asserts.

The McCloskey record in this town of uninhibited spending does turn up a larger pattern of change orders—some of "normal" dimensions and some beyond. Look at Capitol Hill, for example. In the years since Mr. McCloskey became Democratic Party treasurer—and these have been years of Democratic Party control in both the Senate and House—seven contracts passing the million-dollar mark have been let through competitive bidding to improve the area. McCloskey & Co. won three of them including the one that dwarfs the rest: The mammoth and luxurious Rayburn Office Building now scheduled for congressional occupancy January 1. Depending on what figures you choose, this may be the costliest Federal structure in history.

McCloskey is erecting the superstructure under the major contract, awarded in March 1960 on a \$50,793,000 bid. Since then, Congress has decided to add a cafeteria, health suite, swimming pool, and other conveniences. All this has fattened the McCloskey contract by \$1.1 million to date, says Philip L. Roof, executive assistant to the Capitol Architect. But D. Stafford Kelley, the Capitol Architect's representative on the job, states that \$4 million in changes already have been ordered—and more, maybe another half-million-dollars or so, are in the works.

CHANGE BOOSTS CONTRACT

McCloskey & Co. also dug the hole and built the foundation for the Rayburn Building. The firm won the contract with a \$6,666,000 bid, but a major change in design boosted the contract total to \$8.8 million. Now the contractor has filed an appeal for still more money, a claim that is treated as a dark secret by the Capitol Architect's Office. However, \$800,000 is an accurate estimate of the amount.

And history provides a footnote. During the turmoil of World War II, the Government poured nearly \$170 million into a concrete ship and barge program

which "Ships for Victory," a Government-commissioned history of wartime merchant shipbuilding, describes as "a conspicuous example of an expenditure which produced relatively little." One beneficiary: McCloskey & Co. With Government help, a yard was developed at Tampa, Fla. Originally, the cost was estimated at \$2.7 million but it mounted to more than \$7.5 million. McCloskey delivered 24 ships (most of which served in such uncelebrated roles as floating storehouses and training vessels) in 1943-44 that cost Uncle Sam \$48 million, some \$20 million more than the contract price.

"Ships for Victory" concludes:

"The yards and the ships were built under contracts that guaranteed reimbursement of costs and payment of minimum fees, even when, as happened under McCloskey's contract, the cost proved much more than double the contract price. In such a case clearly the Government paid an outrageous amount compared to what it received."

"NOT ECONOMIC"

The Ambassador now recalls the concrete ship as "not economic because the hull weighed two-and-a-half times steel."

On those rare occasions when politicians—Republicans, of course—have tried to build heat against Matt McCloskey, they've produced more murky smoke than visible flame.

Senator Williams of Delaware, at the time of the Senate's confirmation of Mr. McCloskey as Ambassador in 1962, pleaded unsuccessfully for time to look again at some old allegations against the nominee. One involved the 1946 sale of a Government-owned shipyard in Jacksonville, Fla., to a Louis Wolfson firm. Mr. Williams told the Senate Mr. McCloskey was associated with Mr. Wolfson in the deal and that a man who worked for a Wolfson-owned firm paid \$25,000 to a Government official in a position to help Mr. Wolfson buy the yard. Mr. McCloskey, in a letter to the Senate, confirmed being associated with Mr. Wolfson early in the bidding for the shipyard but said he pulled out before the sale and denied any knowledge of the alleged payoff. He noted a House subcommittee in 1947 investigated the sale and "never even called me as a witness."

Senator Williams told his colleagues the circumstances were investigated by a grand jury that returned no indictments; he noted a key Government witness died before the grand jury completed its work. "I am convinced that the allegations are not entirely unfounded," he asserted.

VOTE OF CONFIDENCE

But the Senate failed to find Mr. Williams' alarms compelling and awarded Mr. McCloskey a rousing vote of confidence. This sentiment prevails today among Federal contracting officials. Mr. Byrne on the mystery building, Mr. Blaser on the stadium, and Mr. Kelley on the Rayburn Building, all express satisfaction with the McCloskey construction skill.

Back home in Philadelphia (the Ambassador says he's built "most of the schools" there), city authorities agree. "Generally speaking," says Thomas J. McCoy, director of the Philadelphia Housing Authority, "he has a fine reputation as a builder." Public construction is the McCloskey specialty; son Tom figures the ratio is at least 80 percent public, no more than 20 percent private.

Many McCloskey competitors, not all of whom approve of his simultaneous pursuit of contracts and political funds, attest to his prowess as a contractor. A focal point of admiration: Meeting an "impossible time limit" in building the District of Columbia Stadium. One describes him as "a tough competitor, a good builder."

Amidst this widespread acclaim, there are some detractors. Kemmel & Co., Inc., a Pennsylvania painting outfit, is one. Now bankrupt, it worked for McCloskey as a subcontractor on a contract to build a 1,000-unit Government housing project at Fort George G. Meade, Md., in 1958-59. The opinion of Federal District Court Judge J. Wood, handed down last May, tells the story:

At the start, Kemmel agreed to do all the painting on the job for \$290,000. But this turned out not to be a simple task. Plaster walls wouldn't take paint and had to be doctored: some 600 painted doors were damaged and had to be redone; more extra work became necessary when floors buckled and plaster fell; and many exteriors, required repainting after later road construction covered them with dirt.

During these difficulties, Matt McCloskey, his own firm beset by mounting penalties for tardiness, told Kemmel to get the job done by employing more

men and forget about the cost; he'd take care of the bills on a cost-plus basis. And the McCloskey company did shell out \$530,298, nearly twice the contract price. But Kemmel complained this wasn't enough and sued. In court McCloskey accused Kemmel of inferior workmanship. Judge Wood ordered McCloskey to ante up another \$271,346. But the case is now on appeal.

Even within the U.S. Government, certain second thoughts about the merit of McCloskey performance have cropped up, though not with undue haste.

Back in Truman's time, 1950, a \$10,563,000 McCloskey bid won the contract to build a 1,000-bed Veterans' Administration hospital in Jamaica Plain near Boston. Within a year after the hospital's opening in 1952, outer walls bulged and cracked, window frames buckled. ("When winds were high," one hospital official has recalled, "screens from the windows were flying all over the place.")

But not until Senator Williams got wind of the fiasco, a decade later, was it decided to demand an accounting from the builder. Under the Senator's prodding, Attorney General Robert Kennedy's Justice Department in January socked McCloskey, along with the architects and engineers, with a civil suit for \$4.9 million. The particulars against McCloskey: "Numerous departures" from contract specifications, "defective workmanship and deficient equipment and materials," and failure to provide proper inspection and supervision.

M'CLOSKEY COMMENTS

The McCloskey rebuttal places blame on the hospital's design, not its construction. And the Ambassador is quite philosophical about the whole thing: "You can't be in business all the years I've been and not run into a few headaches. We're going to try this thing in the courts."

If the McCloskey talent for erecting big buildings is impressive, equally so is his knack for collecting big money for the Democrats. In a reflective mood on his 71st birthday recently, the Ambassador, his white hair gleaming, absorbed the Florida sun at the poolside of his exquisite and expensive vacation retreat and spoke at length. He calculates at \$30 to \$35 million the amount he's captured for national and local party coffers over the 30 years he's been in the business.

A majestic feat was the \$11.5 million John F. Kennedy campaign 4 years ago. (The 1956 Stevenson campaign cost a comparatively modest \$5.5 million.) And it's in the fond recollection of the late President that the puckish McCloskey humor shines. After the election, when \$4.5 million in bills were still unpaid, the Ambassador remembers Mr. Kennedy asked him the state of party finances. When Mr. McCloskey revealed the enormity of the deficit, the President exclaimed: "My God, Matt, what would we have done if we had lost?"

Replied Matt: "What do you mean 'we'? I had a one-way ticket to Mexico."

But the Democrats had not lost; Mr. McCloskey raised the millions. Just the inaugural gala in Washington brought in \$1,250,000. Matt, punching his fist through the air, says he got the rest by "bang, bang, banging away" at State chairmen and contributors.

AMBASSADOR IS RESIGNING

He'll be doing more of the same for President Johnson this summer. The Ambassador, now in Dublin winding up affairs, is resigning his diplomatic post and plans to hit the fundraising trails around May or June. Not this time as treasurer, since that post is filled now by Richard Maguire; Matt expects to serve as finance committee chairman, or in some similar capacity.

But he'll not completely neglect the family business. Throughout his ambassadorship, the elder McCloskey has continued to serve as the company's chairman (he relinquished the presidency to son Tom in 1961 after transferring his stockholdings to his children), and he plans an active future role in the enterprise.

Why the return to politics? The formal McCloskey answer is philosophic: He believes deeply in the principle that party members should support their convictions with contributions. "If you belong to a political party, you should be a dues-paying member."

In more casual conversation, he puts it a little differently: "I've been dealing with these people for years, and I know where the bodies are buried."

Mr. McCloskey describes his fundraising formula: First, find out who has the money; second, have the courage to ask for it ("it's surprising how timid people are in asking for money"); third, make a "hit" with the prospective contributor. He'll give willingly. In pressing his doctrine upon subordinate fundraisers, Matt

has no patience with poor performance. One fellow Democrat tells of witnessing a transformation of this genial Irishman into a "ruthless" driver "with the coldest blue eyes I've ever seen."

Are "convictions" the only motives for political contributing? "How much [a contributor] pays determines how much attention he gets," Matt remarks, "and I do whatever I can to help a fellow—anything that doesn't hurt the taxpayers and lets me sleep at night."

But he quickly adds: "I could give you a list of a lot of people who have given a lot of money and have asked for nothing in return."

ONE-HUNDRED-DOLLAR-A-PLATE DINNERS

And, then there's the \$100-a-plate dinner. By now this is such a standard item for both parties that young folk may think it began about the same time as baby kissing. But Mr. McCloskey claims he invented it in 1934.

Matt likes nice round figures, and after the Stevenson campaign in 1956, to wipe out the \$750,000 deficit, he formed a "750 Club"—enrolling members at \$1,000 a head. Pennsylvania contributed 25 members, of whom nearly one-third were McCloskeys. "I made a contribution," the Ambassador explains, "and got my kids to do the same."

If carried to the fullest, this tribal generosity could finance quite a lot of democracy. Besides 6 McCloskey children there are 29 grandchildren all living within a 5-mile radius of the manor house in Philadelphia. But the patriarch declines to tabulate the clan's contributions to the party. "I'd rather you didn't know."

Nor does the McCloskey dedication to the liberal cause stop at the dollar sign. The firm employs many Negroes on construction jobs ("We've always been sympathetic to their problems," says Tom), and the Ambassador has contributed regularly and substantially to the support of St. Elizabeth's Catholic Church in predominantly Negro North Philadelphia. Too, son Mathew H., III, has been a member of what now is the State commission on human rights since its creation in 1955.

There's no doubt that McCloskey means millions, and since money breeds power, Matt possesses considerable of the latter, too. The facts and figures of personal or corporate wealth are unavailable, but the Palm Beach villa is testimony. So was Mr. Kennedy's teasing endorsement of Mr. McCloskey's reelection as party treasurer during the 1960 convention. "I would hope," Nominee Kennedy told the Democratic National Committee, "that you reelect as treasurer my friend, Matt McCloskey, who tells me he has a lot [of money] buried in his cellar and is ready to contribute it to this campaign." Matt was renamed by acclamation.

POWER AND WARMHEARTEDNESS

Dimensions of the McCloskey power can only be surmised, but there are clues. And, if they are not misleading, these are traces also of McCloskey warmheartedness.

Senator Joseph Clark, Democrat, of Pennsylvania, is a clue. He sponsored Mr. McCloskey's ambassadorship before the Senate Foreign Relations Committee. "We love him," an aid to the Senator proclaims. "We think of him as an Irish Santa Claus. Because of Matt McCloskey the Democratic Party in Pennsylvania never has had real money problems in campaigns."

Miss Catherine A. Coyne is a clue. A former nurse, she attended Mrs. McCloskey during the birth of her daughter, Anne, during the early 1930's. Then she went to work for the State. For some time, progress was slow; after 21 years her salary had reached \$7,400. But during the regime of Democratic Governor Lawrence, a close McCloskey friend (they drove home together from the recent Clay-Liston fight in Miami), things moved. In 1959, she was named to a \$12,500-a-year job as confidential secretary to the secretary of labor and industry, a post that had been vacant for 5 years.

Two years later Miss Coyne was appointed executive director of the bureau of employment security at an \$18,000 salary, one of the highest paid by the State to a woman. A newspaper writer unkindly attributed the belated rise to "McCloskey muscle." The Ambassador, however, doesn't accept this. "She merely moved up; she'd been with the State for years." Now retired on a \$526.36 monthly pension, Miss Coyne has been visiting the McCloskeys in Palm Beach in recent weeks.

John J. Lynam is a clue. He worked for McCloskey & Co. for many years, mainly as a troubleshooter. He's been close to the family, too; took the kids to the movies and amusement parks when they were young. In 1955, Mr. Lynam went to work for the State; by 1959 he rose to be assistant executive director and by 1961 executive director of the general State authority. This GSA supervises most construction under State contract, including that done by McCloskey & Co. Now retired, Mr. Lynam is wintering in Palm Beach.

POLITICAL SECRETARY

Miss Marian R. Ford is a clue. She's been a longtime McCloskey associate, served as his political secretary. In a celebrated case, Miss Ford's nephew, David K. Darcy, and two accomplices were sentenced to die for killing a bystander in a 1947 holdup. In 1956 Democratic Governor Leader commuted the trio's sentences to life imprisonment on the unanimous recommendation of the State board of pardons. Subsequent political furor stirred Mr. McCloskey, who had testified before the board, to make this statement: "I deny that at any time, to anyone, either directly or indirectly, have I paid out any money in connection with the Darcy case." But he did confirm he'd distributed copies of a court opinion to members of the all-Democratic pardons board.

The Ambassador, himself, is a clue. He has told the story of his diplomatic appointment. After election a grateful President Kennedy, according to Mr. McCloskey, told him: "I want to do something for you, Matt." The quick and sentimental reply: "Send me to Ireland." The Ambassador says he's good friends with President Johnson, too; has known him longer than he did Mr. Kennedy.

But perhaps the most certain sign of the McCloskey power is a matter of feeling rather than fact. A reporter inquiring around Philadelphia discovers a surprising reticence on the subject of Matt McCloskey. Everyone knows of him, but many say they don't know much, and a surprising number insist they don't really know him at all. Among those who do concede knowledge, most conversation clings to the superficial. And of the few willing to venture deeper, almost all insist upon anonymity.

A sense of the awe that McCloskey majesty inspires in the hearts of many Philadelphians was perhaps conveyed by the reply of a prominent Democrat to a phoned request for an appointment to chat about the topic.

"God, no," the horrified voice shrieked, "I don't want any trouble with Matt McCloskey."

Senator WILLIAMS. Now, Mr. Chairman, there was one other incident which happened here this morning, and I regret it, but I want to say that in my opinion this investigation is far more important than personalities or any controversy between individuals on the committee or myself. I think we recognize that and, therefore, however, as a result of this most regrettable incident which happened this morning, wherein my own veracity or integrity was challenged by members or representatives of this committee, and having gotten the clear understanding that my assistance is no longer wanted, I am going to leave this committee room.

However, before leaving this room, I wish to extend to you and your committee my very best wishes for your success in developing all of the facts, and in making a full and complete exposure of all the wrongdoings surrounding the subject matter toward which your attention has been directed. In extending to you my best wishes, I will say that as one who expects to be in the U.S. Senate for the next 6 years, I have not lost interest in this case, and I shall be following your work and the developments from your committee with the greatest of interest. Thank you very much.

The CHAIRMAN. I do not remember the incident where you said McCloskey & Co. deny that they had this bid. I think that they should be allowed a chance to reappear, if they want to, to explain how they answered. I do not know.

Senator WILLIAMS. I think so, too. Any goof that should be made—

Mr. GITTIS. Mr. Chairman, I don't think we made a goof at all. I think that the record will show that Senator Williams said we built the CIA Building, which everyone in this room considered to be the CIA Building in Langley, Va. I went back and checked, and informed this committee and Senator Williams that we were the second bidder on that building. He at no time made mention of any other project for the CIA, and I believe the notes of testimony will show exactly what he said and exactly what I said, and I am perfectly content to retire and let it rest on what the notes of testimony show.

Senator WILLIAMS. I am, too. I will say this: That you have not submitted to me any information in any connection, neither you nor any representative of your company, since I left this committee room since that statement was made.

Mr. GITTIS. Senator Williams, I don't think we have to submit any information to you.

Senator WILLIAMS. No, sir; you do not.

Mr. GITTIS. And we have no intention of doing so.

The CHAIRMAN. May I ask a question before you leave, Senator Williams? Are you all talking about the same building? Maybe he is talking about one and you are talking about another. Let us be certain that we are not doing anybody an injustice.

Senator WILLIAMS. I am not trying to do anybody an injustice.

The CHAIRMAN. I know you are not.

Senator WILLIAMS. I merely want to clarify the record.

Senator PELL. I am a little horrified to hear that the CIA has more than one building.

The CHAIRMAN. I want to be certain we are talking about the same building.

Senator WILLIAMS. If there are two buildings, I would be interested in that, but I got the impression that in my statement I included the CIA project as one of the projects that they had no interest in it, and I do not think that I was the only one. I think that several members of the press all had the idea, and I just wanted to know. If there are two buildings or three, I would like the Senate to know that. This one is a monstrosity enough.

Mr. GITTIS. I think, Senator, the one you referred to as a monstrosity is the one in Langley, Va., which is the one I had reference to, and which I can assure you McCloskey & Co. was the second bidder to the Tompkins Construction Co., which built it.

Senator WILLIAMS. I want to disabuse anybody's mind as to which building. I merely said the CIA Building. I just did not like the manner in which—

The CHAIRMAN. Go ahead, Senator.

Senator COOPER. Mr. Chairman, I would like to make this statement: I think the committee will remember that this investigation was initiated upon the basis of information furnished to the Senate by Senator John Williams, of Delaware. When the investigation was authorized, Senator Williams was the first witness. He provided this committee the information upon which the investigation proceeded. He provided this committee with further information which he asked

that the staff of the committee search out, to determine if there were facts which ought to be brought out in testimony before the committee.

When the committee made the decision in March to close this investigation, I remember that we discussed asking Senator Williams to appear before the committee again and state to us if he had any further information. I remember that I made the motion that Senator Williams be called before the committee to present any further information that he might have. That motion was voted down by the committee upon the grounds stated by some members that Senator Williams had provided the committee with all the information that was available to him.

I think it is also remembered that later it was Senator Williams' presentation of evidence in the Senate, new evidence, which he had not known before, upon which this present inquiry is based, and I think in justice to Senator Williams, because it has been stated that he had this information regarding the payment of the \$35,000 to Reynolds in excess of the premium on the performance bond, that he has stated that he did not have this information at the time the investigation was closed in March. It was only later when he had additional information that he presented this to the Senate. It was such compelling evidence that the Senate reversed its position and initiated this inquiry.

I believe the committee knows and Members of the Senate know, as shown by their unanimous decision to reopen the investigation, that they have great confidence in Senator Williams' presentation of the facts. He also urged that a full and searching investigation and inquiry be made. In the exchange this morning between Senator Williams and our counsel, both jealous, and properly so, of their integrity and honor, Senator Williams did, I think with a great sense of justice, tell our counsel that it could have been possible that in the conversation to which he referred, counsel might not have understood as he did.

I am aware also of counsel's jealousy of his honor and integrity, and I respect him for that. But I think Senator Williams did say to counsel that counsel might not have understood him. I hope very much that Senator Williams will not absent himself from this committee and that he will continue to present it the information that he may have. He has already said that he will make available to this committee his entire file of all his information, including all his letters and all his records. I have no doubt that the contents of these files will in themselves open new avenues to the committee. Speaking for myself, I think this committee, Congress, and the country owe Senator Williams a great debt.

Senator WILLIAMS. I want to thank the Senator for that. As the author of the resolution last October which started this investigation, the correspondence which the chairman is going to put in this committee record today will show that I directed to him a letter thanking him for his assistance in getting the investigation, the resolution, the original one, through, and offering my assistance at any time I could.

Later I received a letter from the Senator requesting that I appear on a certain date. I went before the committee—this was in early October of 1963—and presented what evidence at that time that I had. About a month later, as I recall it, the letter which will be placed in the record will show I directed another letter to the chairman of the

committee, told him that since my earlier appearance I had obtained additional documents which I thought should be turned over to his committee.

The chairman graciously arranged a meeting to which I went and turned over those documents. They are all a matter of record. They included the additional. Now had I been called at the time that the Senator from Kentucky made his motion in March, I would not have been able to have told you about this check. I did not know about it. I was suspicious that there had been an overpayment as I stated the other day, but I had no evidence on it, and the committee, based on a statement that was put in the record which it had obtained from Mr. McCloskey, emphatically stated that \$73,000 was the total amount paid Mr. Reynolds. I could not say that it wasn't, so I would not have been able to have given you additional information.

In the early part of July last year I had reached the point where I was convinced in my own mind that there was approximately \$100,000 changed hands. I still did not have the check, and at that time again—this is in your record of Tuesday—I, in a colloquy, as one example, on the floor with the chairman of the committee, I strongly suggested that this check should be obtained. For reasons best known to themselves, they did not get it. I was able to get the check as near as I can recall, and if there is any question about it I can give you the exact date, but I obtained this check around the middle of August, a very few days from that point. I know it was just prior to the Democratic Convention in Atlantic City.

I was working desperately after this, and I contacted Mr. Reynolds to come in, get his version, and to establish certain other points which I felt should be established, and just in the event the Congress decided to adjourn before the convention, so that I could at least get rid of it and get it in the record, because at that time I was not sure whether I would be back in January, although I knew that with all the members of the Rules Committee pulling for me, I would be able to make it, but I wanted to be sure. Anyway, Congress did not adjourn, and I waited while the rest of you—many of you were enjoying yourselves at Atlantic City. I worked on my statement and report, and Congress reconvened on Monday, and it was on Tuesday—and I could not have done it much quicker than that—I put this in the record.

Now out of that this investigation started. I said then that I thought it would be better, in fact the Senator from Kentucky offered a resolution in the Senate establishing a bipartisan committee to conduct such investigations as this. I feel that this type of investigation should never be conducted on a partisan basis. I am one who firmly believes that the Democrats are just as honest as the Republicans. I have said that time and again. That goes for the Members of the Senate as well as the members—the people. We have had incidents of corruption heretofore. I recall we had the Teapot Dome scandal under the Republican administration, and I would resent anyone saying that that should be an indictment against the members of the Republican Party. We had the Sherman Adams incident under the Eisenhower administration, and I was the first Member of the Senate to criticize that transaction.

I regretted the necessity of having to do it, but I have tried to recognize that this—and this investigation here, as it develops, may go across party lines, and I hope it does not, I hope it does not involve Members of the Senate, but if it does, they put themselves there, you and I did not. But I do feel that this is far too important to the Congress. I think the integrity of the U.S. Senate is at stake in this instance. I have said it before and I cannot repeat it too strongly now, and I think that this investigation is one of the most important investigations that has ever been authorized or conducted by the Senate in my 18 years. The Senate itself has never been reluctant to investigate incidents or allegations of wrongdoings as they involve the executive branch or maybe those individuals who are outside of Government.

Now this particular investigation touches upon our own house. There are suggestions—it goes beyond suggestions—that employees of the Congress are involved. There are suggestions, we have heard the hints, that if we pursue this, it could involve Members of Congress. We all hope not. But if it does, we have even greater responsibility to follow this through and see that it is fully exposed and fully developed.

I don't mean this to indicate that we are looking for anyone. Let's develop the facts and whoever is in there, let the chips fall where they will or may. I pledged my cooperation to your committee the first time. I did work with your committee. I could have gone to the floor of the Senate with the documents, many of those which you developed in your later hearings, because I had them. I presented them to your committee and gave you a chance to further expand them, and I congratulated you on the job to the extent that you did it.

I have said that this last time, even though the Congress or the Senate rejected—well, first they approved the bipartisan committee sponsored by the Senator from Kentucky, but they were not appointed, and later they decided, the Senate did, to instruct your committee to resume the operations. I said then that while I had supported this select committee and its establishment, nevertheless I would forget that and I would again cooperate with your committee. The letters and correspondence which your chairman is going to put in this committee record today I think will indicate the extent to which I have cooperated with your committee and confirmed what I have said, that I would turn over to you the documents and the information which I have. Now I fully intended to. I came back here this week during your sessions, not because I didn't have something else to do, but having started this investigation, you gentlemen having to leave your vacations, I thought that it was only right that I, too, offer to leave and come over here and cooperate if we could.

Major McLendon called me about 2 weeks ago, called the office, that he would like to talk to me at my convenience. I think this was on a Monday. I made it a point to come over to Washington specially, no other business, on I believe it was a Wednesday, and conferred with him. I was glad to do it. I came back again and I have tried to make myself available to this committee and help in any manner. But I still say I regret these incidents. I regret the incident the other night where a suggestion was made that I had testified under oath in Octo-

ber and November last in 1963, and I got the inference—maybe it wasn't intended as such—well, I hadn't told all the truth because there was this \$35,000 check. I didn't know about it then. If I had I would have told you.

But as I said before, I am sorry I wasn't able to develop these for you. I have done the best I could. Considering that I have no staff and you have the staff, I thought I was doing a fair job getting some of this over to you. But anyway, I still say this is far too important an investigation for the Senate and the country to let it break down on personalities. I said I would accept this morning's incident, for the sake of closing the argument, as a misunderstanding, although I was very sincere in what I said and intended to be truthful when I explained my part of the conversation, but I don't wish to renew that. You don't get anywhere with that type of an operation.

I say again, this investigation is far more important than any individual, and I extend to the chairman of the committee, to every member of the committee, to the general counsel of the committee, my very best wishes, and your success, in making a fully complete disclosure of all the subject matter here that has been called to the attention of the committee. It needs it. As I stated before, just as an interested citizen and as a Member of the Senate, I shall be following your work and your disclosures with continued great interest.

The CHAIRMAN. I appreciate that spirit of cooperation which you have shown. I think that the record shows—and I think it is in the printed record—that in all cases I thanked you for the help that you have given us, and I have called on you personally. I am sure that you would be obliged to admit that we have dug up some information that you didn't furnish to us.

Senator WILLIAMS. Oh, yes.

The CHAIRMAN. I don't want it to appear that we have done nothing but just take what you have brought us.

Senator WILLIAMS. Oh, no.

The CHAIRMAN. We found some things for ourselves.

Senator WILLIAMS. Oh, yes; you have got some that are going to be developed here, and I congratulate you on that, and wish you all the luck in the world as you proceed with this investigation, because I think these are points that by all means should be fully disclosed, and I am looking forward to all of these, and I know that your committee work is far, far from done, and I am looking forward with great interest as you develop this in the days, weeks, and what may be the months to come.

The CHAIRMAN. I think that you want to be entirely fair.

Senator WILLIAMS. Oh, yes.

The CHAIRMAN. And I certainly do myself.

Senator WILLIAMS. Sure.

The CHAIRMAN. I am glad you mentioned, a while ago, that you didn't know about this \$35,000 business until sometime in August.

Senator WILLIAMS. That is right.

The CHAIRMAN. You said you didn't know about it. I said yesterday—I think it was yesterday or the day before, in this hearing—that I didn't know about it until you divulged it on the Senate floor, and I didn't, and I don't think anybody on the committee knew about it. That is the only thing I am saying. Had we known that, had Mr.

Reynolds told us that when he told us all that he knew, and said, "Here it is, now this is all of it," this would have been done a long, long time ago.

Senator WILLIAMS. I recognize that, Mr. Chairman.

The CHAIRMAN. I think you will admit that.

Senator WILLIAMS. Oh, not only admit it, I will join you in stating I am sure that if this had been available to you, I or your committee last October, October a year ago, you would have proceeded with it. There is no question about that. I have made no such suggestion. I only say that I regret that what I sense to be a line of criticism, because I haven't been able to develop it for you sooner—

The CHAIRMAN. Oh, no.

Senator WILLIAMS. But I still wish I had. I was doing as much as I could to help develop the facts. I had a great interest in this whole case. I assure you that my leaving here does not in any way indicate that I am going to lose my interest. I am merely going to turn over and remove myself, for the sake of making sure that this does not degenerate into a partisan case or a case of personalities, because I think this is far more important than John Williams or anyone else involved.

I want this to proceed, and I didn't say that this morning, because I didn't want the answer—well, maybe I was just a little bit overly annoyed—but I took time to carefully think about this, and I have come to the conclusion that in the best interest of all concerned, your concern and all, it is better that I leave you to your work, along with my very best wishes, and also assure you that as one of your great admirers, I shall be watching with great interest to see just how far you can go with this, and as these developments come, and all of it, I am not walking out here with any thought that I am losing interest in this case.

I want you to know that, or interest in seeing it developed, but I am merely walking out because I want to help you in every manner possible. And since I detected this lack of confidence in what I was telling you I thought it was the best for all concerned that I step out, because I have had my integrity challenged twice this week. The first time I overlooked it. Maybe I was wrong, but I interpreted it as a challenge to it when the suggestion was made that, under oath, I hadn't told all. But, anyway, I interpreted it as a challenge to my integrity. I overlooked that. I always give the man the second opportunity. But no man gets the third opportunity to call me a liar.

The CHAIRMAN. Senator Williams, I appreciate your remarks there. I want to say to you I never have criticized you for not giving us information you didn't have. If Mr. Reynolds had given us the information which you did give us, this hearing today wouldn't have been here. We would have been through with it a long time ago. This committee simply could not investigate something they didn't know about, which a man said he had told you underhand, and so we have done the best we could with the people who have been talking to us. If we could get a little more truthful information out of some of the witnesses—not you—we could get along a lot better.

Senator WILLIAMS. I appreciate that, and I understand the handicap of it. Of course, there are other factors and other facets here which you are vitally interested in, and many people are interested in, other

than this particular \$35,000 check, but I again leave you not in any spirit of anger but with the very best wishes from one of your colleagues in the Senate.

The CHAIRMAN. Thank you very much.

Will you call your next witness?

Mr. McLENDON. Mr. Chairman, I think I ought to say for the record, I think I understand the Senator's statement that what he said about me this morning may have been due to a misunderstanding on his part. I accept that statement from him without further criticism or comment.

The CHAIRMAN. Call your next witness.

Mr. McLENDON. Mr. Barr.

The CHAIRMAN. Mr. Barr, you have heard this statement read, have you not?

Mr. BARR. Yes, sir.

The CHAIRMAN. You have not been sworn?

Mr. BARR. No, sir.

The CHAIRMAN. Will you please remain standing? 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. BARR. I do.

The CHAIRMAN. Thank you, sir. Please be seated.

Mr. McLENDON. Will you state your name and address, please?

TESTIMONY OF HARRY K. BARR, ACCOMPANIED BY GERALD H. ULLMAN, ATTORNEY

Mr. BARR. My name is Harry K. Barr, and my address is 135 South Merrick Avenue, Merrick, N.Y.

Mr. McLENDON. Are you accompanied by your counsel?

Mr. BARR. Yes, sir; I am.

Mr. McLENDON. Will he state his name and address?

Mr. ULLMAN. Gerald H. Ullman, 102 Broadway, New York City.

Mr. McLENDON. Mr. Barr, in 1961, did you have some business transactions with Myron Weiner?

Mr. BARR. Yes, sir; I did.

Mr. McLENDON. In what capacity were you acting in connection with those transactions?

Mr. BARR. In 1961 I was chairman of an ad hoc committee for the purpose of obtaining legislation for ocean freight forwarding industry.

Mr. McLENDON. Will you give us a little information about what the ocean freight forwarding industry is?

Mr. BARR. Yes, sir. The ocean freight forwarding industry consists of forwarders at seaports who prepare the documentation, book the shipment on board the vessels, do the banking for the inland shippers, and in other words act as the export representative or the traffic representative at the seaport for the exporters and manufacturers of this

country. This industry since 1942 has been investigated by the Federal Maritime Board, and we were regulated under section 16 of the Maritime Act. There were problems within our industry.

We knew there were problems, and the FMB knew there were problems, the Congress knew there were problems, and starting in 1956 the House Merchant Marine and Fisheries Committee held hearings concerning our industry. There was testimony taken from witnesses, both in our industry, the steamship industry, and from shippers, and the House in H.R. 2939 in the 84th Congress, 2d session, recommended legislation, licensing, and other matters concerning forwarders. However, it never passed the House.

Again, in 1958 a bill—a forwarding bill to license freight forwarders—passed the House. Again in 1959 a bill passed the House. In 1960, the Senate passed a bill on forwarding, but unfortunately the conferees were unable to agree, that is the House and Senate conferees. Then in 1961, after a further investigation of the industry by the Federal Maritime Board, the Board came down with a decision in June 1961 that effective September the steamship companies could not pay any more commissions on freights to freight forwarders. Now those commissions represented 31 percent of the income of the freight forwarding industry, and in our opinion that was an extremely harsh and unjust decision for the Federal Maritime Commission to make. We made up our minds that we simply had to get legislation in this session, and that is more or less the background.

Mr. McLENDON. Did you employ Mr. Weiner to represent your association?

Mr. BARR. Yes; we did. We hired Mr. Weiner after an investigation by a committee in New York of possible help here in Washington. He had never in the previous years had anyone down here in Washington. We were trying to do it all ourselves from around the country, and we finally decided that we were spending a fortune in travel expenses and were getting absolutely no place, which was proved by the record with the legislation and so we decided we would have to have someone here permanently, to just stay with our legislation until it was either passed or we just didn't get it. And we hired him for that purpose.

Mr. McLENDON. Did you personally conduct the negotiations with him for his employment?

Mr. BARR. No; I did not.

Mr. McLENDON. Who did that?

Mr. BARR. That was a committee which was formed for that special purpose before I became the chairman. But I was a member of that committee.

Mr. McLENDON. You were a member of the committee?

Mr. BARR. Yes, sir.

Mr. McLENDON. Tell the committee, Mr. Barr, what Mr. Weiner obliged himself to do.

Mr. BARR. Mr. Weiner, who was an attorney from Roselle, N.J., and was introduced by some of our New Jersey members to us, said that he would devote all of his time—he didn't have an office in Washington but he would come down here, he would establish himself, he would stay here, he would follow this legislation of ours, he would coordinate what we were doing all around the country, and he would hope to see that this legislation was passed.

Mr. McLENDON. In other words, he was to be the representative of your committee on the ground here in Washington?

Mr. BARR. Yes, sir.

Mr. McLENDON. And to do what is commonly known as lobbying?

Mr. BARR. No; we didn't hire him as a lobbyist. We hired him as an attorney to coordinate our efforts. I mean we were doing our own lobbying. We have been doing it for the last—since 1956. We knew all the Congressmen. We knew all the Senators, and they knew us because we had been introducing bills in practically every session of Congress. But we wanted someone here to see that somehow, someplace, somebody didn't put that bill aside and we would run through the same thing again.

Mr. McLENDON. What amount of money did you agree on to pay Mr. Weiner?

Mr. BARR. In all we agreed that overall he would be paid a fee of \$50,000.

Mr. McLENDON. You have furnished us with a receipt dated October 23, 1961, for \$50,000 signed by Myron Weiner, and it reads:

Advice re: Freight Forwarder Legislation.

Hand him a copy of that. This has been marked "Exhibit 45." Is that a copy of the original receipt, or would you like to see the original receipt?

Mr. BARR. No, no. These are the records I gave you.

Mr. McLENDON. Was the \$50,000 paid on that date?

Mr. BARR. No. There is a notation on here, Major, that will show the dates that he was paid, except for the first item which was paid previous to my becoming chairman.

Mr. McLENDON. That is \$10,500?

Mr. BARR. Yes.

Mr. McLENDON. And then on August 21 another \$10,000 paid?

Mr. BARR. Right.

Mr. McLENDON. September 21, \$2,000; is that right?

Mr. BARR. No; that is 20.

Mr. McLENDON. \$20,000. And September 29, \$5,000; October 16, \$4,500; making a total of \$5,000.

Mr. BARR. \$50,000.

Mr. McLENDON. I beg your pardon; \$50,000. I am not accustomed to such big sums.

Mr. BARR. Neither am I.

(The document referred to is as follows:)

EXHIBIT 45

LAW OFFICES
FRANK S. & MYRON WEINER
1221 ST. GEORGE AVENUE
ROSELLE, N. J.
CHESTNUT 1-0022
ELIZABETH 2-3110

October 23, 1961

Mr. Harry Barr
44 Beaver Street
New York City, N. Y.

FOR PROFESSIONAL SERVICES RENDERED RE:

Advice Re: Freight Forwarder Legislation \$50,000.00

Received Payment
Myron Weiner

Howard Signor previous to our return of
special account
Barr 8/21
2000.00 Barr 9/21
5000.00 Barr 9/29
4500.00 Barr 10/14

0

Mr. McLendon. You also furnished us a receipt dated October 23, 1961, signed by Mr. Weiner which reads:

Reimbursement of contribution to tickets re:
Italian Charities Dinner and Dance, October 29, 1961, at Astor Hotel, New York City, \$1,000.

Did you pay him that \$1,000?

Mr. BARR. Yes, sir.

Mr. McLendon. Is that a correct statement of what it was for?

Mr. BARR. Yes. Actually we attended the dinner.

Mr. McLendon. Do you have a copy of this before you?

Mr. BARR. Yes, sir.

Mr. McLendon. That is marked "Exhibit 46," isn't it?

Mr. BARR. Yes, sir.

(The document referred to is as follows:)

EXHIBIT 46

LAW OFFICES
FRANK S. & MYRON WEINER
1221 ST. GEORGE AVENUE
ROSELLE, N. J.
CHESTNUT 1-0022
ELIZABETH 2-3118

October 23, 1961

Mr. Harry Barr
44 Beaver Street
New York City, N. Y.

FOR PROFESSIONAL SERVICES RENDERED RE:

Reimbursement of contribution to tickets re:

Italian Charities dinner and dance October 29, 1961
at Astor Hotel, New York City \$1,000.00

ITALIAN BOARD OF GUARDIANS

Received Payment
Myron Weiner

check No. (11)

Mr. McLendon. Finally, you have a receipt signed by Frank S. Weiner for \$1,000, dated, it looks like, December 11—no, October 28, 1961, isn't it?

Mr. Barr. November 28.

Mr. McLendon. November 28, 1961. And that merely says: "For professional services rendered, \$1,000"; is that right?

Mr. Barr. Yes, sir.

Mr. McLendon. On the copy you gave us, there is some pen-and-ink writing, which I have difficulty in reading, but it looks like: "Committee on Legislation, United Ocean Freight Forwarding Industry."

Mr. Barr. United Ocean Freight Forwarding Industry.

Mr. McLendon. Do you have a copy of this before you?

Mr. Barr. Yes, sir, I do.

(The document referred to is as follows:)

EXHIBIT 47

LAW OFFICES
FRANK S. & MYRON WEINER
 1881 ST. GEORGE AVENUE
 ROSELLE, N. J.
 CHESTNUT 1-0022
 ELIZABETH 2-3118

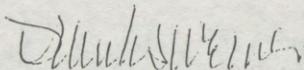
Harry Barr Esq:
 25 Broadway,
 New York, N. Y.

(Committee on Legislation
 received check & forgot forwarding bill to me)

FOR PROFESSIONAL SERVICES RENDERED RE: -----\$1,000.00

Received Payment,

ca. 12 - 11/28/61



Frank S. Weiner

Mr. McLendon. You also furnished us for inspection—we haven't had copies of these made up—a series of checks. Do you have a list of these before you?

Mr. Barr. Yes, sir.

Mr. McLendon. If you don't object I will read from these for the record. You check as I go along. November 6, 1961, Frank S. and Myron Weiner \$1,000, signed by you. Was that payment made by you to Weiner?

Mr. Barr. Yes, sir.

Mr. McLendon. Who is Frank S.?

Mr. Barr. I believe that was his law partner; his father.

Mr. McLendon. His father. Was that for the same purpose; his retainer or compensation for his services?

Mr. Barr. No. That relates to one of the invoices for \$1,000 that we mentioned before.

Mr. McLendon. For expenses?

Mr. Barr. Yes, sir.

Mr. McLendon. The next one is dated September 29, 1961, and this one is written to Roberts Associates, is it not?

Mr. Barr. Yes.

Mr. McLendon. In the amount of \$5,000, and it is signed by you?

Mr. Barr. Right.

Mr. McLendon. What is that for?

Mr. Barr. The same thing—part of the fee that we had agreed to pay him.

Mr. McLendon. Part of the \$50,000?

Mr. Barr. Yes; and Roberts Associates was, as far as our committee knew—Mr. Weiner told us that was his company, and asked us if we would make it out, and we agreed to do so.

Mr. McLendon. The agreement was with him as an individual, but he told you that he was doing business in the name of Roberts Associates?

Mr. BARR. No. Our agreement with him was as an attorney under the name Frank S. & Myron Weiner, but he did ask us if we would make out the check to Roberts Associates. In fact he asked us to make out two checks to them, which we did, with the understanding that we would be invoiced as per our agreement by Frank S. & Myron Weiner, attorneys.

Mr. McLendon. Did he tell you or did you understand that Roberts Associates was a name that he used?

Mr. BARR. Yes.

Mr. McLendon. And it did not mean some other organization?

Mr. BARR. No, no. It was the name he used.

Mr. McLendon. The third check you gave us was dated October 19, 1961, for \$4,500, and this is made to Myron Weiner, Esq., and signed by you.

Mr. BARR. That is correct.

Mr. McLendon. Is that a part of the \$50,000?

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

Mr. McLendon. A fourth check dated August 21, 1961, this one to Roberts Associates for \$10,000 signed by you. Is that a part of the \$50,000?

Mr. BARR. Yes; it is.

Mr. McLendon. The next check you gave us is dated September 20, 1961, payable to Myron Weiner for \$20,000, a check signed by you; is that correct?

Mr. BARR. That is correct.

Mr. McLendon. And the last one is dated November 28, 1961, to Myron Weiner, Esq., for \$1,000 signed by you, and these checks all constituted the fulfillment of your agreement to pay him \$50,000?

Mr. BARR. That is correct, sir.

Mr. McLendon. What kind of reports, if any, did Mr. Weiner make to you or your associates?

Mr. BARR. Well, he made practically daily reports, and of course members of our committee and I were down here practically weekly from June through the date when our legislation was finally passed.

Mr. McLendon. Were those reports made by telephone?

Mr. BARR. Telephone or he would make them in person either to me if I was available, or make them to other members of our committee, and then we would hold our weekly committee meetings. All this information would be put together, and we would act on what he told us according to our judgment.

Mr. McLendon. Did he at any time report to you that he had employed the law firm of Baker & Tucker?

Mr. BARR. No, sir; he never did.

Mr. McLendon. Did he tell you he had employed Tucker?

Mr. BARR. Never.

Mr. McLendon. Did you know anything about any arrangements between Mr. Weiner and Tucker & Baker?

Mr. BARR. No, sir; I never heard of Tucker until just the other day.

Mr. McLendon. You never heard of him until you were contacted about this matter?

Mr. BARR. That is right, sir.

Mr. McLendon. Did you know whether he employed anyone else other than Tucker & Baker?

Mr. BARR. No.

Mr. McLENDON. When you were here on numerous occasions while this legislation was pending, did you find out that he and Baker were good friends or intimates?

Mr. BARR. No. Of course, he had told me on one occasion or maybe he told me on a few occasions that he was friendly with Mr. Baker, which I thought was great.

Mr. McLENDON. Why did you think it was great?

Mr. BARR. Well, Mr. Baker was majority leader—not majority leader but—

Mr. McLENDON. Secretary.

Mr. BARR. Secretary to the majority leader of the Senate.

Mr. McLENDON. And you thought that that would indicate that your man Weiner was in contact with a powerful influence?

Mr. BARR. I think—that is exactly what I thought.

Mr. McLENDON. Did he tell you anything else about Baker?

Mr. BARR. Nothing.

Mr. McLENDON. Did he employ anyone else to your knowledge in connection with this pending legislation?

Mr. BARR. No, sir; not to my knowledge he did not.

Mr. McLENDON. Was the legislation finally passed favorable to your contentions?

Mr. BARR. Not as favorable as we would like to have seen it, but at least we got a licensing bill, which licensed us and protected us on our brokerage. Otherwise a lot of us would have been wiped out.

Mr. McLENDON. Upon the passage of this legislation did your contractual relations with Weiner come to an end?

Mr. BARR. No; we planned to set up and maintain a permanent Washington office. Our industry is a small industry—that is, each individual company is a small company—and it was simply impossible to get the continued financial assistance from the members and get them all acting together in concert so that we could have a permanent representative down here. The answer is “No.”

Mr. McLENDON. Did you continue your office here under any circumstances?

Mr. BARR. No.

Mr. McLENDON. And you didn't continue his employment?

Mr. BARR. No.

Mr. McLENDON. You didn't employ anyone else?

Mr. BARR. No.

Mr. McLENDON. And you are sure, are you, that Mr. Weiner never disclosed to you or any member of your committee, to your knowledge, his connection with the law firm of Tucker & Baker?

Mr. BARR. I am positive he didn't.

Mr. McLENDON. Positive?

Mr. BARR. Yes, sir.

Mr. McLENDON. All right; that is all.

The CHAIRMAN. Senator Pell?

Senator PELL. No questions.

The CHAIRMAN. Senator Cooper?

Mr. McLENDON. Mr. Barr, do you have any objection to our retaining these checks long enough to get them in the record and mail them back to you?

Mr. BARR. Not at all.

(The checks referred to are as follows:)

EXHIBIT 48

HARRY K. BARR, SPECIAL ACCOUNT

38

No. 11

November 6, 1961

1-8
210

PAY TO THE ORDER OF

Frank S. & Myron Weiner

\$1000.00

one thousand and 00/100

DOLLARS

FIRST NATIONAL CITY BANK
BROADWAY AT BEAVER ST.
NEW YORK, N.Y.

Harry K. Barr

⑆0210⑈0008⑆ 04282076⑈

FRANK S. WEINER
MYRON WEINER
F
189

55-100 NEW JERSEY 55-100
ELIZABETH
THE GUARANTY BANKING COMPANY
NOV 8 1961
PAY TO THE ORDER OF ANY BANK, BANKER OR TRUST CO.
ENDORSEMENTS GUARANTEED
55-100 NEW YORK 1-57

38

HARRY K. BARR,
 SPECIAL ACCOUNT *Sept 29, 1961*

No. *8*

PAY TO THE ORDER OF *Roberts Associates* \$ *500.00*

Five hundred and 00/100 DOLLARS

FIRST NATIONAL CITY BANK
 BROADWAY AT BEAVER STREET
 NEW YORK, N. Y.

[Signature]

4282076

For By memo
Roberts Associates

OCT 5 1961
 \$ 500.00

PAY TO THE ORDER OF
 BANK OF AMERICA
 154 THE FIRST NATIONAL BANK 154
 511 THE FIRST NATIONAL BANK 511

38

HARRY K. BARR
 SPECIAL ACCOUNT *Do. Miller 1967*
 No. *770* TWO HUNDRED AND NO. *1967* 1-8
 PAY TO THE ORDER OF *Wm. W. Miller Co.* \$ *4500.00* 210
Wm. W. Miller Co. DOLLARS
 OCT 19 1967
 FIRST NATIONAL CITY BANK
 BROADWAY AT BEAVER STREET
 NEW YORK, N. Y.
[Signature]

4282076

Wm. W. Miller Co.
10/19/67

[Signature]
 H



38
2

HARRY K. BARR,
SPECIAL ACCOUNT August 21, 1961 1-8
210

No. 2

PAY TO THE ORDER OF ROBERTS ASSOCIATES \$10,000.60

Ten Thousand & 00/100 ----- DOLLARS

FIRST NATIONAL CITY BANK
BROADWAY AT BEAVER STREET
NEW YORK, N. Y.

Harry K. Barr
Harry K. Barr-Spec. A/C
4282076

*Roberts Associates
Pay to the order of
Myron Deane
From Report
THE FIRST NATIONAL
BANK of Washington*

154 THE FIRST NATIONAL CITY BANK 154
PAY TO THE ORDER OF
ROBERTS ASSOCIATES
111

AUG 24 1961 21420



HARRY K. BARR, SPECIAL ACCOUNT

38

No. 12 Nov 20 1961 $\frac{1-8}{210}$

PAY TO THE ORDER OF Myron Weisell Esq \$1000.00

one thousand 00/100 DOLLARS

FIRST NATIONAL CITY BANK
BROADWAY AT BEAVER ST.
NEW YORK, N.Y.

[Signature]

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Myron Weisell Esq

PAY TO THE ORDER OF
CENTRAL HOME TRUST COMPANY
ELIZABETH, N. J.
FRANK S. *[Signature]* TRUSTEE

55-5680
CENTRAL HOME TRUST CO
ELIZABETH, NEW JERSEY
DEC 8 1961
PAY TO THE ORDER OF
BANK, BANKER OR TRUSTEE
PRIOR ENDORSEMENTS GUARANTEED

NOTE in addition -

The following contributions were made previous to Harry Barr setting up special account and were paid to Myron Weiner, Esq. by Howard Seymour:

Mohagan International Corp.	\$ 2,500.00
Pace Shipping Co.	1,500.00
Barr Shipping Company Inc.	1,500.00
John H. Faunce Inc.	2,500.00
Major Forwarding Co. Inc.	<u>2,500.00</u>
	\$ 10,500.00

Senator COOPER. Mr. Barr, you stated that you had been elected the head of a group of freight forwarders?

Mr. BARR. Yes, sir.

Senator COOPER. How many individuals or companies are members of this committee? If you can't remember now, can you give some approximate number?

Mr. BARR. Yes; I think I can give the answer. Originally this went back to 1959 when the committee on legislation of the ocean freight forwarding industry was formed in New Orleans, and I was elected chairman, and then in 1961 I was elected chairman of this ad hoc committee, and I would imagine that two or three hundred at least contributed to this committee.

Senator COOPER. You stated that sometime in 1961 you had information that Mickey Weiner could be very helpful in behalf of your legislative efforts in Washington. Where did you get that information?

Mr. BARR. Well, as I explained before, Senator, we had gotten together almost immediately after the Federal Maritime Board decision came down that effective in 120 days would take away brokerage from our industry, and it was right after that that we got to thinking that we had to have someone here. And some of our members knew Mr. Weiner from New Jersey, and he was brought over and screened by a committee, and he presented himself and said that he would go to Washington, he would look after our interests down here, and he was approved by the committee and he was hired.

Senator COOPER. You have stated that you had information that Weiner could be helpful in behalf of your legislative efforts in Washington. Can you tell the committee who gave you that information?

Mr. BARR. I would say it was other members of our committee.

Senator COOPER. Do you remember their names?

Mr. BARR. Offhand, no, but I can get the names for you.

Senator COOPER. I ask that he provide that.

Mr. McLendon. Yes.

Senator COOPER. Then later you and two or three others of the committee met with Weiner. Who were the other members that met with you and Weiner?

Mr. BARR. That would be the same names. I have those names.

Senator COOPER. Can you remember any of them?

Mr. BARR. I can remember some of them; yes.

Senator COOPER. Now?

Mr. BARR. Yes.

Senator COOPER. Just state their names.

Mr. BARR. It was Mr. Seymour.

Senator COOPER. Where from?

Mr. BARR. From New York and a Mr. Wartman from New York, all members of our industry committee and in the same industry as I am in.

Senator COOPER. What did they tell you Weiner could do for you in Washington?

Mr. BARR. Well, generally, they didn't tell me that he could do anything. He came over, and at a meeting that we had with him and at a luncheon we had with him he told us what I recounted before. We told him what our problem was just as I related it before. He ex-

plained that he could free himself from all his interests and come down here to Washington and look after our interests, and if the bill was passed, fine.

Senator COOPER. Was it then that you agreed to pay him \$50,000?

Mr. BARR. No. We agreed to pay him then a retainer of \$10,500, which was given to him, and we were in no position to pay him because we didn't have any money. But we would pay him as we approve what he was doing and as we saw the progress that was being made, up to a total of \$50,000.

Senator COOPER. When your ad hoc committee met and you had seen Mr. Weiner for the first time, after three meetings with him he had convinced you that he could be so valuable that you would give him a \$10,000 retainer fee and eventually pay him a total of \$50,000. What information did he give your committee, the members of which were later willing to put up \$50,000 for Weiner to come down and work for you? What did he tell you he could do?

Mr. BARR. He simply told us that he could work and he was sure—he knew people—that he could occupy his time looking to this. He said he thought he could get it. I was one of the committee that frankly after my own experience down here in Washington, I thought it was impossible. But we were in a desperate situation, and we agreed to accept him.

Senator COOPER. You said the situation was desperate and that it was a matter of life and death to your industry. This man must have been very important to you. He must have convinced you that he could be very helpful.

Mr. BARR. He certainly did. He made a very impressive presentation to us on three different times, and we agreed to take him.

Senator COOPER. He said he knew people here that could be helpful?

Mr. BARR. Well, of course, he said he knew people.

Senator COOPER. People who were employees of the Congress?

Mr. BARR. No, sir; not people who were employees of the Congress at all.

Senator COOPER. Members of the Congress?

Mr. BARR. No; he never mentioned anyone in the Congress.

Senator COOPER. Never gave you any names?

Mr. BARR. But he mentioned that he knew people, and we weren't particularly interested in who the names were. At that time we wanted to have someone here to tell us whether our legislation was moving or not moving.

Senator COOPER. I am simply testing the story. You know you can employ many lawyers. They would be glad to offer the same kind of statement. For \$50,000 they would be glad to work for you. But now what was it this man told you? He must have told you something that you were willing to pay him \$10,000 initially, and eventually pay him a total of \$50,000. He said he knew people. Now who did he say he knew?

Mr. BARR. Senator, I am under oath, and I am telling you the truth.

Senator COOPER. I understand.

Mr. BARR. I can't tell you anything else. He made a good presentation to a committee.

Senator COOPER. Did he say he knew important people?

Mr. BARR. I am sure he said he knew important people. He was building himself up as much as he could.

Senator COOPER. Did he say he knew people in the Congress that he could talk to that could help?

Mr. BARR. I imagine he did say that he knew Congressmen and he knew Senators, and I am sure he knew everyone.

Senator COOPER. But he didn't mention their names?

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

Senator COOPER. Didn't mention Mr. Baker's name?

Mr. BARR. No; he didn't. It wasn't until much later that he mentioned Mr. Baker.

Senator COOPER. You took him on faith?

Mr. BARR. Well, I didn't take him on faith, but I took him on the word of other members of my committee who knew him from New Jersey and brought him in to meet with the rest of the committee. I had never met the man before in my life.

Senator COOPER. And it was the recommendation of these two or three members?

Mr. BARR. Yes.

Senator COOPER. That influenced you?

Mr. BARR. Yes.

Senator COOPER. Did they ever say anything to you about the people they knew?

Mr. BARR. No, sir.

Senator COOPER. How long after you employed him was the bill passed?

Mr. BARR. Well, of course, the bill had been in the House and had been in the Senate going back to 1956. The bills had just been going through, and nothing was happening.

Senator COOPER. You employed Weiner in 1960?

Mr. BARR. It was about 4 months later when the bills—of course, they were already out of the hearings, anyway, and it was about 4 months later when they went through.

Senator COOPER. You were, you have said, in constant communication with Mr. Weiner?

Mr. BARR. Almost daily.

Senator COOPER. And your committee continued to pay him money.

Mr. BARR. As we raised the money; yes.

Senator COOPER. And you did that, of course, upon his representation that he was making progress.

Mr. BARR. Right.

Senator COOPER. What did he say to you that convinced you he was making progress?

Mr. BARR. Well, I could see it myself. I was doing—testifying, representing the industry down here in Washington. I knew it was moving along.

Senator COOPER. How did you know it?

Mr. BARR. Because it moved out of committee, and our members, we had members in here from all over the country seeing their Congressmen and their Senators, and having shippers bombarding them with wires and everything else that is done to try and get a bill out. And it was working.

Senator COOPER. Now in the statements he would give to you during the time your committee was continuing to make payments to him, didn't he ever tell you the nature of his accomplishments? Didn't he ever give you the names of anybody to whom he talked?

Mr. BARR. No.

Senator COOPER. When was it you found out that he knew Mr. Baker?

Mr. BARR. Well, as I told you—I do not think I told this before because you did not ask me the question, but I had met Mr. Baker with Mr. Weiner.

Senator COOPER. When?

Mr. BARR. It was sometime probably in July or August outside that place by the Senate corridor there. Mr. Weiner sent a page in and asked Mr. Baker to come out, and he introduced me as the man who was in charge of this committee on legislation, and Mr. Baker shook hands with me, and at that moment a bell rang, and away he went. That was the first time I saw him. The second time I saw him was he passed me in a restaurant here in Washington and said hello. That is the first and last time I have seen Mr. Baker or had anything to do with him.

Senator COOPER. Did Mr. Weiner tell you why he was calling Mr. Baker out to introduce him to you?

Mr. BARR. Just to say hello, and I guess to prove that he knew him.

Senator COOPER. What had he said before that in your judgment made it necessary for him to prove that he knew him? Had he ever told you before that he knew Baker?

Mr. BARR. No.

Senator COOPER. And Baker was helping?

Mr. BARR. No, but I think he was just trying to prove to me that he was doing things.

Senator COOPER. Did anyone tell you, Mr. Weiner or anyone else, that Baker was influential in this matter?

Mr. BARR. No; I really did not know. I mean I had no conception or idea of what Mr. Baker was doing other than the fact that he was secretary to the majority.

Senator COOPER. How many firms contributed to the \$50,000 fee you paid Weiner?

Mr. BARR. 300 or 400 or more. I am corrected, Senator. About 100 or less.

Senator COOPER. Were you charged with writing these individuals and asking them to contribute to the fund?

Mr. BARR. Yes, sir.

Senator COOPER. Did you report to them on Weiner's activities?

Mr. BARR. No.

Senator COOPER. You never mentioned him.

Mr. BARR. No; that was left up to our committee, and of course, many of them had met Mr. Weiner when they would come in from their various States to see their Congressmen here on this matter.

Senator COOPER. Then there is nothing you can tell the committee about any facts which convinced you that Weiner was doing great work for you here in Washington in connection with the bill?

Mr. BARR. The bill passed.

Senator COOPER. But before it passed when you were paying him the money?

Mr. BARR. Just from what we could observe ourselves, that our committee members could observe, and what I could see myself.

Senator COOPER. The bill came out of the committees?

Mr. BARR. Yes, sir.

Senator COOPER. What committees was it in?

Mr. BARR. House Merchant Marine and Fisheries, Senate Commerce Committee.

Senator COOPER. I think you stated that you did not know what Weiner did with the money.

Mr. BARR. No, sir; I do not.

Senator COOPER. Have you ever had any information of any kind as to what he did do with this money?

Mr. BARR. No. Only allegations that have been made recently and which when I spoke to Mr. Meehan in New York that he mentioned the allegation.

Senator COOPER. At that time did Weiner tell you what he did with the money?

Mr. BARR. No, sir. It was his fee, legal.

Senator COOPER. What?

Mr. BARR. It was his legal fee, and what he did with it was his concern.

Senator COOPER. Do you remember the date the bill passed, Mr. Barr?

Mr. BARR. Sir?

Senator COOPER. Do you remember when the bill passed?

Mr. BARR. September 19, 1961, and signed into law.

Senator COOPER. Testimony has been given that on September 21 you wrote the check to Weiner for \$5,000. Was that the same day that the bill passed?

Mr. BARR. No. I think that was 2 days later.

Senator COOPER. That is all.

Senator PELL. Mr. Barr, do you have knowledge of any money being paid by your organization, either through Mr. Weiner or through any other conduit, to any present or former Senate employee or Senator in connection with the passage of this bill?

Mr. BARR. No, sir.

Mr. McLendon. Mr. Barr, was there sort of a rival organization organized at that time, another committee that was working in this same area?

Mr. BARR. Excuse me a minute. No; there were no rival organizations at this time when the bill was passed.

Mr. McLendon. Had there been one?

Mr. BARR. There had been rival organizations for years.

Mr. McLendon. Your committee and these other organizations were not in agreement on what you really wanted, were you?

Mr. BARR. Not initially, but at the last we were.

Mr. McLendon. When the bill finally passed, you had all gotten together?

Mr. BARR. Yes, sir.

Mr. McLendon. One other question. Did Mr. Weiner tell you whether he represented any other concerns down here in Washington?

Mr. BARR. No; he did not. I did not think he did.

Mr. McLendon. Did he tell you that your committee was his only client?

Mr. BARR. No; I do not think he ever did, but I just assumed that.

Mr. McLendon. Did you ever visit his Washington office?

Mr. BARR. Yes; I did.

Mr. McLENDON. And did you know he also had a New Jersey office?

Mr. BARR. Yes; I did.

Mr. McLENDON. And he also had one on the Pacific coast.

Mr. BARR. I did not know that.

Mr. McLENDON. You did not know about that?

Mr. BARR. No, sir.

Mr. McLENDON. Did you visit his office on business in connection with this matter?

Mr. BARR. Yes, and usually, or in fact I think all the time with members of our committee.

Mr. McLENDON. That will do.

The CHAIRMAN. Mr. Barr, may I ask you a question, please, sir? Out of this \$50,000 that you paid Mr. Weiner, did that include his expenses or did you all have an expense allowance for him?

Mr. BARR. No; that included everything. That was his expenses.

The CHAIRMAN. Office rent and everything that he performed for you was taken care of by this \$50,000?

Mr. BARR. Everything; yes, sir.

The CHAIRMAN. Who was it went to New York and interviewed you for this committee?

Mr. BARR. Mr. Meehan.

The CHAIRMAN. Mr. Meehan?

Mr. BARR. Yes, sir.

The CHAIRMAN. In other words, this information was developed by this committee. Do you sort of think that?

Mr. BARR. What information, Senator?

The CHAIRMAN. Well, it has been sort of alleged that we just sort of wait around until something shows up and then we look into it.

Mr. BARR. Oh, no. Mr. Meehan did a thorough job.

The CHAIRMAN. I just wanted to get that on the record here. I think Mr. Van Kirk would say that he got this out of the files that we developed. Would you say that, Mr. Van Kirk?

Mr. McLENDON. Mr. Barr, we appreciate your coming. I apologize to you for keeping you so long, but it was unavoidable.

Mr. BARR. Thank you, sir.

Mr. McLENDON. Mr. Ernest C. Tucker. Mr. Tucker, you have testified before the committee before, have you not?

TESTIMONY OF ERNEST C. TUCKER, ATTORNEY

Mr. TUCKER. Yes; I have, sir.

Mr. McLENDON. Would you give your name and address to the reporter, please?

Mr. TUCKER. My name is Ernest C. Tucker, attorney. My offices are at 2000 P Street NW., Washington.

Mr. McLENDON. And you are appearing without the benefit of another lawyer?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. Mr. Tucker, it is in evidence from your testimony on prior appearances before the committee that you and Bobby Baker had a law firm or that you operated in the name of Tucker & Baker. I think you explained to the committee that it was not a real partnership but sort of an association; is that correct?

Mr. TUCKER. That is correct, sir.

Mr. McLENDON. When did you first become acquainted with Myron Weiner?

Mr. TUCKER. Well, it would have been sometime in early 1960.

Mr. McLENDON. Where did you get acquainted with him?

Mr. TUCKER. I am not positive of that, Major. I possibly met him around Mr. Baker's office but I do not recall the exact place in which I met him.

Mr. McLENDON. Did you ascertain what his business was?

Mr. TUCKER. No; I did not. My meeting with him was strictly social. I never discussed any business. As a consequence, I did not know what his business was other than I did know that he was an attorney either from New York or New Jersey. I have since learned it was from New Jersey.

Mr. McLENDON. You have given us a photostatic copy of a check payable to you signed by Myron Weiner in the amount of \$5,000, dated September 21, 1961. Do you tell the committee that he sent this check to you without your prior knowledge or arrangement?

Mr. TUCKER. The check came to me without my prior knowledge or arrangement.

Mr. McLENDON. And you were surprised to get it?

Mr. TUCKER. Yes. I knew it did not belong to me.

Mr. McLENDON. What did you do about it?

Mr. TUCKER. I asked Mr. Baker about it and he said that it was actually an error, and I put it in the bank and then I turned around the same day and gave Mr. Baker a check for \$5,000 on my own personal bank account for that amount.

Mr. McLENDON. Let me be sure of what you said. You said that when you received this check, you spoke to Baker about it?

Mr. TUCKER. I asked Baker about it because I knew that Mr. Baker and Mr. Weiner were friends and, as a consequence, I knew the check could not belong to me. And Baker said the check would have been made out in error and asked me, inasmuch as it was down at the office, if I would just put it in the bank and give him a check, which I did, the same date.

Mr. McLENDON. Did he say the check was intended for him?

Mr. TUCKER. Yes.

Mr. McLENDON. And you tell the committee you had no interest in it whatever?

Mr. TUCKER. None whatsoever.

Mr. McLENDON. No knowledge of it?

Mr. TUCKER. No knowledge of it.

Mr. McLENDON. After Baker told you that the check really belonged to him, you took it to the bank that same day, did you not, and deposited it?

Mr. TUCKER. If my memory is correct, Major; I would have to check the deposit slip, but I believe I checked this matter out with the Internal Revenue, and I think that it was the same day, possibly.

Mr. McLENDON. I believe that the deposit slip is dated the following day, September 22. Did you receive this check from Robert Weiner by mail or did he deliver it to you in person?

Mr. TUCKER. Oh, I was under the impression that it came in by mail, but two or three people I have talked to since, including Internal Revenue, evidently it was at the office, and it is possible that I received it personally from Baker while he was at the office.

Mr. McLENDON. Personally from Baker?

Mr. TUCKER. From Baker.

Mr. McLENDON. You mean you received the Weiner check from Baker?

Mr. TUCKER. Yes. I think Baker possibly had the check. But I am not certain of the fact because originally when the matter came up, it had been 3 years, and I thought it was a routine thing that came in the mail as checks normally do, so my memory was foggy on it. In any event, there is no question about the check that it was there, and it was put in the bank, and I issued a check on my own personal account either the same day or the next day giving the funds to Baker.

Mr. McLENDON. If Baker handed it to you, why did you not just endorse it and give it to him?

Mr. TUCKER. It could easily have been done that way. I could have endorsed it on the back "Payable to the order of Robert Baker."

Mr. McLENDON. Why did you not?

Mr. TUCKER. But at the time it did not have any significance or importance. Since, it has developed some significance and importance. This is in the same category as the meat company checks, as you well know, whereby they came in in the name of a company of Baker in which I had no interest. It was Baker's client. This was routine in those days.

Mr. McLENDON. Is it routine for a man to claim a check and ask you to go to the trouble of putting it in the bank and writing him a check when all you had to do was endorse it and deliver it to him right there?

Mr. TUCKER. It could have been handled either way.

Mr. McLENDON. I know it could, but he told you to put it in the bank and give him your check, did he not?

Mr. TUCKER. I would not say he made that suggestion. It is possible I was going to the bank, Major, and just took it over and put it in the bank.

Mr. McLENDON. You were certainly looking for trouble doing that, were you not?

Mr. TUCKER. I could not conceive of what trouble you would be looking for.

Mr. McLENDON. Well, in the first place, you would have it in your account as a receipt for tax purposes.

Mr. TUCKER. Only as a collection agency, or an escrow account, which is nothing unusual.

Mr. McLENDON. And then you would have to prove that you paid it out if your tax return was challenged.

Mr. TUCKER. It developed that it is very easy to prove it because I have the canceled check.

Mr. McLENDON. You mean you had your check to Baker.

Mr. TUCKER. I had my canceled check, yes, sir, which I paid out. So it really was a routine thing at that time.

Mr. McLENDON. That was sort of the customary way of doing business with Baker?

Mr. TUCKER. I believe that that type of agency collection and escrow stuff is customary in a legal fashion, as you probably well know.

Mr. McLENDON. Of course, the record in this case shows that you acted for him in many instances, such as holding stock in your name for him.

Mr. TUCKER. Oh, yes. I have stock in my name.

Mr. McLENDON. You were not compensated for it.

Mr. TUCKER. Well, I would not say I was not compensated for it. I am counsel for the corporation, for which I receive compensation.

Mr. McLENDON. But you testified that was a very small amount, did you not?

Mr. TUCKER. Well, it was a small retainer, but, then, I billed on a working basis.

Mr. McLENDON. Getting back to this check, did you have curiosity enough to ask your friend and quasi-law partner what this was all about?

Mr. TUCKER. No; I did not, for the simple reason that, really, it seemed a routine thing.

Mr. McLENDON. So you are giving the same reason about this that you gave when you were asked did you have any conversation with him about acting as trustee?

Mr. TUCKER. Well, we had been friends, Major, for about 15 years, and it does not seem unusual to me that I should act as a trustee for stock in his behalf. I think that we do that occasionally for each other in the legal profession and in other professions also.

Mr. McLENDON. And you did not even prepare any writing to show that you held this enormous amount of stock for him as trustee?

Mr. TUCKER. But there is and was sufficient records to indicate that I paid no money for the stock.

Mr. McLENDON. But if you had died and had been put in a wooden box in the ground, he would have been in a fix, wouldn't he, about that stock? You are a lawyer. Didn't all that occur to you, the possibility of having your estate involved and Baker involved?

Mr. TUCKER. Well, any time you die you are in a fix, because regardless of how well you think you prepared your will, you are going to have some administration problems.

Mr. McLENDON. We do not want to try that, either, do we?

Mr. TUCKER. No, sir.

Mr. McLENDON. All right. Now let me ask you one more time: Did you ever, at any time, ask Baker to explain to you this transaction?

Mr. TUCKER. No; I have not, Major. I am positive that I could not give an explanation of that transaction today, but it was a routine thing, and I do not want to get involved in something which later becomes some issue. I have no need to.

Mr. McLENDON. Of course, you saw Weiner on frequent occasions there, did you not?

Mr. TUCKER. I think that possibly I have seen Mr. Weiner a maximum of a half dozen times.

Mr. McLENDON. Did you ever see him in Baker's office?

Mr. TUCKER. Yes; I have seen him a couple of times in Baker's office.

Mr. McLENDON. Mrs. Broome testified before the committee that he made Baker's office his second office. Did you know that?

Mr. TUCKER. Well, I was not around Mr. Baker's office to any large extent or degree. I just stopped by there occasionally. I do little or no work on Capitol Hill.

Mr. McLENDON. Regardless of how many times you saw him, did you ever ask him about this strange transaction?

Mr. TUCKER. No. I did not discuss it with him because, as I said before, I have never discussed business with Mr. Weiner.

Mr. McLendon. It looks like you might have said to him, "Well, I took your check and passed it on to Baker." You did not even say that?

Mr. Tucker. I assumed that he would already know that for the simple reason it was not intended for me.

Mr. McLendon. You assumed that Weiner knew that all the time.

Mr. Tucker. Well, I am positive he did.

Mr. McLendon. If you made that assumption, you would have to make a second assumption that this was a trick on his part to conceal the true payee or true owner of the check, wouldn't you?

Mr. Tucker. I am not willing to make the assumption it was a trick on Mr. Weiner's part.

Mr. McLendon. Well, you assumed one time; I thought maybe you would assume a second.

Mr. Tucker. No; I am not going to make that assumption that it was a trick.

Mr. McLendon. But anyway there is no doubt about the fact that you gave Baker your check on the following day for this \$5,000.

Mr. Tucker. That is correct.

Mr. McLendon. Give him the copy of the check dated September 21 marked "Exhibit 49." Will you look at that document marked "Exhibit 49"? I have a blown up copy of it here. Is this the check that you received or copy of the check you received from Weiner payable to you and dated September 21, 1961, for \$5,000?

Mr. Tucker. I would assume it is. I have never seen this copy before, but I see it is dated September 21 payable to me for \$5,000 and marked "Legal fees." It is also marked "Roberts Associates." I do not recall ever having heard of that name before other than today.

Mr. McLendon. You do not remember that that name was on the \$5,000 check that you got?

Mr. Tucker. No, because as I said, this was such a routine thing I did not pay any attention to it inasmuch as it did not belong to me.

Mr. McLendon. In the left-hand corner of the check are the words "legal fees."

Mr. Tucker. I see that.

Mr. McLendon. Had you rendered any legal service to Weiner?

Mr. Tucker. None whatsoever.

Mr. McLendon. Or for him?

Mr. Tucker. None whatsoever.

Mr. McLendon. We have what purports to be a photostat of the back of this check marked "Exhibit 50." Will you look at that? It is endorsed to Ernest Tucker—to the account of Ernest Tucker—in the National Bank of Washington; is that right?

Mr. Tucker. That is correct.

Mr. McLendon. Do you recognize that as your handwriting?

Mr. Tucker. That is correct; I do.

Mr. McLendon. You say you did not recall that the check bore or carried the name of Roberts Associates.

Mr. Tucker. No; I did not recall that, Major.

Mr. McLendon. But it also carries the name of Weiner, does it not?

Mr. Tucker. It is signed by Mr. Weiner.

Mr. McLendon. Yes.

Mr. Tucker. Yes; I assume that that is his signature.

(The documents referred to are as follows:)

EXHIBIT 49

Washington, D.C. Exp'd 21st 1951 No. 94

The First National Bank
OF WASHINGTON

1ST NATIONAL BANK OF WASHINGTON
FIRST SERVICE SINCE 1825

PAY TO THE ORDER OF Robert & Associates \$ 5000⁰⁰

Five Thousand and no/100 DOLLARS

Raymond W. Dean

Raymond W. Dean

EXHIBIT 50



PRINTED BY THE
 ERNEST B. HOCKEY

Ernest B. Hockey



*National Bank of Washington Camp
 (Reference illegible)*

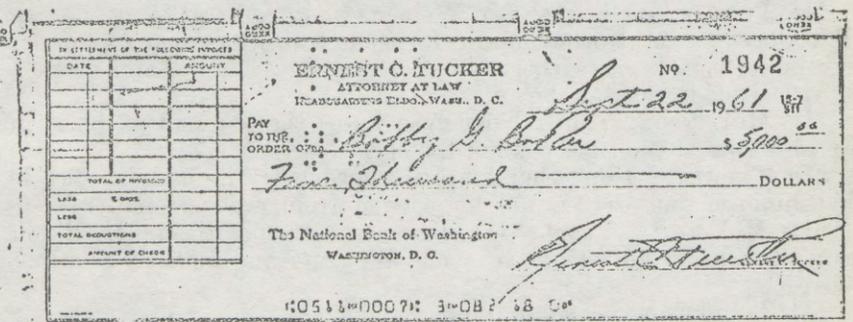
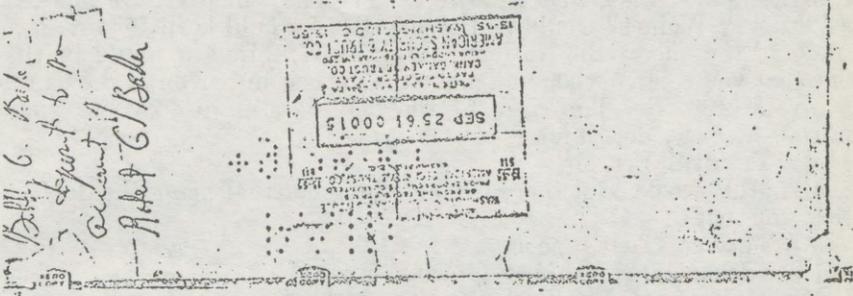
Mr. McLendon. Now look at exhibit 51, which purports to be a copy of the check signed by you and dated September 22, 1961, to Robert G. Baker for exactly \$5,000. That date is the following day after you got Weiner's check. Do you recognize that as a copy of your check to Baker?

Mr. TUCKER. Yes; it is.

Mr. McLendon. And the endorsement also reproduced there; do you recognize his signature?

Mr. TUCKER. That purports to be Mr. Baker's signature. (The check and endorsement are as follows:)

EXHIBIT 51



Mr. McLendon. I show you now exhibit 52. On the right-hand side appears to be a deposit slip of the National Bank of Washington, dated September 22, 1961, which is the same day as your check to Baker, and in the body of the certificate the words "Mickey Weiner fee" and then the figure \$5,000. Is that your handwriting?

Mr. TUCKER. That is correct.

Mr. McLendon. And is that the deposit slip that you made out when you deposited Weiner's check?

Mr. TUCKER. That is correct. That indicates that I did not know Mr. Weiner very well because I called him Mickey, and his name is Myron.

Mr. McLendon. Well, he seems to go by the nickname of Mickey.

Mr. TUCKER. But the check is signed Myron, which I did not even know was Mr. Weiner's first name.

Mr. McLendon. It might indicate also, Mr. Tucker, that you knew him so well that you referred to him by his nickname.

Mr. Tucker. Well, his nickname is what I referred to him by.

Mr. McLendon. You must have heard him called Mickey somewhere by someone.

Mr. Tucker. I am positive that is the name under which I knew him.

Mr. McLendon. It is the name under which you knew him?

Mr. Tucker. Yes.

Mr. McLendon. And then on that same exhibit 52 is the stamp of the National Bank of Washington, Washington, D.C., just indicating that that deposit was made, I take it, if that is what it is. Is that it?

Mr. Tucker. Yes; that is correct. The one which I have marked as "Mickey Weiner" would be the one that I would keep for my own file, and the one of the National Bank of Washington would be the one that you receive when you make the deposit in person at the bank.

Mr. McLendon. The copy of the deposit slip just carries your initials, E. C. T., does it not?

Mr. Tucker. Yes, sir.

Mr. McLendon. But there is no doubt about that being the deposit that you made?

Mr. Tucker. That is correct.

(The document referred to appears on p. 533.)

Mr. McLendon. Mr. Tucker, is it your testimony before this committee that you did not know what sort of business Mickey Weiner—or Myron Weiner—was in?

Mr. Tucker. Well, when Mr. Weiner was introduced to me, he was introduced as an attorney, and I for some reason or other was under the impression it was either New York or New Jersey; and since, I have learned it was New Jersey.

Mr. McLendon. You did not even know that he had an office in Washington at the time you got the check?

Mr. Tucker. I think that I heard someone say he had an office in Washington, but that is not knowledge from my personal—

Mr. McLendon. From your close association with Baker, didn't you have some knowledge of what Weiner's and Baker's relations were?

Mr. Tucker. No; absolutely none.

Mr. McLendon. None at all?

Mr. Tucker. None whatsoever.

Mr. McLendon. Getting on another subject for a moment, since you testified last, the accountants for the committee discovered that in the sale of the Serv-U stock which you testified you and Baker jointly bought—do you remember that? I do not mean Serv-U; MGIC stock.

Mr. Tucker. That is correct. We jointly purchased some MGIC stock in 1959.

Mr. McLendon. You contributed half the purchase price and he contributed half.

Mr. Tucker. That is correct.

Mr. McLendon. And then later he sold it and gave you a certain amount of money.

Mr. Tucker. That is right.

EXHIBIT 52

THE NATIONAL BANK of WASHINGTON
WASHINGTON, D.C.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ALL ITEMS ARE RECEIVED SUBJECT TO THE TERMS AND CONDITIONS OF THE DEPOSITOR'S CONTRACT AS PRINTED ON THE DEPOSIT TICKETS AND SIGNATURE CARDS CURRENTLY USED BY THE BANK

No. Easy to
Bank By Mail

THE BANK SYMBOL, TRANSACTION NUMBER, DATE AND AMOUNT OF YOUR DEPOSIT ARE SHOWN BELOW

NBW 780SEP 22 5,000.00 D16

THIS IS YOUR RECEIPT

PLEASE DO NOT WRITE IN THIS SPACE

DEPOSITED WITH
THE NATIONAL BANK of WASHINGTON
WASHINGTON, D. C.

FOR THE CREDIT OF
ELT

[Signature] 19 **61**

ALL ITEMS ARE RECEIVED SUBJECT TO THE TERMS AND CONDITIONS OF THE DEPOSITOR'S CONTRACT AS PRINTED ON THE REVERSE SIDE OF THIS TICKET.

LIST CHECKS SEPARATELY USING BANK TRANSIT NUMBER

	DOLLARS	CENTS
Currency, 5's, 10's, Etc.		
" 1's and 2's		
Coin		
Checks 1		
(ENTER CHECKS SEPARATELY) 2		
<i>Wicks</i> 3	<i>500</i>	<i>00</i>
<i>Wainwright</i> 4		
5		
6		
7		
8		
9		
10		
TOTAL \$		

Mr. McLendon. And the accountants discovered that you had been cheated in that transaction and he owed you a great deal more money than that, did he not?

Mr. Tucker. I do not subscribe to the word "cheated."

Mr. McLendon. Let me rephrase the question.

Mr. Tucker. There certainly was an error.

Mr. McLendon. He just had not paid you what he owed you.

Mr. Tucker. Let us say there was an error which was called to my attention by both the committee and Internal Revenue, in which I still owned approximately 1,000 shares of stock; and I do not have any specific objection to that being called to my attention.

Mr. McLendon. Has the stock been delivered to you?

Mr. Tucker. No. Mr. Baker still has the stock.

Mr. McLendon. You have not even demanded it back?

Mr. Tucker. Oh, we discussed it, most assuredly, and I wrote the committee a letter asking the committee to amend my testimony to the fact that I still, pursuant to the original, wanted to amend it pursuant to my letter whereby it should indicate that I would still have an interest in approximately 1,000 shares of the MGIC stock.

Mr. McLendon. You mean you owned that much or just a half interest in that?

Mr. Tucker. No; I would have that much belonging to me.

Mr. McLendon. Belonging to you?

Mr. Tucker. Yes.

Mr. McLendon. And at the then price of the stock, which was around \$24 at that time, was it not?

Mr. Tucker. I do not recall what the price was, Major, but it would have been in the neighborhood of \$30,000.

Mr. McLendon. We accepted your letter, and it was included in the committee's report.

Mr. Tucker. Right.

Mr. McLendon. I guess you have seen it in there.

Mr. Tucker. I have not seen the report, as a matter of fact.

Mr. McLendon. But you have not collected the money or the stock since?

Mr. Tucker. No; I have not, but there is no question about the fact that Mr. Baker recognized the calculation.

Mr. McLendon. Have you got that in writing from him?

Mr. Tucker. No. We do not deal in writings in that connection.

Mr. McLendon. We had one witness who testified when he was asked a question like that, he always responded that this was a Texas contract. So your contracts not being in writing, I suppose you would call them a Washington contract, would you not?

Mr. Tucker. No. It is in the same category as the stock you mentioned a while ago that Mr. Baker has in my name. There is no writing connected with it.

Mr. McLendon. I suppose if you were exactly accurate about it, you would have to say that Baker owes you the money representing half of a thousand shares, would you not?

Mr. Tucker. No; either money or stock. It would make no basic difference to me. He could deliver me the stock if he so chose. The original stock, as you recall, was in his name.

Mr. McLENDON. Yes.

Mr. TUCKER. So I have no basic opinion as to which I would like to have. I can convert the stock into money just as well.

Mr. McLENDON. That is all.

Senator COOPER. I have a question. At the time you received this check, would it not have been a reasonable thing to have communicated with Weiner to find out why he was sending you the check for \$5,000, and return it to him if you had no interest in it? Is that not the reasonable thing to do?

Mr. TUCKER. Well, as I said, Senator, I knew that Mr. Baker and Mr. Weiner were friends, and, as a consequence, I asked and inquired of Mr. Baker concerning it.

Senator COOPER. What assurance did he give you that this check was his or that he was entitled to the proceeds?

Mr. TUCKER. He just told me that it was his business.

Senator COOPER. Just his.

Mr. TUCKER. Yes.

Senator COOPER. Did he give you any reason for it?

Mr. TUCKER. No; I did not ask for a reason.

Senator COOPER. What?

Mr. TUCKER. I did not ask for a reason.

Senator COOPER. I will ask you another matter. Did your law firm represent a client who was awarded a contract for the construction of a new post office building known as the Murray Hill Post Office Building in New York City sometime this year?

Mr. TUCKER. I have never heard of this.

Senator COOPER. You know nothing about it at all?

Mr. TUCKER. Certainly I do not represent anyone that was awarded the construction of the post office in New York, Senator.

Senator COOPER. You do not know anything about it.

Mr. TUCKER. This is the first time I ever heard of it.

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

Senator PELL. Mr. Tucker, are you aware of the service, in either this connection or in any other regard in connection with legislation, that Mr. Baker may have furnished any corporate client or any group interested in legislation?

Mr. TUCKER. You mean do I have any knowledge?

Senator PELL. Knowledge.

Mr. TUCKER. As to Baker's clients?

Senator PELL. As to Baker's fees that he may have received through your firm, either this check or others in return for service performed in connection with the passage of legislation.

Mr. TUCKER. No; I do not, Senator.

Senator PELL. No knowledge at all.

Mr. TUCKER. I have no knowledge concerning anything specific as to what Mr. Baker would have done for a client, because I hope it is understood in this connection that our business is strictly separate in and of itself. We have other associates in the office. I would not have the slightest idea as to what one of the other associates in the office is doing today or who his clients might be, unless I would happen to see them come in the office.

Senator PELL. So just to clear my own mind—I realize this is along the line of Senator Cooper's question—you have no idea of the service rendered by Mr. Baker in return for that \$5,000 check?

Mr. TUCKER. No; I do not.

Senator PELL. Thank you.

Mr. McLENDON. One other matter I overlooked asking you. This Serv-U stock that was in your name, which you testified you held as trustee for Baker and Black—do you remember that?

Mr. TUCKER. Yes, sir.

Mr. McLENDON. According to the public press, that stock was sold or some of it was sold by the bank that held it as collateral, and Bobby Baker became the purchaser of it. Do you have knowledge of that?

Mr. TUCKER. I do.

Mr. McLENDON. When did that occur?

Mr. TUCKER. Well, it is certainly within the past 6 months, Major, since I testified here before. Just to show you that you cannot remember all these things, I could not give you an actual date on that. But certainly within the past 6 months the bank sold at public auction, and Mr. Baker purchased the stock.

Mr. McLENDON. And you, being the trustee, had to endorse the stock to get it transferred, I take it; did you not?

Mr. TUCKER. Well, again, the stock is still in my name.

Mr. McLENDON. It is still in your name?

Mr. TUCKER. Yes; we still have the stock in the same category, because, if you recall, Mr. Black's stock was in my name as trustee and that has not basically been changed.

Mr. McLENDON. Do you know how much Baker had to pay for that stock to reacquire it?

Mr. TUCKER. It is a matter of public record. I think it was foreclosed for \$65,000 or thereabouts.

Mr. McLENDON. And that had to be paid in cash, did it not?

Mr. TUCKER. My recollection is it would have been.

Mr. McLENDON. Where did he get that money?

Mr. TUCKER. Now that I do not know.

Mr. McLENDON. Let me ask you: Do you not know that he borrowed that money from Paul Aguirre?

Mr. TUCKER. Now you are asking a question with an answer.

Mr. McLENDON. I am asking you.

Mr. TUCKER. I do not know. No; absolutely I do not.

Mr. McLENDON. Who negotiated the loan?

Mr. TUCKER. I thought I said that Mr. Baker purchased the stock.

Mr. McLENDON. I know that, but who negotiated the loan for \$60,000?

Mr. TUCKER. Mr. Baker furnished his own funds for the purpose of purchasing this stock.

Mr. McLENDON. Do you know where he got the money from; whether he had it in the bank or had to borrow it?

Mr. TUCKER. I do not know where Mr. Baker got the money specifically to purchase the stock. He may have gotten it from one place, two places, or various places. I do not have that information.

Mr. McLENDON. Did you personally handle the transaction?

Mr. TUCKER. I did not.

Mr. McLendon. Do you know whether he went to Oklahoma to handle it down there in the bank?

Mr. Tucker. To the best of my knowledge Mr. Baker personally handled the transaction.

Mr. McLendon. Did he tell you that?

Mr. Tucker. I recall that he went to Oklahoma at the foreclosure sale, so he would probably have handled his own transaction.

Mr. McLendon. So by that transaction he acquired the stock that you theretofore held as trustee for Fred Black; did he not?

Mr. Tucker. Correct.

Mr. McLendon. So now he owns the 70-odd percent of the total stock.

Mr. Tucker. Fifty-seven percent.

Mr. McLendon. Fifty-seven percent. I believe you are right; that is the figure. And he paid \$60,000 or \$65,000 for the Black stock.

Mr. Tucker. It was between \$60,000 and \$65,000 if my memory is correct.

Mr. McLendon. It is still in your name.

Mr. Tucker. It was in my name at that time.

Mr. McLendon. I know it was. It was in your name when it was deposited in the bank.

Mr. Tucker. That is right.

Mr. McLendon. That is all.

The Chairman. Any further questions?

(No response.)

The Chairman. That is all, Mr. Tucker.

Mr. McLendon. Mr. Weiner.

The Chairman. Mr. Weiner, have you heard this opening statement read?

Mr. Weiner. Yes, sir.

The Chairman. You have not been sworn. Will you remain standing and put your left hand on the Bible and raise your right hand? Do you solemnly swear that the evidence you are about to give before this committee in the matter under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Weiner. I do, sir.

The Chairman. Thank you, sir. Proceed.

Mr. McLendon. Give your name and address to the reporter, please, sir.

TESTIMONY OF MYRON WEINER, ACCOMPANIED BY F. JOSEPH DONOHUE, ATTORNEY

Mr. Weiner. My name is Myron Weiner. My permanent address is 1221 St. George Avenue, Roselle, N.J.

Mr. McLendon. Did you say New Jersey?

Mr. Weiner. Yes, sir.

Senator Pell. What city in New Jersey?

Mr. Weiner. Roselle, sir, R-o-s-e-l-l-e.

Mr. McLendon. Are you accompanied by your counsel?

Mr. Weiner. Yes, sir; I am.

Mr. McLendon. Will your counsel give his name and address?

Mr. DONOHUE. Yes, sir; I am F. Joseph Donohue, a member of the law firm of Donohue, Kaufmann & Shaw with offices at 503 Eighth Street NW., in Washington, D.C. At this time, Mr. Chairman, may I make a statement and pose an inquiry to the committee?

The CHAIRMAN. Certainly, you can.

Mr. DONOHUE. My client consulted me yesterday about an hour before he was due to appear before this committee. At the time he handed me a subpoena which called upon him to produce certain records and documents. These were, at the moment that I first saw the subpoena, in the hands of the U.S. grand jury here in Washington for which reason obviously we could not present them. During the noon recess an attorney in the Department of Justice handed me back the file which had been heretofore presented to the grand jury of all of the documents contained therein save one, that one being a certain check in the amount of \$5,000 which is still in the custody of the U.S. grand jury of the U.S. district court here, so that save for that check, we have all of the documents which were referred to in the subpoena.

Now my query, sir. As I heard the resolution of the committee presented this morning, I understood that my client has a right to the advice of counsel while appearing before this committee. I could only advise my client with respect to the subject matter which is contained in the subpoena, and I take it from the subpoena that there are areas with respect to which my client has presented himself for the purpose of giving testimony, and I may say to the committee that I am advised that with respect to these matters, my client at the moment proposes to answer fully insofar as he can inquiries related to these three subject matters. Now should there come a time when counsel for the committee or perhaps a member of the committee may seek to inquire of my client in a matter unrelated to the subject matter in the subpoena, I may at that time find it necessary to ask for an opportunity to consult with him, and I think I ought to be entitled, in order that I may carry out my own responsibility which for one lawyer representing another is more burdensome than usual, I think I ought to be advised by the committee that it is the purpose of the committee to inquire of my client with respect to the subject matter of the subpoena, because if that be so, I can without reservation say to my client, "You have an obligation to this committee to answer fully." If you are not able to so assure me, I will have to ask for an opportunity to consult with him because he may change his mind.

The CHAIRMAN. My law degree is a little bit slack. I will have to ask my attorney.

Mr. DONOHUE. I would say it is contemporaneous with my own, Senator.

Mr. McLENDON. I would agree with him he has an unusual task, one lawyer representing another.

Mr. DONOHUE. I do not want to waive his right by asking any question.

Mr. McLENDON. I would like to first examine him with respect to these documents called for in the subpoena.

Mr. DONOHUE. May I then, for the record, may I say that my client nor do I for him waive any right which he may have under the Constitution should counsel deviate from his stated purpose, and at that

time I may find it necessary if there is such a deviation to give him contrary advice to the advice I have already given him?

Senator PELL. It would help us if we knew what the subpoena said.

Mr. McLendon. Mr. Weiner, you accepted service of a subpoena duces tecum issued by the committee on the 23d day of November and returnable December 1, and your acceptance was on November 25, was it not?

Mr. Weiner. Yes, sir. And may the record show that I appeared voluntarily in your office without being given a subpoena, and I further assured counsel for the committee that the subpoena was not necessary, that I would appear voluntarily at these or any other hearings. However, since it was deemed wise to issue one to me, of course, I did accept it, sir.

Mr. McLendon. Your statement is correct. I think I personally asked you if you would mind accepting the subpoena, notwithstanding your statement in which you said you had no objection, and then you accepted it in writing.

Mr. Weiner. Yes, sir.

Mr. McLendon. Give this to the reporter, please.

(The documents referred to appears on pp. 540, 541.)

Mr. McLendon. Look at the subpoena I am just handing you and state whether or not that is the one you accepted service of.

Mr. Weiner. Yes; it is, sir.

Mr. McLendon. Give it to the reporter. I read from the subpoena, Mr. Weiner—

and to have and bring with you all records, canceled checks, correspondence, and any other documents relating to the payment or delivery of money by you to Robert G. Baker or to anyone for him during the years 1959 to 1963, inclusive—

that is the first group of documents. Do you have those documents?

Mr. Weiner. I have not checked the file. I have whatever was returned from the Justice Department here, sir.

Mr. McLendon. Would it include your check—

Mr. Weiner. No, sir.

Mr. McLendon (continuing). To Ernest Tucker?

Mr. Weiner. We were informed that was retained.

Mr. McLendon. Beg your pardon?

Mr. Weiner. We were informed the check was retained by the Justice Department, sir. I requested that and they told me they would prefer to hold onto it.

Mr. McLendon. In other words, now you are referring to the check you gave Ernest Tucker for \$5,000?

Mr. Weiner. I am referring to the check issued in the name of Ernest Tucker for \$5,000.

Mr. McLendon. That is still in possession of the grand jury or the Justice Department?

Mr. Weiner. I do not know, sir, just which one has it.

Mr. Donohue. Counsel, may I shorten it by saying it is in the hands of the grand jury, and we identified in your office, Mr. Counsel, at noontime, a photostatic copy of the check and about that check we have no question.

Mr. McLendon. Then the photostatic copy. Can you identify that photostatic copy—it is a blown up copy—to be a copy of the check you gave Ernest Tucker for \$5,000?

EXHIBIT 53

UNITED STATES OF AMERICA

Congress of the United States

To _____
Washington, D. C.

, 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 _____, 1964, at _____ o'clock _____ m., at their committee room _____, then and there to testify what you may know relative to the subject matters under consideration by said committee.

and bring with you all correspondence and any other documents received or given of money by you to Robert G. Baker during the years 1959 to 1963, inclusive; all memoranda and documents in your possession or control submitted to the Committee on Legislation for the United States during the years 1959 to 1963, inclusive; and all correspondence with Robert G. Baker relating to the construction of the stadium, or otherwise, during the years 1959 to 1963, inclusive.

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

To _____
to serve and return.

Given under my hand, by order of the committee, this _____ day of _____, in the year of our Lord one thousand nine hundred and _____.

Kimberly Jordan

Chairman, Committee on Rules and Administration of Old Senate Office Bldg. Washington, D. C.

Served this
subpoena & copies
March 7th, 1961 ✓

Thompson Decker
1028 Conner Ave
Wash DC
296 5505

_____, 19 ____

I made service of the within subpoena

by _____

the within-named _____

at _____

at _____ o'clock _____ m., on

the _____ day

of _____, 19 ____

Mr. WEINER. This is a photostatic copy of a check issued in the name of Ernest Tucker.

Mr. McLENDON. The back of it is photostated there showing Ernest Tucker's endorsement on the back, is it not?

Mr. WEINER. Yes, sir.

Mr. McLENDON. And the check shows on the face of it in the left-hand corner the words "legal services," does it not?

Mr. WEINER. "Legal fees."

Mr. McLENDON. "Legal fees." And it bears really two signatures, Roberts Associates and Myron Weiner, does it not?

Mr. WEINER. Yes, sir.

Mr. McLENDON. So there is no question about that being a correct copy of the check to Mr. Tucker?

Mr. WEINER. Yes, sir.

Mr. McLENDON. Now, did you produce or do you have any other documents, checks, correspondence, or any documents showing delivery or payment by you of any other money to Robert G. Baker?

Mr. WEINER. No, sir; there were none.

Mr. McLENDON. There were none?

Mr. WEINER. No, sir.

Mr. McLENDON. All right. The second part of the subpoena says: and all correspondence and other memorandums and documents in your possession relating to the Committee on Legislation for the United Ocean Freight Forwarders Industry during the years 1959 to 1963, inclusive; and all correspondence with Robert G. Baker relating to legislation in which said committee was interested during said years, 1959 to 1963, inclusive.

Have you got any such documents?

Mr. WEINER. I have with me all of the documents that were in my file, sir.

Mr. McLENDON. That would fit this description that I read?

Mr. DONOHUE. That is a pretty broad description, Counsel, because I note you indicate letters to Robert Baker. I find none such in the files.

Mr. McLENDON. We haven't had the privilege of inspecting the file.

Mr. DONOHUE. Well, I only saw it about an hour ago.

Mr. McLENDON. Are you willing to leave it with us to be inspected?

Mr. DONOHUE. I am not willing to do that but I will give you the copy of the Justice Department which they gave me which is an inventory of the documents, which will save you reading all the documents.

Mr. McLENDON. Fine. Mr. Alexander, will you take possession of that file and be responsible for it?

Now, not having examined your documents, and not having had an opportunity to examine the file, I next will ask questions, Counsel, and then you may proceed further as you wish.

Mr. DONOHUE. Major, if they are pertinent to the subject matter of the subpoena I will not intrude at all.

Mr. McLENDON. I will ask the question: Why did you give this check to Ernest Tucker?

Mr. WEINER. I did not give this check to Ernest Tucker, sir. I gave this check to Robert Baker.

Mr. McLENDON. You did not give this \$5,000 check to Ernest Tucker that has been offered in evidence here?

Mr. WEINER. No, sir; I delivered it to Robert Baker.

(The documents referred to may be found as exhibits 49 and 50 on pp. 529, 530.)

Mr. McLENDON. Where were you when you delivered it to Robert Baker?

Mr. WEINER. In Mr. Baker's office.

Mr. McLENDON. Why did you do that?

Mr. WEINER. I did that, sir, because at the time I had decided to remain in Washington and attempt to establish a business. During the period when I had been working for the Freight Forwarding Association, its committee on legislation, I did not know whether I was convinced myself that I had the ability to establish a business or a practice in Washington, D.C.

During this period I called the local bar association; I do not recall who I spoke to, sir, to inquire about the possibility of reciprocity of being admitted to the bar in Washington, D.C., my being a member of the bar in New Jersey. They told me there was no reciprocity in existence between the two bar associations, that there was between Washington, D.C., and many other States. As a result I was informed that either I would have to take a bar examination in Washington and a course to coincide with all the various regulations that one must perform in order to be admitted. And I felt that I just did not have the inclination or the time to go back to school and study to retake the bar examination.

In the event that I had business which would take me before agencies as a result of business in my New Jersey law firm, it was perfectly proper for a New Jersey attorney representing a client to appear before agencies. On the other hand, I thought that it would be better if I merely established, as I presently have, a public relations corporation in order to conduct my business in Washington. Roberts Associates was the first such, was the organization that I established after I decided to remain in Washington.

When I first got together with the foreign freight forwarders I did not have a Washington office, I had no thought of opening a Washington office, had no affiliations here in Washington, sir, and I just waited to see how things would work out, whether I could be successful and whether I did wish to open a Washington concern.

As things progressed I did decide that I did wish to attempt to establish a business here in Washington, and being an attorney I think I am probably more sensitive to the value of legal services than a layman, and after having this first experience in attempting to advise and aid the foreign freight forwarders, I realized how little I knew about agency regulations, procedure, and that it would be wise if I wanted to establish a business for me to have a firm of lawyers that I could consult with so that I could get questions answered and do things properly because I found that during the course of pursuing even the foreign freight forwarding legislation I was wasting a great deal of time just trying to get answers to questions on procedure and such that probably could have been answered in one sentence if I had someone to ask.

As a result, when I did decide to open up a public relations concern in Washington, I deemed it wise to engage the services of a law firm on an annual retainer to represent the public relations corporation,

sir. I did do that. I went to see Mr. Robert Baker in his office, told him that I was thinking of engaging the services of a law firm on an annual retainer because I thought it would be much better, a much better deal, for me financially.

He told me that he thought his firm would be able to handle it providing it did not involve legislative matters because in that instance there would be a conflict of interest because of his position as secretary to the majority leader. I felt that I would have sufficient use, other than legislative matters, to make use of the firm to warrant getting together on an annual retainer basis. We then discussed how much the charges would be.

Mr. McLendon. Still talking about your conversation with Baker?

Mr. Weiner. Yes, sir; I am.

Mr. McLendon. Go ahead.

Mr. Weiner. We finally settled that, what I thought would probably be the cost of a secretary, \$100 a week, sir. I happened to have just collected some fees from the freight forwarding legislation, and I wrote out a check for \$5,000 with the understanding of Mr. Baker that his firm would represent Roberts Associates for a 1-year period from that date, and that I would have the right of consultation, ask any questions, advice on any matters other than legislative affairs.

I proceeded to sit down and write out the check, sir. I asked Mr. Baker how he wanted it made out. I had been told in conversation before that Ernest Tucker was a law partner of Mr. Baker's. He said, "Well, make it out in the name of Ernest Tucker because he is actually in the office and I spend a great deal of my time here, as you know." I did not think that was irregular, sir, since the man was a law partner, and I did write out a check in the name of Ernest Tucker, Esq., as is indicated by the photostatic copy and, perhaps, being a lawyer, in attempting to be careful in the things I do, I did put the purpose of the check on it, that it was for legal fees, and I handed the check to Mr. Baker. Now, that is the last I saw of the check, of course, until it was returned from the bank in the monthly statement.

Mr. McLendon. So you say that you wrote the check and made it payable to Ernest Tucker at Baker's direction?

Mr. Weiner. Yes, sir.

Mr. McLendon. But the fact was that you were employing him.

Mr. Weiner. I was employing the firm, sir.

Mr. McLendon. Employing the firm?

Mr. Weiner. Yes, sir.

Mr. McLendon. You never spoke to Tucker about it?

Mr. Weiner. No, sir; because the conversation emanated and was completed in less than half an hour, and Mr. Tucker was not present, and since I knew they were law partners, and I did not feel that it was necessary for me to discuss the matter with Mr. Tucker; that any office would be delighted to get a retention fee, particularly for a year in advance.

Mr. McLendon. At that time, had you met Tucker?

Mr. Weiner. Yes, sir; I had met Mr. Tucker on several occasions in Mr. Baker's office. I was also impressed with the fact that his wife was Mr. Baker's secretary.

Mr. McLendon. So you really were getting the services of a whole group of people, weren't you?

Mr. WEINER. I hoped to get those services; yes, sir.

Mr. McLENDON. Mr. Baker, Mrs. Tucker, and Mr. Tucker.

Mr. WEINER. Only legal services, sir.

Mr. McLENDON. Yes, of course; I wasn't implying anything else. [Laughter.] You didn't think it was strange that he would ask you to make the check payable to his partner rather than to the firm?

Mr. WEINER. No, sir; at the time I did not. Knowing of the close association that they were law partners that—as I say, Mrs. Tucker was Mr. Baker's secretary—I did not feel that it was strange, sir.

Mr. McLENDON. What did he agree to do for you, Mr. Weiner?

Mr. WEINER. The only thing Mr. Baker agreed to do for me was in the event my firm needed any legal advice—consultation during the year, instead of my running into large legal fees for some particular issue—that this was to be the total fee for the year.

Mr. McLENDON. Well, did you tell him—I am sure you must have told him—of this legislation that was pending which would vitally affect your client?

Mr. WEINER. This check was given him, sir, after that was completed.

Mr. McLENDON. After what?

Mr. WEINER. After the legislation was completed. It was not given to him for any compensation for anything he did for me on behalf of this legislation, and there was no other purpose than business that I anticipated and advice that I thought my corporation would need.

Mr. McLENDON. Let me see if I understand that. Are you telling the committee that this check for \$5,000, by which you intended to retain the firm of Baker & Tucker, was after the legislation had been passed?

Mr. WEINER. Absolutely, sir.

Mr. McLENDON. What were you retaining him for, then?

Mr. WEINER. I was retaining him for my corporation for 1 year from that date on, not for past services rendered but for future services to be rendered.

Mr. McLENDON. About anything specific or just in general?

Mr. WEINER. No, sir; just any legal matters that might come up where I had a right to call on this firm for advice or direction.

Mr. McLENDON. How soon after the legislation was passed did you give him the check?

Mr. WEINER. Two days, sir.

Mr. McLENDON. Two days after the legislation was passed?

Mr. WEINER. Yes, sir. There was a good reason for that.

Mr. McLENDON. What was it?

Mr. WEINER. I didn't have any money with which to retain a law firm before that.

Mr. McLENDON. Oh, well, you got \$50,000 in money, didn't you?

Mr. WEINER. Not before that I didn't, sir.

Mr. McLENDON. The check to Tucker is dated September 21, isn't it?

Mr. WEINER. Yes, sir.

Mr. McLENDON. When did you say the legislation was passed?

Mr. WEINER. September 19, sir.

Mr. McLENDON. September 19?

Mr. WEINER. Yes, sir.

Mr. McLENDON. And you received the \$50,000 from Mr. Barr's committee in October, didn't you?

Mr. WEINER. Sir, I do not have those records. I have every reason to believe that what Mr. Barr testified to is absolutely correct.

Mr. McLENDON. Your bill is dated October.

Mr. WEINER. I do not have copies of those bills, sir.

Mr. McLENDON. But he testified that he gave you \$10,500 to begin with.

Mr. WEINER. That is correct.

Mr. McLENDON. As sort of a retainer?

Mr. WEINER. Yes, sir.

Mr. McLENDON. And later made payments to you, one in August and one in in—two in September and one in October aggregating \$50,000.

Mr. WEINER. Yes, sir.

Mr. McLENDON. So you did have money from this concern, on the date of the check, which is September 21?

Mr. WEINER. I did not say I did not have money. I did not have enough money to retain counsel, sir.

Mr. McLENDON. You don't mean you hadn't been paid something?

Mr. WEINER. No, sir; I didn't say that.

Mr. McLENDON. According to Mr. Barr you had been paid \$10,500, and then \$10,000, and then \$20,000, and then \$5,000, all before October. Well, before September, you had been paid \$10,500, \$10,000 and, the day before you wrote the check to Mr. Tucker, another \$20,000. That makes \$40,000.

Mr. WEINER. That is correct, sir.

Mr. McLENDON. And you don't attach any significance to the fact that you gave this check to Tucker the day after the bills were passed?

Mr. WEINER. Major, I am under oath.

Mr. McLENDON. Yes, of course.

Mr. WEINER. I am going to tell this committee under any circumstances the absolute truth; I have nothing to hide. I do not know, nor can I read, what people wish to think. I am going to tell you the truth, what my motives were and exactly what occurred. Anyone can attach any significance they want to past actions. I have told you the truth. The only motive was that now I could afford when I got the \$20,000 payment, and I did not remember the dates, sir—thank you for reminding me—that now I had sufficient money to retain counsel, excess funds, sir, and I did. There is nothing mysterious, and I have nothing to hide, sir.

Mr. McLENDON. And you never mentioned this to Tucker at any time?

Mr. WEINER. As a matter of fact, sir, the reason that the retention agreement was not continued for an additional year is that I did not find sufficient need for the services, and it was a waste of money.

Mr. McLENDON. But that wasn't my question.

Mr. WEINER. No, sir, but I did wish to explain fully because there is nothing to hide.

Mr. McLENDON. Beg pardon?

Mr. WEINER. There is nothing to hide, Major, and I am not under any illusions—

Mr. McLENDON. I am not suggesting that; I am just asking a question.

Mr. WEINER. I did not say that, sir.

Mr. McLENDON. Did you ever speak to Tucker about the check you were giving him?

Mr. WEINER. No, sir; because a man cashes a check, I assume he knows it. If he deposits it in his account, particularly one of \$5,000—

Mr. McLENDON. Didn't you think it was important for both members of the firm to know that they were retained?

Mr. WEINER. I just assumed that Mr. Baker, Major, had discussed this fully with Mr. Tucker. Mr. Tucker's discussions and mine, when we did meet, were always extremely on a friendly basis. I had no reason to think he did not know.

Mr. McLENDON. Mr. Weiner, were you here this morning when Mrs. Broome testified?

Mr. WEINER. Yes, sir.

Mr. McLENDON. Did she make a correct statement when she said that, beginning in 1960 and continuing for quite some time, you made Baker's office your second office?

Mr. WEINER. Well, I don't think that is quite a fair description, sir. I did visit Mr. Baker's office very frequently.

Mr. McLENDON. And before you made out this check?

Mr. WEINER. Oh, certainly.

Mr. McLENDON. What were you doing there?

Mr. WEINER. Well, sir, while I was here up on the Hill working for the freight forwarders, I was spending a great deal of time and I knew very few people in Washington, and it was just someplace where I had acquaintances, would stop in while I had a little spare time. I thought nothing of it. I was delighted with the ability to have the friendship of a man who I thought was in an extremely high position.

Mr. McLENDON. And it was a convenient place, too, I suppose, was it not?

Mr. WEINER. Yes; it was, sir.

Mr. McLENDON. Did he furnish all the facilities of his office such as telephones and secretaries?

Mr. WEINER. No, sir.

Mr. McLENDON. He furnished telephone service to you, didn't he?

Mr. WEINER. He did not furnish us any telephone service.

Mr. McLENDON. Well, you used his telephone, didn't you?

Mr. WEINER. Yes; I did on occasion; I did use it, but it was not my office. I don't think it is a fair allegation.

Mr. McLENDON. You were there practically every day?

Mr. WEINER. For a period of time I was there extremely frequently; yes.

Mr. McLENDON. All this occurred before you gave him the check?

Mr. WEINER. Absolutely.

Mr. McLENDON. After you gave him the check, did you cease your visits?

Mr. WEINER. No, sir.

Mr. McLENDON. What did you see him about after you accomplished your legislation?

Mr. WEINER. I saw him very frequently after he received the fees.

Mr. McLENDON. Did you have any other client outside of the freight forwarders?

Mr. WEINER. At what time, sir?

Mr. McLENDON. During 1960 and 1961 and specifically at the time you gave Tucker this check.

Mr. WEINER. No, sir.

Mr. McLENDON. You didn't have any other clients in Washington?

Mr. WEINER. I was talking with other clients, sir.

Mr. McLENDON. Beg pardon?

Mr. WEINER. I was talking with other clients, attempting to get additional clients, but I did not at that time have any additional clients actually that I was representing.

Mr. McLENDON. So your sole client was the freight forwarders?

Mr. WEINER. Prior to that time, yes.

Mr. McLENDON. Did you have to do any entertaining in connection with your services to the freight forwarders?

Mr. WEINER. Entertaining of whom, sir?

Mr. McLENDON. Anybody; Congressmen, Senators, Mr. Baker, Mr. Tucker?

Mr. WEINER. I did not entertain Mr. Baker or Mr. Tucker in relation to any freight forwarder legislation, Major.

Mr. McLENDON. Well, you met Wayne Bromley, didn't you?

Mr. WEINER. I certainly did. I met him through Mr. Baker.

Mr. McLENDON. Through Mr. Baker?

Mr. WEINER. Yes, sir.

Mr. McLENDON. And he was a well-known lobbyist here, was he not?

Mr. WEINER. He certainly seemed to know everybody in town, sir.

Mr. McLENDON. And knew his way around, too, didn't he?

Mr. WEINER. I think he does.

Mr. McLENDON. He did, didn't he?

Mr. WEINER. Well, I never went around with him that much, sir. My meetings with him were basically for lunch or dinner. I never accompanied him on any of his business ventures.

Mr. McLENDON. Didn't you consult him about employing Baker & Tucker?

Mr. WEINER. Well, I didn't have to consult him, sir.

Mr. McLENDON. I didn't ask you whether you had to. Didn't you consult him?

Mr. WEINER. I discussed the matter with him.

Mr. McLENDON. And didn't he tell you that he thought it would be a good idea for you to employ Baker?

Mr. WEINER. I don't remember his exact words, sir. I know he was very high——

Mr. McLENDON. I wasn't there; I can't quote his exact words, either.

Mr. WEINER. No, sir. But I don't want to tell the committee anything that I don't remember exactly.

Mr. McLENDON. Let me put it another way.

Mr. WEINER. He was very high in his praise of the firm, sir.

Mr. McLENDON. Didn't you get advice from Wayne Bromley to employ the Baker-Tucker firm?

Mr. WEINER. He thought it was an excellent idea, sir.

Mr. McLENDON. And he had been a lobbyist here for years, hadn't he?

Mr. WEINER. Well, I don't know how long. I only knew Wayne Bromley a relatively short time.

Mr. McLENDON. And you couldn't get service from him equal to the services you could get from Tucker & Baker; is that right?

Mr. WEINER. No, sir.

Mr. McLENDON. Is that right?

Mr. WEINER. No, sir.

Mr. McLENDON. And therefore you employed Tucker & Baker?

Mr. WEINER. That is not true, sir.

Mr. McLENDON. That is not correct?

Mr. WEINER. No, sir. Mr. Bromley was employed, to the best of my knowledge, on a full-time basis, and I do not know the direct name, but one of the coal associations.

Mr. McLENDON. Beg pardon?

Mr. WEINER. One of the coal associations.

Mr. McLENDON. Coal associations?

Mr. WEINER. Yes, sir; and he was a full-time employee, to the best of my knowledge, of that association, sir.

Mr. McLENDON. Did he operate in high figures like you did, \$50,000?

Mr. WEINER. I don't know what he did.

Mr. McLENDON. Sir?

Mr. WEINER. To this day I don't know what the emoluments are that Mr. Bromley receives.

Mr. McLENDON. That was a pretty big fee, wasn't it, for a man who did not even know his way around in Washington?

Mr. WEINER. It was an excellent fee.

Mr. McLENDON. Excellent fee. At the same time that this was going on in Washington, you maintained an office in New Jersey, didn't you?

Mr. WEINER. I was a member of a New Jersey firm, sir, with my father.

Mr. McLENDON. And you also maintained an office on the Pacific coast?

Mr. WEINER. No, sir.

Mr. McLENDON. Where?

Mr. WEINER. No other office at that time.

Mr. McLENDON. When did you open the office on the Pacific coast?

Mr. WEINER. It is not an office, sir. I visit the Pacific coast regularly, and in order to cut down expenses I maintain a one-bedroom apartment in California.

Mr. McLENDON. Apartment? Where is that?

Mr. WEINER. It is on Sunset Boulevard.

Mr. McLENDON. In which city?

Mr. WEINER. In Hollywood, sir.

Mr. McLENDON. Do you have business out there?

Mr. WEINER. Yes; I do.

Mr. McLENDON. Did you have business out there at this time, at the time, 1961, of these transactions with Baker?

Mr. WEINER. No, sir.

Mr. McLendon. Do you object to telling the committee who your clients were on the Pacific coast at that time in 1961?

Mr. Weiner. I had no clients in California at that time.

Mr. McLendon. You mean that your clients out there you have now have been acquired since then; is that what you are saying?

Mr. Weiner. Yes, sir.

Mr. McLendon. Well, you had an apartment out there in 1961, did you not?

Mr. Weiner. No, sir.

Mr. McLendon. Or 1960.

Mr. Weiner. No, sir.

Mr. McLendon. Well, your business here in Washington was of such nature that you were able to get employment in California as a result of your operations here?

Mr. Weiner. I don't understand the question.

Mr. McLendon. Let me reframe my question. Having been successful with the freight forwarders, did that establish a reputation for you that enabled you to get employment in California?

Mr. Weiner. I don't think one thing had anything to do with the other.

Mr. McLendon. You don't think it did?

Mr. Weiner. No, sir.

Mr. McLendon. Well, did you get any clients out there that paid you fees like this?

Mr. Weiner. No, but I would like to, sir.

Mr. McLendon. Where was your office in Washington?

Mr. Weiner. Well, sir, after I was well into this business for the foreign freight forwarders, I then acquired an office at 1028 Connecticut Avenue.

Mr. McLendon. Is that a regular legal office or sort of a combination of apartment and office?

Mr. Weiner. It is a combination. It is not a legal office, sir. It is where the public relations firm is.

Mr. McLendon. Public relations firm?

Mr. Weiner. Yes, sir.

Mr. McLendon. And you are telling the committee you were operating as a public relations firm at that time, are you?

Mr. Weiner. Yes, sir.

Mr. McLendon. What is this Roberts—

Mr. Weiner. Excuse me, sir. Maybe I don't understand the question.

Mr. McLendon. I said were you operating as a public relations firm at that time, 1961?

Mr. Weiner. I established a firm in the latter part of 1961, sir.

Mr. McLendon. Roberts Associates?

Mr. Weiner. Yes, sir.

Mr. McLendon. Who else was in it?

Mr. Weiner. It was just myself and my father. It was not a corporation. It was a trade name of a public relations firm.

Mr. McLendon. Why did you do that? Why didn't you operate in your own name?

Mr. Weiner. Because, sir, when I decided to establish the office in Washington, and, as I told you before, when I ascertained that I did

not have the reciprocity to become a member of the bar, and I even went so far as to ask how we could possibly list the phone numbers or the name of the firm; they informed me that I could not even say of the firm of Frank & Myron Weiner of New Jersey so as to indicate that we were not members of the Washington, D.C., bar. So, as a result, sir, and as long as I intended to establish the public relations firm, I just established it so that, No. 1, I would have a business address, would have a business in which to take care of what I hoped to be clients in it, and was merely the establishing of a new business.

Mr. McLENDON. So really that was a method by which you avoided being challenged as practicing law.

Mr. WEINER. Sir?

Mr. McLENDON. I say you used the word, title, Roberts Associates, to avoid being challenged as practicing law.

Mr. WEINER. I object to the word "avoid," sir. I was not attempting to avoid anything. I was told I could not practice law.

Mr. McLENDON. That is exactly right.

Mr. WEINER. I was not avoiding it. I am not practicing law.

Mr. McLENDON. If you had held yourself out as a lawyer you would have run into difficulties?

Mr. WEINER. Correct, sir.

Mr. McLENDON. So you used this trade name "Roberts Associates"?

Mr. WEINER. Yes, sir.

Mr. McLENDON. Did you get acquainted with other people engaged in this public relations business in Washington after you got here?

Mr. WEINER. I have met many people in Washington since I have been here, sir.

Mr. McLENDON. I am not asking you about people. I am asking you about this fraternity known as public relations people.

Mr. WEINER. Well, I do know some people who are in public relations.

Mr. McLENDON. In addition to Wayne Bromley, did you get acquainted with Fred Black?

Mr. WEINER. I have met Mr. Black. I am not a friend of his nor acquainted with him. I know who he is.

Mr. McLENDON. Didn't associate with him any?

Mr. WEINER. No, sir.

Mr. McLENDON. Did not get any advice from him or help?

Mr. WEINER. No, sir.

Mr. McLENDON. How about Tom Webb?

Mr. WEINER. I know Tom Webb.

Mr. McLENDON. Sir?

Mr. WEINER. I know Tom Webb.

Mr. McLENDON. Can you tell us any more so-called public relations people that you are acquainted with?

Mr. WEINER. I know a great many people, Major. I am not trying to avoid the question. You are just mentioning names.

Mr. McLENDON. I am just mentioning public relations people. That was the fraternity you were in. Can you tell us something more?

Mr. DONOHUE. Mr. Chairman, I think you may share with me the oft-expressed opinion of the bar that public opinion experts practice law without a license, but I don't think the inquiry with respect to the knowledge that the witness may have of the identity of other public relations experts is pertinent to what we are trying to discover here.

Mr. McLendon. I agree with you just mere identity would not, but I was asking about his association with them and his connection with them. He has already testified that he got some very effective advice from one of them, Wayne Bromley. I was going to ask—

Mr. Donohue. I would challenge the conclusion of effective advice. [Laughter.]

Mr. McLendon. Well, let's put it this way: You followed it, did you not?

Mr. Donohue. Rather successfully, sir.

Mr. McLendon. He got the results he was trying to accomplish for his client. He got the bill passed, didn't he?

Mr. Weiner. Sir?

Mr. McLendon. I say you got the results your client wanted; you got the legislation passed.

Mr. Weiner. I didn't get any legislation passed; a bill was passed.

Mr. McLendon. Are you telling the committee that your services were worthless?

Mr. Weiner. I would never admit that, sir.

Mr. McLendon. So you were successful, weren't you?

Mr. Weiner. No; I did not get any bill passed. I did the job I was supposed to do.

Mr. McLendon. Your objective was accomplished; let's put it that way.

Mr. Weiner. Yes; the job I set out to accomplish I did accomplish, sir.

Mr. McLendon. All right. Mr. Weiner, you have been interviewed by the FBI, haven't you?

Mr. Weiner. I sure have.

Mr. McLendon. You also have been interviewed by the Internal Revenue Service?

Mr. Weiner. Yes, sir.

Mr. McLendon. Is your testimony here today consistent with what you told those two agencies?

Mr. Weiner. No, sir.

Mr. McLendon. It is not. I have a little reluctance in asking the next question, but I will ask it.

Mr. Weiner. Please do, sir.

Mr. McLendon. In what respect is what you told here today not consistent with what you told the Internal Revenue?

Mr. Weiner. I am under oath today, sir.

Mr. McLendon. Yes; I know you are.

Mr. Weiner. And I am not going to, to the best of my recollection, say anything that is not true.

Mr. McLendon. Sir?

Mr. Weiner. To the best of my recollection I am not going to say anything that is not true. The only thing that I omitted from telling them, anybody, before today's interview, was the fact that I gave Mr. Baker the check, and that the arrangements to retain the law firm were made with Mr. Baker.

Mr. McLendon. Let me refresh your recollection. Didn't you say that you retained Tucker because you learned that he was an expert in procedure around the Congress?

Mr. WEINER. I did say—I believe I did use words of that—Mr. Tucker was part of the firm that I did retain.

Mr. McLENDON. And that you needed somebody to guide you in procedural matters?

Mr. WEINER. And regulations.

Mr. McLENDON. And you employed Tucker—not Baker, but Tucker—isn't that what you said?

Mr. WEINER. Major, I would very gladly, since I have done nothing that I consider improper, have avoided this notoriety, and that is all I was attempting to do. But I am under oath, and I am not going to lie to you or this committee.

Mr. McLENDON. Well, let me pursue that just a little further, and I will let it alone. Didn't you say in your interview with the Internal Revenue Service that the reason you employed Tucker and wrote on the check "legal services" was because you heard that Tucker was an expert in procedure around the Capitol and, secondly, that being a partner with Baker you thought that by employing Tucker you would also get Baker's services?

Mr. DONOHUE. Major, may I interrupt for just a moment?

Mr. McLENDON. Yes, you may.

Mr. DONOHUE. I advised you, Major, and perhaps through your assistants prior to the appearance of my client, that the statement he would make, if he testified today, might be different from the statement which you might have in your possession for the simple reason that he did not have to give you a statement.

Mr. McLENDON. That is right; he didn't.

Mr. DONOHUE. But that he is here under oath in an attempt to cooperate with this committee. So that you knew when he took the witness stand that he would testify contrary, under oath, to a written statement which you have in your possession. I think you ought not to penalize a witness by badgering him when he has come here under oath to try to tell you the truth.

Mr. McLENDON. Well, I did not know in what respect he was going to testify differently from the statement.

Mr. DONOHUE. Well, you are just asking him now, sir.

Mr. McLENDON. I know. All you said was that he might have to testify differently.

Mr. DONOHUE. Yes, sir.

Mr. McLENDON. And I am asking him and trying to give him an opportunity to explain why.

Mr. DONOHUE. You have his written statement, and I think in fairness to the witness, the least you ought to do is to get out his written statement, read a sentence from it that he is alleged to have made to some witness or some member of your staff, and then ask him, "Did you testify so before my staff. If you did so, why?" And he will probably give you an explanation. He wasn't under oath.

Mr. McLENDON. I was asking him about his interview with the Internal Revenue Service.

Mr. DONOHUE. I didn't know you had that, but I would be perfectly willing to let you quote from that one, too.

Mr. McLENDON. Sir?

Mr. DONOHUE. I didn't know that you had it. I might have suspected it when I found out you had a photostat of the check which is

in the possession—the original of which is in the possession—of the U.S. grand jury, but I am perfectly willing that you quote from the Internal Revenue statement or the FBI; I don't care.

The CHAIRMAN. It might be well to put in right here that this committee has found out a lot more than a lot of people think they have.

Mr. DONOHUE. I am amazed.

Senator PELL. And the check did not come from any other Senator; it came direct from the FBI.

Mr. McLENDON. Weren't you asked this question, and your counsel suggested that I read from this interview, and I might say in all fairness that when I interviewed you, you told me that we could use any statement that you previously made if you had signed the statement; did you not?

Mr. WEINER. Yes, sir.

Mr. McLENDON. I believe this one does not carry your signature and for that reason I was a little bit reluctant about reading from the document, but, since your counsel has suggested I do so—I am not going to make this long—I would like to ask you one or two questions.

Mr. WEINER. I would not sign it, sir, because it was not the truth.

Mr. McLENDON. Is that it?

Mr. WEINER. Yes, sir.

Mr. McLENDON. Let me pursue this just a little further. Was this question asked you:

Did you ever pay a remuneration in any fashion to Robert G. Baker for any services performed in your behalf?

Your answer was: "No, sir."

Mr. DONOHUE. Counsel, are you asking him did he make that answer or are you asking him was the answer true?

Mr. McLENDON. I am asking him if he made that answer.

Mr. WEINER. I don't recall.

Mr. McLENDON. You don't recall?

Mr. WEINER. That has been some time ago since I had the interview.

Mr. McLENDON. Did you ask the Internal Revenue Service to have a check from you to Tucker checked by the experts to see whether the words "legal fees" were written at the same time in the same ink that the rest of the check was written in?

Mr. WEINER. Yes, sir. I requested, when I turned the check voluntarily over to the Internal Revenue Service, that they use the facilities of their various laboratories, which I assumed that they had, for the purposes of satisfying themselves that the legend "Esq.," meaning "Esquire," and normally relating to an attorney, and that the legend, also, "legal fees" were not written as an afterthought but were on the check when it was presented and—when I wrote—written at the same time so that there would be no question of any chicanery or any afterthought, and I was informed by the Internal Revenue Service, and I believe you have a copy of that report, sir, that their laboratories do indicate that this check was all written at one time.

Mr. McLENDON. That is correct; and in the same ink.

Mr. WEINER. Yes, sir.

Mr. McLENDON. You are correct about that. Let me ask you another question. Were you asked this question:

What was the purpose of this check for \$5,000 made payable to Ernest Tucker?

And if a part of your answer is not this:

I thought that if I could have become friendly with Mr. Baker it might be possible to procure advice for and on behalf of clients if need arose, just as I feel that it is practical for me to have friendship with anyone in a position of prominence, that sympathetic hearings could be arranged to discuss problems where possible.

Do you remember that kind of an answer?

Mr. WEINER. I may have said something like that, sir; I do not recall, truthfully.

Mr. McLENDON. In another part of your answer to that question, do you remember saying this:

It was my complete idea that by engaging the services of Mr. Tucker, since I was a neophyte in Washington and knew relatively nothing, that he would have the basic knowledge to advise me, where necessary, and, if he did not know at least because he was a partner of Robert Baker, would be able to get the proper and correct answers from somebody who, in my opinion, should and probably did know as much about procedure as anybody in Washington.

Do you remember making an answer like that?

Mr. WEINER. I may have made the statement, sir; I don't remember the—

Mr. McLENDON. Didn't you add:

An additional reason for using Mr. Tucker was the fact that, being the law partner of Robert Baker, if I did use that firm, and in the event I did need advice or a favor, that Mr. Tucker would at least be able to accept the fact that I was using him as an attorney and he, being a friend of Baker, might be a method of causing a deeper friendship. It was not my intention upon hiring Mr. Tucker that any of these proceeds flow directly or indirectly into the hands of Robert Baker.

Mr. WEINER. I may have made that statement, sir, as I told you. I only wanted to avoid this inquiry because I have done nothing wrong. I did not wish the notoriety, but I am here under oath today.

Mr. McLENDON. Yes.

Mr. WEINER. And I am not going to tell you anything but the truth.

Mr. McLENDON. All right. That will do.

The CHAIRMAN. Senator Cooper. Excuse me. Senator Pell.

Senator PELL. Mr. Weiner, in connection with this, what would you give as examples of the type of services that you thought Mr. Baker's law firm might render to you in return for that \$5,000?

Mr. WEINER. Well, sir, no more really than I found out in my efforts for the freight forwarders, that you could waste 2, 3, 4 days waiting to get an answer on procedure when, perhaps, if a Congressman or Senator or somebody that knew the committee called, you could get an answer in 5 minutes, just the stopping of wasting of time, sir, a direct answer; nothing to do with legislative practices. I did realize at the time that there would be a conflict of interest, and I did not want to be caught in that way.

Senator PELL. It did not occur to you that this would be a conflict of interest even if accepted or carried out in the spirit you just said, you just described?

Mr. WEINER. No, sir; because when I discussed it with Mr. Baker, and I respected his opinion at the time, I was told as long as it did not include legislative matters, that legal services would not be a conflict of interest.

Senator PELL. But, as I understood your reply to my question, you said that you had learned that in connection with the flow of legislation by knowing the right person the answer could come to you more quickly and the process could be speeded. I would have thought, being a lawyer as you are, you would have considered that that was also a conflict of interest.

Mr. WEINER. No, sir. Well, perhaps I am expressing myself poorly. I am unrestrained today. Very frankly, I think that the theory of understanding regulatory law, procedural law, is something that takes a great deal of experience. I don't think that any counsel, no matter where they are from in the United States, can suddenly appear on the Washington scene and hope to understand full procedural and regulatory law of the various agencies. I think that Mr. Tucker—this is what went through my mind, at least—would have the ability to get answers; that they were Washington attorneys, did have experience; nothing that I considered irregular.

Senator PELL. But why did you think it would be Mr. Tucker? Mr. Tucker had, according to his testimony, no idea of the arrangements until the check turned up.

Mr. WEINER. That I don't know, sir. As I say, I assumed Mr. Baker had discussed the arrangements with Mr. Tucker.

Senator PELL. In other words, you had received a good impression of Mr. Tucker's reputation?

Mr. WEINER. Yes, sir.

Senator PELL. Although you had not actually met him?

Mr. WEINER. That he had the ability, the capability. Otherwise I would not pay this type of fee to a law firm. But I did feel he was capable of aiding me in these legal problems or giving me legal advice.

Senator PELL. I realize you are under oath, but you must also realize, as a reasonable man, it is a tough story to swallow.

Mr. WEINER. Senator, weak or as strong as the story might sound, this is all there was.

Senator PELL. Did you in calendar year 1961 give any other sums of money to any other Senate employees or any Senators in connection with the flow of legislation?

Mr. WEINER. No, sir.

Senator PELL. On this bill?

Mr. WEINER. No, sir.

Senator PELL. That is all. Thank you.

The CHAIRMAN. Senator Cooper.

Senator COOPER. At the time you gave this check for \$5,000 you had determined that you were not going to attempt to qualify yourself to practice law in the District of Columbia?

Mr. WEINER. Yes, sir.

Senator COOPER. What services did you expect the firm of Baker & Tucker would render you in the future?

Mr. WEINER. Well, sir, whenever a corporation hires an attorney on a retainer—

Senator COOPER. Would they be rendered to your public relations firm?

Mr. WEINER. Yes, sir.

Senator COOPER. Since that time have you maintained an office for your public relations firm in Washington?

Mr. WEINER. Yes, sir.

Senator COOPER. Have you had any clients?

Mr. WEINER. Yes, sir.

Senator COOPER. Has Baker or Tucker rendered you any services in connection with those clients?

Mr. WEINER. No, sir.

Senator COOPER. Not a bit?

Mr. WEINER. No, sir.

Senator COOPER. Have you called on them for advice?

Mr. WEINER. I have never called on Mr. Tucker for advice.

Senator COOPER. Have you called on Mr. Baker for advice?

Mr. WEINER. I did not have the opportunity to. That is why—I am sorry, sir.

Senator COOPER. It has been 3 years, and you have never called on Baker & Tucker?

Mr. WEINER. No, sir. This retainer was for 1 year.

Senator COOPER. In that 1 year did you call on Baker or Tucker?

Mr. WEINER. No, sir; I never had occasion to call on them for one drop of advice, and that is why the retainer was not renewed.

Senator COOPER. Who are your clients for the year following the date you gave the check to Tucker?

Mr. DONOHUE. Senator, if you press for an answer, it is really a bit unfair for a man in a profession to be asked to disclose at a public hearing of this character the identity of his clients. It is unfair to the clients, and it is certainly unfair to him, because it might well cause him to lose it.

Senator COOPER. I want to be very fair, but I don't agree with you at all.

Mr. DONOHUE. Could he supply that information—

Senator COOPER. Here is a man who comes and testifies that he had hired Baker & Tucker to give legal advice relating to future business. I think it is certainly relevant to find out if he had any business.

Mr. DONOHUE. May I ask, Senator, if you will permit him to disclose the names of his clients that he may have represented in 1961 in a written memorandum to the committee and not on the public record?

Senator COOPER. I don't agree with that. This man is testifying. He deserves credit for coming here to testify, but he admits himself that he has made contradictory statements, and our duty is to search out the truth. He himself has said he was expecting advice in the future, and he said he expected it in connection with work that he might perform for clients. I think it is important to know if he had any clients.

Mr. DONOHUE. I would say, Senator, it would certainly be apropos within the period of a year when, in which the retainer was stated to have covered from September 21, 1961, to September 21, 1962. I think it would be pertinent to ask him if he had any clients during that

period of time, if on their behalf he asked the law firm of Baker and whatever the man's name is, Tucker, for any advice.

Senator COOPER. I have asked him that and he has said "No." But I would like to know if he had any clients and to know their names. He said he had clients, and I want to find out if he had them. That can be determined by giving their names. So I will ask him again to furnish the names of the clients during the year following the issuance of the check.

Mr. DONOHUE. If the Senator presses the question, I will have to advise my client that he must answer it.

Mr. WEINER. Otis Elevator.

Senator COOPER. I would—

Mr. WEINER. Senator, I assure you I am not concealing except to protect the clients, because there is no possible involvement and no possible connection.

Senator COOPER. I know that I am right as far as the law is concerned, and so I will ask that the chairman ask him to—

Mr. DONOHUE. I would not embarrass the Senator to ask the chairman. If the Senator asks the question, my client will answer.

Senator COOPER. All right. You had clients during the one year following the date which you gave the check you expected to secure advice for from this firm. Give the names of those clients.

Mr. WEINER. Would you repeat that? I'm sorry, sir; I did not understand the last part of your question.

Senator COOPER. We had been discussing it here.

Mr. WEINER. No, sir; but I want to answer it correctly.

Senator COOPER. If you had any clients in the year following the date of the check for \$5,000, will you give to the committee the names of those clients.

Mr. WEINER. Yes, sir. I represented the Otis Elevator Corp.

Senator COOPER. The what?

Mr. WEINER. The Otis Elevator Corp.

Senator COOPER. Otis Elevator?

Mr. WEINER. Yes, sir.

Senator COOPER. Anyone else?

Mr. WEINER. I am not prepared to answer that question, sir. There are other minor clients, but I do not recall their names.

Senator COOPER. Well, it is late, and I am sure he will be called back, but we would like to go through these papers, and I will ask that he furnish the committee the names of those clients. Now, in any event—

The CHAIRMAN. You will furnish that?

Mr. WEINER. Yes, sir.

Senator COOPER. In any event, Mr. Baker or Mr. Tucker did not give you any advice following your issuance of the check?

Mr. WEINER. No, sir; they did not.

Senator COOPER. Did you expect Mr. Baker to give you advice, as well as Mr. Tucker?

Mr. WEINER. Yes, sir.

Senator COOPER. Now, you said that you were rather naive about conditions here in Washington. Yet in your one venture in Washing-

ton at that time as a representative of the freight forwarders, you were quite successful. Is that correct?

Mr. WEINER. Yes; the first venture was very successful.

Senator COOPER. You represented the freight forwarders in Washington?

Mr. WEINER. Yes, sir.

Senator COOPER. You heard Mr. Barr testify?

Mr. WEINER. Mr. Barr's testimony was the absolute truth.

Senator COOPER. Mr. Barr remembers that he stated in talking to you that you convinced him and his committee that you could be successful in securing or helping to secure the freight forwarders' desired legislation. Is that correct?

Mr. WEINER. Yes, sir.

Senator COOPER. What information did you give him to assure him that you could help in the passage of this legislation?

Mr. WEINER. I didn't give him any information that procured passage of a bill, sir. I was merely able to convince them——

Senator COOPER. What?

Mr. WEINER. I was merely able to convince these gentlemen that I possibly had the ability to serve—distinguishing fact from fiction—that I would devote all of my time to this effort, even to the extent of neglecting my law practice in New Jersey.

Senator COOPER. You remember he stated that you and he were in almost daily touch and you reported to him?

Mr. WEINER. Yes, sir; several times a day.

Senator COOPER. Reporting that you were making good progress. You submitted requests for payment of your retainer of \$50,000. What were you doing here to secure this progress in the passage of the bill?

Mr. WEINER. My duties here, sir, were really confined to watching and evaluating exactly what was happening and reporting back to my client. As indicated by Mr. Barr, in the previous year they had had a bill that was passed by both the House and the Senate, and then it got stuck in the conference, and because the year ended, they did not have time to go back and attempt to revise it and get together. These people were at their wits' end when I did speak to them because of the regulations imposed by the Federal Maritime Board, and it was a question that every one had to put forth the utmost effort, otherwise they would all have been out of business.

Senator COOPER. Were you an expert in this field?

Mr. WEINER. No, sir. I had no experience at all in it, and they knew it. I think they were convinced that perhaps I had——

Senator COOPER. Did you testify before committees?

Mr. WEINER. No, sir; nor did I ever prepare a statement for anybody to use in giving testimony.

Senator COOPER. What did you do then to secure the passage of the bill?

Mr. WEINER. These gentlemen for many years——

Senator COOPER. What?

Mr. WEINER. Senator, these gentlemen, I think you understand the situation as I found it when I was approached and gained a client——

Senator COOPER. What is this?

Mr. WEINER. I think you understand fully the exact circumstances that are necessary. These people for many years have been attempting to get legislation through. At the time my services were engaged, a bill had already been introduced by Senator Yarborough and Congressman Lennon. I did not know these gentlemen, and when I was engaged I did not know any Members in either the Senate or the House of Representatives on the committees that were working on the bills that had to report them out. I was merely able to convince these people that I had the ability to perform—I guess I am a good salesman—and they did retain my services. There was no representation made by me, as was said by Mr. Barr.

Senator COOPER. The substance of your statement is then that you didn't testify at the hearings and that you are not an expert in this type of legislation?

Mr. WEINER. No, sir.

Senator COOPER. You didn't consult with any employee of the Senate or the House or any Member of the Senate or Member of the House? Is that correct?

Mr. WEINER. No, sir; it is not correct.

Senator COOPER. What did you do?

Mr. WEINER. I was introduced to members on the committee after I was engaged by the freight forwarders, members that they had spoken to, members that seemed sympathetic to the cause, people that they secured to introduce the bill, people that they had convinced that the bill was worthy, and that the industry was worth saving.

Senator COOPER. Did you talk to them?

Mr. WEINER. I did, sir, after I was introduced by the freight forwarders; I spoke to no one; I, in fact, knew no one, Senator. I did not know any member of the House or the Senate committees that had these bills.

Senator COOPER. You just talked to Members?

Mr. WEINER. After I was introduced to them by the freight forwarders. I did not go up and say, "I would like to meet you, Senator. I am working on a bill." I went in the company of people that knew them.

Senator COOPER. Did you tell them that you were working on the bill?

Mr. WEINER. I was introduced, as I say, by the trade, the freight forwarders, though, and they were told I was to be the representative in Washington to watch the progress.

Senator COOPER. Did you discuss the merits of the bill with the members of the committee?

Mr. WEINER. Members?

Senator COOPER. Did you give them any literature?

Mr. WEINER. No, sir; I did not give them any literature.

Senator COOPER. Not being an expert, were you able to discuss the merits of the bill?

Mr. WEINER. Well, sir, the people that I was introduced to did not have to be convinced of the merits of the bill because the freight forwarders had done an excellent lobbying job, and they had convinced them. It was not my job to convince any Senator or Congressman to vote for this bill, nor did I attempt to.

I did, however, speak to Senators and Congressmen on the committees after being introduced to them, who had already been spoken to by the freight forwarders in the various parts of the country, and were sympathetic to the bill.

Senator COOPER. Were you registered as a lobbyist?

Mr. WEINER. No, sir; I was not lobbying.

Senator COOPER. Not lobbying? Did you talk to Mr. Baker about this bill?

Mr. WEINER. Mr. Baker knew that I was working on the bill.

Senator COOPER. Did you talk to him about it?

Mr. WEINER. No, sir.

Senator COOPER. Never did?

Mr. WEINER. Other than the fact that—

Senator COOPER. What?

Mr. WEINER. No, sir; other than the fact that this was a client I had, and what I was doing, but I did not ask for his help nor did I receive any.

Senator COOPER. How long had you known Mr. Baker?

Mr. WEINER. Well, I had met Mr. Baker, I would say, a year or so before this occurred. It was truly social.

Senator COOPER. Who introduced him to you? Do you remember?

Mr. WEINER. No. I was in a restaurant here in Washington one day when I was down on one of my visits, and I was having lunch with somebody. Obviously the person I was having lunch with did know Mr. Baker because Mr. Baker came along and said, "Hello," and he sat down, and had a drink, and that was all there was to it.

Senator COOPER. Why were you in his office so often during the time that this bill was under consideration?

Mr. WEINER. As I indicated before, sir, when up on the Hill it was a very convenient place to go, and I didn't have many friends on the Hill, and there is no explanation other than the fact that I did, sir.

Senator COOPER. And it is your statement in all this time that you never discussed with him the legislation or your interest or asked for his help in securing its passage?

Mr. WEINER. No, sir. He knew I was working on it. I did not ask for nor receive any help on this matter.

Senator COOPER. Did you also keep an apartment in the La Salle Hotel?

Mr. WEINER. I am still there, sir.

Senator COOPER. What?

Mr. WEINER. My office is in the La Salle Hotel, sir.

Senator COOPER. Now?

Mr. WEINER. Yes, sir.

Senator COOPER. Then you have this office and also an apartment that you mentioned before?

Mr. WEINER. Yes, sir; it is all in one.

Senator COOPER. What?

Mr. WEINER. It is all in one.

Senator COOPER. It is the same place?

Mr. WEINER. Yes, sir.

Senator COOPER. When you gave this check you said that you wanted to be very correct and to show what it was for and so you wrote on the check the services to be rendered. Why didn't you submit

some written memorandum or why didn't you make the check out to the firm of Tucker & Baker?

Mr. WEINER. I'm sorry, sir; I did not hear the last part of your query.

Senator COOPER. You have said that you wanted to be very correct and so you wrote upon the check the purpose of the check being for legal services. Why didn't you spell it out more explicitly either in the nature of some memorandum between you and Baker & Tucker or make the check out to Baker & Tucker?

Mr. WEINER. It just was not done, sir. I had no reason to do it. If I did not trust the people to act according to their agreement I should not have engaged their services to start with, particularly as attorneys. I just did not feel that there was need for a written retainer agreement.

Senator COOPER. Mr. Weiner—

Mr. WEINER. I wish I had at this point, sir.

Senator COOPER. Counsel has read to you certain statements you have made. Of course, you have known the reason you have been interviewed and its connection with this inquiry?

Mr. WEINER. Yes, sir.

Senator COOPER. And you know that the central figure in this inquiry has been Mr. Baker; that most of the problems we have gone into have arisen from the central figure, Mr. Baker. Is that correct?

Mr. WEINER. Yes, sir.

Senator COOPER. Then why did you in your answer withhold an important central fact about which you could testify?

Mr. WEINER. I was not attempting to withhold—

Senator COOPER. What?

Mr. WEINER. Actually I was not attempting to withhold anything, Senator.

Senator COOPER. What is that?

Mr. WEINER. I was not attempting to withhold anything.

Senator COOPER. But whether you attempted or not—

Mr. WEINER. All that occurred, I was trying to keep away from this issue since I had really nothing to do with Mr. Baker except paying his firm a legal fee, and the fact that I knew him, and I was not involved in any business dealings with him or anything else that I have read in the newspapers and, as a result, I just wanted to stay away from this.

Senator COOPER. Whether you attempted to withhold or not, the fact is that you withheld this necessary information. When considering that this inquiry was initiated because of certain facts which were given about Mr. Baker, and in a great degree revolved around him, didn't it occur to you that it was rather important for you to tell the true state of the facts about this check when you were interviewed?

Mr. WEINER. I am here today under oath, and I am telling you the truth.

Senator COOPER. What?

Mr. WEINER. I am here under oath, and I am telling this committee the truth.

Senator COOPER. You are now?

Mr. WEINER. I did not tell them all the truth; I just did not complete the statement. They can ask any questions they want. That does not mean that any citizen should answer any questions asked of them.

Senator COOPER. I have no further questions. Did Tom Webb introduce you to Mr. Baker?

Mr. WEINER. Yes, sir. Now that I recall, I was having lunch with Tom Webb when Mr. Baker came over to the table; that is correct, sir.

Senator COOPER. May I ask if your representation of Otis Elevator was connected with any legislation pending or proposed?

Mr. WEINER. No, sir; absolutely not.

Senator COOPER. Now, you stated, Mr. Weiner, that you corrected your former statements. Is there anything else you would like to add for the record now?

Mr. WEINER. Senator, right now I can't think that clearly. I wouldn't know what to add.

Senator COOPER. That is all.

The CHAIRMAN. Are you through, Senator?

Senator COOPER. For the time being.

The CHAIRMAN. Senator Pell, do you have any further questions?

Senator PELL. No; no further questions.

The CHAIRMAN. Major, any further questions?

Mr. McLENDON. No further questions. I think we had better ask this witness to come back in the morning and give us an opportunity to look at the file.

Mr. DONOHUE. You will recall, Major, I discussed with you at lunch that I have a commitment in court tomorrow morning.

Mr. McLENDON. You did.

Mr. DONOHUE. Could we come back in the afternoon or, I may say, as soon as my commitment in court is over I will come here?

Mr. McLENDON. What time will that be?

Mr. DONOHUE. I have one of four matters before a three-judge court in the morning at 9 o'clock. I will ask for a priority that I be heard first, and I will come over as soon as the matter is completed.

Mr. McLENDON. That will be all right.

The CHAIRMAN. The committee will stand adjourned until 9:30 in the morning.

(Additional correspondence between Senator John J. Williams and the Committee on Rules and Administration is as follows:)

OCTOBER 11, 1963.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR JORDAN: I appreciate your cooperation yesterday in obtaining approval of the resolution authorizing your committee to check certain allegations concerning the activities of Senate employees.

I will be glad to cooperate with your committee in any manner in which you think I can be of assistance, and at your convenience will arrange an appointment to turn over to you any information which I may have or suggestions as to potential witnesses.

Yours sincerely,

JOHN J. WILLIAMS.

NOVEMBER 13, 1963.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR JORDAN: Since my appearance on October 29, 1963, before your committee I have received additional information pertaining to this same subject which I think should be presented to your committee promptly.

I would appreciate, therefore, an opportunity to present this at the earliest date. I do not expect to be in town Friday, and if this could be arranged for tomorrow it would be appreciated.

Yours sincerely,

JOHN J. WILLIAMS.

JANUARY 27, 1964.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR: Yesterday I had an opportunity to talk with Mr. Albert G. Young, president of the Mid-Atlantic Stainless Steel Co. During the conversation he mentioned that he had certain correspondence between his company and station KTBC in Austin, Tex., concerning the use of certain advertising time that had been purchased by Mr. Reynolds.

It was suggested that this correspondence may help clarify the conflicting testimony which has previously been given to your committee concerning the method as to how and with whom this had been arranged.

Mr. Young had no objections to making this correspondence available, and accordingly, gave it to me with the understanding that it would be transmitted to your committee. Therefore, copies of this correspondence are enclosed herewith.

Yours sincerely,

JOHN J. WILLIAMS.

MARCH 2, 1964.

HON. B. EVERETT JORDAN,
Chairman, Committee on Rules and Administration,
U.S. Senate, Washington, D.C.

DEAR SENATOR: Over the weekend I received a report to the effect that while serving in the U.S. Senate Senator Charles E. Daniel, of South Carolina, arranged a payment to Mr. Robert Baker approximating \$30,000 and that this payment was made in the form of stock in either the Carolina Pipeline Co. or the Winn-Dixie corporation or both.

I have been advised that Mr. Jessop I. McDonnell, formerly working in Mr. Baker's office, is aware of this transaction and that while he may be reluctant would, if subpoenaed by the committee, confirm the deal.

Since Mr. Baker's financial statement did include holdings in these two companies and in view of the seriousness of this allegation, which involves a former Member of the Senate, I felt it should be transmitted to your committee in the hope that you could determine its accuracy or inaccuracy.

Yours sincerely,

JOHN J. WILLIAMS.

MARCH 4, 1964.

HON. JOHN J. WILLIAMS,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: Senator B. Everett Jordan has asked me to answer your letter addressed to him on the date of March 2, 1964. In your letter you refer to a report received by you that former U.S. Senator Charles E. Daniel had made a payment to Robert G. Baker in the amount of approximately \$30,000 in the form of stock in either one of two corporations.

A report to this same effect was obtained by us some time ago and last week we had one of our very best investigators to interview Mr. Daniel in Greenville, S.C. He disclosed that he had on one occasion purchased some stock in the Carolina Pipeline Co. and resold part of it to Robert G. Baker at the price of approximately \$3,400. He denied that he had had any other transaction with Mr. Baker involving either stock or cash payments.

With great respect, I am,

Yours sincerely,

LENNOX P. MCLENDON, *General Counsel.*

(Whereupon, at 6:15 p.m., the committee was recessed, to reconvene at 9:30 a.m., Friday, December 4, 1964.)





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