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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

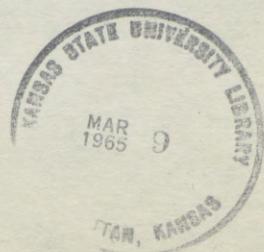
RESOLUTIONS AUTHORIZING AN INVESTIGATION INTO THE  
FINANCIAL, BUSINESS, OR OTHER INTERESTS OR ACTIVITIES  
OF PRESENT OR FORMER MEMBERS, OFFICERS, OR EMPLOYEES  
OF THE SENATE, WITH PARTICULAR EMPHASIS ON THE ALLE-  
GATIONS RAISED IN CONNECTION WITH THE CONSTRUCTION  
OF THE DISTRICT OF COLUMBIA STADIUM,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

DECEMBER 9, 1964

PART 7

Testimony of James J. Saxon, Fred B. Black, Jr., Marvin  
J. Gaut, Fred A. Thayer, Edward Hugler,  
and Samuel Scott

Printed for the use of the Committee on Rules and Administration



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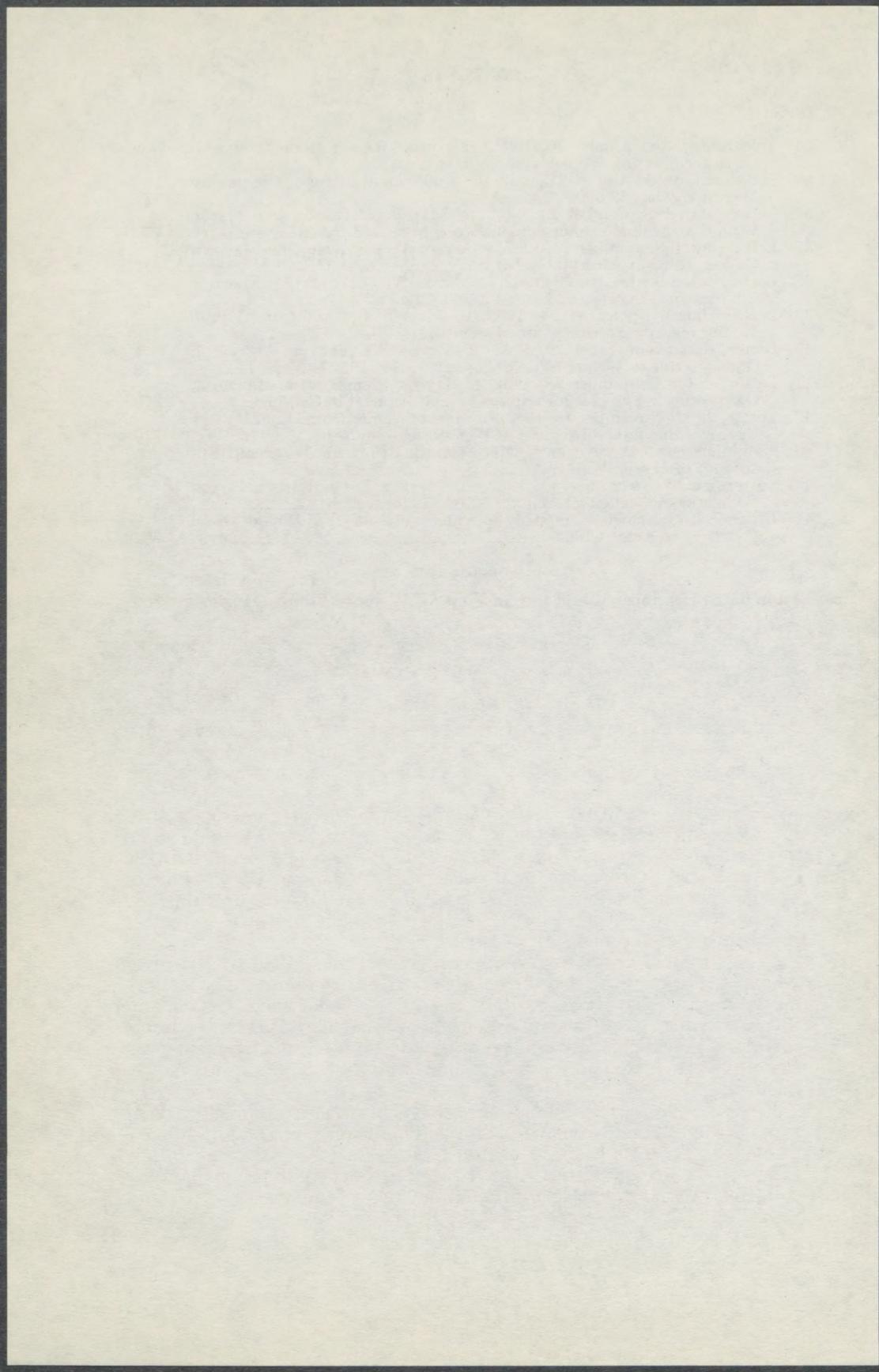
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# CONSTRUCTION OF THE DISTRICT OF COLUMBIA STADIUM, AND MATTERS RELATED THERETO

WEDNESDAY, DECEMBER 9, 1964

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

The committee met, pursuant to call, at 2:15 p.m. in the caucus room, Old Senate Office Building, Senator B. Everett Jordan (chairman) presiding.

Present: Senators Jordan, Hayden, Cannon, Pell, and Cooper.

Also present: Gordon F. Harrison, staff director; Hugh Q. Alexander, chief counsel; L. P. McLendon, general counsel; Burkett Van Kirk, associate counsel; William Ellis Meehan, investigator; Walter L. Mote, professional staff member; Samuel J. Scott, investigator; E. George Pazianos, associate counsel; and William R. Haley, staff assistant to Senator Cooper.

The CHAIRMAN. The committee will come to order. Senator Cooper wants to make a statement. Come up, Mr. Saxon. Thank you, sir. It will be just a minute.

Senator COOPER. Senator Jordan and members of the committee, I would like to make this statement. I had not intended to make it until sometime later after Senator Jordan had made his statement concerning the executive meeting of the committee which was held this morning.

During the executive meeting it was disclosed that our committee did agree, and I concurred, that Senator Jordan would make a statement in which he would give to the news media the substance of the decisions that were made in the executive session of the committee upon several important issues. I said then that I would wait until he had made his statement and then I would make my own statement regarding these decisions.

When I came out of the committee room I was asked by the press what I had to say. I stated that Senator Jordan would make a statement later about the action of the committee in executive session, and then I would make my own statement of what had occurred. I was informed that Senator Jordan said that I had been in agreement with the decisions made in the discussion, and that I was quite happy about it.

First, let me say, I was not in agreement with a number of decisions made in this executive session. There were five major subjects discussed and I am hesitant to do this because I have tried to follow the rules of the committee. But I think in fairness to myself and my colleagues, Senator Scott and Senator Curtis, who were not present,

that I should discuss them. As to the first item, the matter of calling Mr. Jenkins as a witness, we were in agreement, and decided that Mr. Jenkins would be called as a witness. As to the two next items, items which referred to certain allegations which had been made about unlawful contributions or alleged unlawful contributions of the I.T. & T., I was not in agreement. I made a motion that they should be called as witnesses on my own behalf and in behalf of my colleagues, and my motion was voted down.

With respect to certain FBI files concerning Ellyn Rometsch and Ingrid Lutterm, the decision of the committee was essentially that this was a matter which did not require further investigation. I moved that the matter should be deferred until Senator Curtis and Senator Scott could have an opportunity to examine the files. Failing to have my motion seconded, I then voted against the decision of the committee.

The other item which Senator Jordan discussed we were in general agreement. I would like to make it clear that on the question of the testimony of Don B. Reynolds taken in executive session I was in agreement because the matter was left open until a later meeting of the committee in which my colleagues, Senator Curtis and Senator Scott, could be present.

I dislike to make my statement first rather than wait until the chairman, for whom I have great respect, could make his statement. In view of the fact that I was informed by members of the press that it had been said that I was in agreement, when in fact I was not, on several important matters decided by the votes taken in committee, I feel, in justice to myself, that I should make this statement now. In addition I said at the conclusion that I did not consider this investigation closed by any means and that there were many more matters to be investigated which would have to be decided in committee when we came into session again.

SENATOR PELL. May I make a comment?

The CHAIRMAN. Wait a minute; let me just answer that. I believe that somebody misunderstood me, if they said we were in perfect agreement. I was asked: Was it a harmonious meeting? and I said "Yes," and I still think it was. If it wasn't I didn't detect anything but a harmonious meeting. I didn't say Senator Cooper voted the way we did by any means. I said a statement would be prepared, at which time his views would be set out along with the rest of them.

Now, that is about all I said. I was asked if today's session would conclude these hearings and I said these were all the witnesses we were prepared to hear right now. We don't expect to have any more hearings until after Congress convenes again in January. That is about the substance of what I thought I said. If it was elaborated on beyond that it was not my intention to. I didn't intend to infer by any means that Senator Cooper voted the same way the majority did on anything, and that was going to be set out very plainly in the statement which I am still going to prepare and issue in the morning, and I hope it will meet with Senator Cooper's approval when it is.

Senator Pell?

SENATOR PELL. Senator Jordan, I think the point about the harmonious character of the meeting will be shown when the proceedings of the committee meeting this morning, with the elimination of materials agreed in the meeting, are published. This was the motion that I proposed and that Senator Cooper seconded. It will be seen in gen-

eral that the meeting was reasonably harmonious and did not break down right along party lines. I would also like to make the point that these meetings this month have been known for a long time by all members of the committee. We came a long way to be here and, while Senator Cooper has been indefatigable in his attendance at them, his colleagues on the Republican side, who also were aware these meetings were coming on and have been equally indefatigable in their illumination of the deliberations of the committee when they are conversing with the press, have not been at these meetings when they were needed. If they had been here today, as Senator Cooper pointed out, a couple of decisions could have been made right now instead of continuing this investigation or postponing these decisions into the next Congress. I think it would have been good if we could have reached more decisions in a definitive way today.

The CHAIRMAN. I thank you.

Senator COOPER. I don't want to continue this for any length of time. The statement will be made by Senator Jordan later and my own statement in reference to it is a matter of record. As Senator Pell has said, when the hearings are made public they will disclose what happened at these hearings. I only say this in defense of my colleagues, Senator Curtis and Senator Scott. They have had engagements which prevented them from being here. They also take the position that many of these matters which we are now considering could have been, should have been, considered much earlier. But beyond that, having made this statement, because I don't consider that anyone has the authority to examine my emotional processes to determine whether I am happy or sad, the facts of what I do and the action I try to take in this are a real determinant of what my position is, and I have not tried in this committee to be always moved by political reasons.

Not to be melodramatic about it but, as a former lawyer and judge, I have tried to pursue it in a judicial way and, with fairness, I must say that after a long discussion had this morning, when I made a motion on many occasions connected with these subjects to protect my colleagues so they would have an opportunity to vote at a later time and also express my own views that these subjects should be investigated, I was quite disappointed when, without reference to that, the impression was given that I had agreed to these decisions that were made in several cases when, in fact, I did not.

The CHAIRMAN. I want to say publicly I had no intention of saying what you agreed to and what you didn't agree to. I don't think I even left that inference and if I did I certainly apologize to you for it because I certainly didn't mean to and I don't think I did. But you can imply a great many things. Somebody did ask me if you were happy and I said I don't know. I didn't know whether you were happy or you weren't. I didn't think you were unhappy by any manner of means. However, now that we have all that off our chest we can start this inquiry.

Mr. Saxon, I appreciate your being with us today and it is necessary that I read this statement to you so you know why you are here and what your rights are before this committee.

A quorum being present, the committee will please come to order. This committee is acting by direction and under the authority of

Senate Resolution 367, agreed to on September 10, 1964, and Senate Resolution 212, agreed to on October 10, 1963. Senate Resolution 367 renews the powers authorized by Senate Resolution 212, and broadens the scope of jurisdiction conferred. The Committee on Rules and Administration has now been granted the power to investigate all interests or activities of present or former Members, officers, or employees of the U.S. Senate for the purpose of determining whether such interests or activities have involved any violation of law or other impropriety or have reflected unfavorably upon the integrity of the Senate and whether additional laws, rules, or regulations are necessary or desirable for the purpose of prohibiting or restricting any such interests or activities. The study and investigation authorized by this resolution is directed to give particular emphasis to the allegations raised in connection with the construction of the District of Columbia Stadium and matters related thereto.

The committee believes that witnesses who are called to testify possess information which is material and pertinent to the subject matter under investigation as authorized and will aid the committee in fulfilling 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, whether under subpoena or by request. Major McLendon, you may proceed.

Mr. Saxon, it is necessary that you raise your hand and take the oath. Place your left hand on the Bible, please, sir. Do you solemnly swear that the evidence you are about to give before this committee on the matter now under investigation is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SAXON. I do.

The CHAIRMAN. Please be seated.

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

#### TESTIMONY OF JAMES J. SAXON

Mr. SAXON. My name is James J. Saxon. My temporary address is 6024 Western Avenue, Chevy Chase, Md.

Mr. McLENDON. What public office do you hold, Mr. Saxon?

Mr. SAXON. I am the Comptroller of the Currency of the United States, which is primarily charged with the administration of the national banking system of the United States.

Mr. McLENDON. Are you familiar with the application and the granting of the application for the establishment of the Redwood National Bank in California?

Mr. SAXON. I am.

Mr. McLENDON. Would you just tell the committee the history of that, please?

Mr. SAXON. If I may, Mr. Chairman, in view of the comments that have been made about this case, in the proceedings of this committee, and about the District of Columbia National Bank case, which have been widely discussed in the press, and which have a serious impor-

tance to the office I administer, I wonder if I could have the privilege to make a few comments, and some comments particularly with reference to the testimony yesterday by a Mr. Hughett, I believe.

The CHAIRMAN. Certainly; you may proceed as you like, sir.

Mr. SAXON. These are brief. First, our only interest in this so-called Baker proceeding is, of course, the references to the two national bank charter cases.

First, I should like to state that at no time in the handling of any national bank charter application is counsel required or necessary. Seventy percent of all charter cases during my regime in this Office have been handled without counsel very successfully, with the benefit of the aid of the most experienced staff in the country in the organization of new banks, being our own organization division. I believe generally, if not uniformly, that all prospective applicants—and this is a statutory right, which is conferred on people, five natural citizens to submit a national bank charter application—all applicants are advised, or I believe uniformly are, that there is no need for counsel. But if counsel or other professional services are contracted for they must be kept reasonable and moderate, must be supported in detail, and will not be approved unless they are so justified.

This is a public office. Applicants have no need to arrange appointments through Congressmen, Members of the Senate, a Member of the House, through friends, through attorneys, or through any other party. Any group of citizens, being five natural citizens in number, following the requirements of the law, have the privilege—the right, in fact—to submit their application, and may make any and all appointments necessary to pursue their application until disposition without benefit of the aid of any other party.

We interpret, and in every instance have interpreted, any such arrangements, even going to the matter of arranging appointments, as an attempt to influence action by our Office. And in every such instance such an attempt is taken as a negative factor in the determination of whether or not the charter should be granted. Other things being equal, such an attempt would be sufficient to deny the application, and this has happened in many instances.

In the Redwood case the action of certain officers, directors, and counsel is grievous and is so being dealt with by this office irrespective of this committee or the banking committees of Congress, because this is the responsibility of our Office. The actions of those officers, directors, and counsel impair, if not destroy, the essential basis of confidence in the integrity of any bank's direction and management which for 101 years has been fundamental to the effective supervision of the national banking system. Hence, any director, officer, or attorney for that bank who in any wise directly or indirectly was involved in the payment of these funds is being requested today to submit his resignation to my office. In fact, a telegram has already gone to the bank. Failure to do so by those involved will result in the assumption of operating authority over that bank by this Office. We have also been pursuing the institution of criminal action against the individuals involved, including Mr. Bromley and Mr. Hughett.

The time schedule in the handling of the Redwood charter case is as follows: Contrary to the testimony given yesterday, which was misleading and inaccurate in that respect, there was a period of roughly 5 weeks from the time the investigation of that case was com-

menced until the case was disposed of by my Office. I do not believe that any Government agency or indeed any private corporation can hold up such an example of efficient disposition of the business of an office. This, indeed, is typical of every aspect of the operation of this Office, whether in the case of charters, mergers, branches, rules, procedures or whatever else is involved.

(Senator Hayden entered the hearing room.)

Mr. SAXON. Therefore, contrary to the statement made by the witness yesterday that the basis of that or the motivation of the employment of Mr. Bromley was the 3 weeks' delay in the handling of this matter, there was actually 5 weeks, 5 weeks from the time an investigation was commenced, the 3 to 5 weeks it is required to make any investigation in such a matter, the time consumed in preparing and digesting and writing the investigation report, which is very extensive, transmittal of that to the regional office and similar action by that office, the receipt of that application in our Washington office, which came there only August 31, the investigation having been commenced on August 7. Having then passed through the technical, legal stage, that is an examination of whether all requirements have been met of the law, the original divisions, to see whether these requirements have been met, and the six or seven individuals each of whom pass independently on this case, arrived in my office roughly the 12th or 13th of September. It was disposed of on the 14th.

Now, if I may, I should like to say a word about a matter which has been of the utmost concern to us, and that is the District of Columbia National Bank case which has also been involved in this hearing, and has also been the subject of considerable other comment, namely, by one Congressman Bolton who I believe is no longer in the Congress, and I would say the following: There was an original case filed in 1956. That was largely presented by organizers and principals from outside of the District of Columbia; New York, namely. The case was quite controversial. It was rejected.

Shortly after I entered office, November 16, 1961, the second application was filed for a bank in the District of Columbia. The bank had totally local organizers and principals. There are 1,286 shareholders predominantly from this metropolitan area. No new bank had been chartered in the District of Columbia in more than 29 years. In the meantime there had been many mergers which had reduced the effective number of banks quite substantially. This case, too, was highly controversial. There was strong and virulent opposition on three grounds: anti-Semitism, one; two, grounds of entry of a new competitive force in the banking system in the District of Columbia; and three, it subsequently developed, political ground. There was no pressure at any time exerted on my Office in connection with this case except against the case, nearly all of the banks in the District of Columbia having taken very strong positions.

This bank has been under continuous attack since it was chartered. This attack has been unfortunate, unfair, and unwarranted, in my opinion. A bank lives only on its reputation, and the public confidence in it. The continuous, sometimes oblique innuendoes, have seriously harmed the public standing and the image of this bank, and have seriously impaired the growth this bank would otherwise have certainly enjoyed. This bank is sound, well operated, and in good condition. It has the confidence of the Office of the Comptroller of

the Currency. However, it cannot continue to fill its proper role in the past and current climate. It is difficult enough for any new bank to establish and to grow, particularly when the competitive units are large and well established in the District of Columbia such as the Riggs National Bank and other banks. It is extremely difficult when such a new bank must face the circumstances I have outlined. Accordingly, after long study and deliberation, our Office has concluded that this bank should be merged out of existence and I shall begin conversations to this end next week. This is a difficult and regrettable decision which I have most reluctantly made. I justifiably had great hope for the fine prospects of this sound and well-operated institution. Thank you, Mr. Chairman.

Mr. McLENDON. Mr. Saxon, were you acquainted with a man named Leland connected with the Redwood Bank?

Mr. SAXON. Mr. Leland and his associates were in the office primarily with one of my deputies. I do not know whether I met him or not. The record would indicate that at one point I attended part of a conference. I don't recollect whether I did or not.

Mr. McLENDON. Is he now an officer or director of the bank?

Mr. SAXON. Yes.

Mr. McLENDON. What; director or an officer?

Mr. SAXON. He is a vice president.

Mr. McLENDON. Vice president. Did you know Mr. Bromley?

Mr. SAXON. I do not know Mr. Bromley and indeed had never heard the name until two FBI agents by the name of Ausen and Brown in, roughly, November of last year came to my office to inquire about this very point whether or not I knew of this man. I told Mr. Ausen and Mr. Brown that I did not—never heard of the gentleman and I also asked him what prompted the question. We never obtained any information from the FBI. Subsequently the FBI did interrogate all in my office who had anything to do in this case, and indeed journeyed to the West, interrogated many in the West so that it became merely a matter handled by loudspeaker. This is the answer.

Additionally, I should say that although I initially resisted this, this file was made available to the Assistant Attorney General, Miller, and I do not know this to be a fact, this following point, but by virtue of certain identification and other numerical markings on the file when it was returned it was our inference, which we can't support clearly, that all or part of the file was probably photographed. This was a difficult decision for us to make and I want to explain it is the first instance in which a file involving a national bank or an examination report has ever been made available. These have always been regarded for 101 years as privileged, and traditionally so, documents.

Mr. McLENDON. I started to ask you: Did you know a man named Hughett?

Mr. SAXON. I did not know Mr. Hughett, and had never heard the name until this testimony yesterday.

Mr. McLENDON. Did you know Robert Baker?

Mr. SAXON. I met Robert Baker on several occasions. I do not know him well or socially.

Mr. McLENDON. You answered a letter, I think, written by Senator Williams—I am not too sure—in which you say that a search of your files failed to disclose that Baker or Bromley had any connection with

the application or that their names appeared in any of your records; is that correct?

Mr. SAXON. That is correct. There is only one inquiry shown on our records in this case, in all of the records of any file; any person who made inquiry, whether in official life or nonofficial life, is recorded in our files.

Mr. McLENDON. You mean that is the practice of your Office?

Mr. SAXON. Yes; and there is only one inquiry in the file, that from a Mrs. Elliott of Senator Capehart's office made on September 11, 1962.

Mr. McLENDON. Do you know what that inquiry was?

Mr. SAXON. The inquiry was a request that the Senator be advised when a decision is made on the application. Mrs. Elliott was advised on September 17, 1962, that the application had been approved. The application was approved on the 15th—14th or 15th.

Mr. McLENDON. In your search of the files in your office, and an examination of the different people connected with this application, have you found any evidence that there was any irregularity about this application or the granting of the charter to the new bank?

Mr. SAXON. As in the case of all other applications it was thoroughly examined, and the detail of expenses was submitted, examined by our Office, and approved, and on legal expenses amounting to roughly \$20,000, and which was reasonable, and legal expenses submitted on December 19, 1962, by Bagshaw, Schaal, Martinelli, Weissich & Jordan in account with William G. Corrigan and Roderick P. Martinelli in the amount of \$5,434.80. These expenses were examined, set forth here in detail, and approved. These are the only legal expenses which our Office—and we require in every instance that all such fees as well as economic survey fees and other such fees be delineated in detail—so in the case of these expenses have been set forth in such detail and approved as being the only legal expenses of which we were aware.

Mr. McLENDON. What was the total, again, of the legal expenses?

Mr. SAXON. This is \$5,434.80, and this is considered by us to be a reasonable fee. We very carefully restrain expenditures for any purpose on the part of an organizing bank because we don't wish to overburden a new bank with excessive expenses at the outset.

Mr. McLENDON. Were those legal—

Mr. SAXON. I would like to offer this, if you wish, Mr. Chairman, for the record.

Mr. McLENDON. Yes; we will be glad to have it. What was the item of \$20,000 that you referred to?

Mr. SAXON. Those are the normal expenses of the application, the investigation by our Office. As you know, this Office does not operate on appropriated funds. All of the revenues of the Office are provided by assessments against national banks, and by other activities within the Office, and in this case, as in all other cases, there is a charge for the investigation examination. Similarly, there were many other expenses—economic survey, I think, ran some \$1,600, which is reasonable—but anyway the total was about \$20,000 and considered to be fair and justified in this case.

Mr. McLENDON. I believe that is all, Mr. Chairman. I will put this in the record.

(The itemization referred to is as follows:)

EXHIBIT 68

BAGSHAW, SCHAAL, MARTINELLI, WEISSICH & JORDAN

A. E. BAGSHAW  
 THOMAS E. SCHAAL  
 RODERICK P. MARTINELLI  
 V. G. WEISSICH  
 LELAND H. JORDAN  
 WILLIAM G. CORRIGAN  
 HADDEEN W. ROTH

ATTORNEYS AT LAW  
 SUITE 329 ALBERT BUILDING  
 1010 B STREET  
 SAN RAFAEL, CALIFORNIA

TELEPHONE  
 486-8800  
 484-8212

December 19, 1962

Redwood National Bank (Organizing)  
 326 Albert Building  
 1010 "B" Street  
 San Rafael, California

IN ACCOUNT WITH William G. Corrigan and  
 Roderick P. Martinelli

FOR PROFESSIONAL SERVICES RENDERED September 19, 1962 thru December 19, 1962.

<u>DATE</u>	<u>ITEM</u>	<u>TIME</u>	<u>CHARGE</u>
9/19/62	Martinelli and Corrigan-conference with Organizers	2 1/2	125.00
9/19/62	Review federal statutes regarding National Bank Act	1 3/4	87.50
9/20/62	Draft proposed employment contract with Leydecker	2 1/2	125.00
9/20/62	Conference with Leydecker's attorney	1 3/4	87.50
9/20/62	Modify Leydecker agreement	1/2	25.00
9/21/62	Conference with Organizers	2	100.00
9/21/62	Final modification of Leydecker agreement	3/4	37.50
9/24/62	Martinelli and Corrigan-conference with Organizers	1	50.00
9/27/62	Conference with Organizers	1 1/2	75.00
9/28/62	Dictate minutes of meetings of 9/21 9/24 and 9/27	2	100.00
10/2/62	Martinelli and Corrigan-conference with Leydecker and Leland	1	50.00
10/3/62	Conference with Organizers	2	100.00
10/4/62	Conference with Leydecker and Leland	2 1/2	125.00
10/8/62	Martinelli and Corrigan-Organizers meeting	2	100.00
10/8/62	Conference with Leydecker before meeting	1	50.00
10/11/62	Conference with Leydecker-prepare for meeting	1/2	25.00
10/12/62	Draft Resolution regarding name change and letter to Comptroller	1/2	25.00
10/12/62	Martinelli and Corrigan-Organizers meeting	2	100.00
10/17/62	Martinelli and Corrigan-Organizers meeting	2	100.00
10/17/62	Draft minutes of 10/3, 10/8 and 10/12 meetings	2 1/2	125.00
10/15 to 10/19/62	Miscellaneous conferences with Leydecker; approve documents etc.	2	100.00
10/24/62	Draft minutes of 10/17 meeting; draft miscellaneous documents and letters	2 1/2	125.00
10/24/62	Martinelli and Corrigan-Organizers meeting	2 1/2	125.00

Redwood National Bank (Organizing)

December 19, 1962

Page Two

<u>DATE</u>	<u>ITEM</u>	<u>TIME</u>	<u>CHARGE</u>
10/26/62	Conference with Leydecker and Leland	1/2	25.00
10/30/62	Review National Bank Act and Comptroller's opinions	2	100.00
10/30/62	Miscellaneous phone conferences	1/2	25.00
10/31/62	Conference with Leydecker; review miscellaneous bank operation forms	2	100.00
10/31/62	Research regarding Voting Trusts and Proxies	1 1/4	62.50
10/31/62	Letters to Organizers	1/2	25.00
11/1/62	Draft minutes of 10/24 meeting	2	100.00
11/1/62	Conference with Leland regarding miscellaneous	1/2	25.00
11/2/62	Conference with Leland and Leydecker regarding stock subscription forms and procedures	1 1/2	75.00
11/5/62	Conference with Leydecker; phone conferences with individual organizers	1 1/2	75.00
11/6/62	Conference with Leydecker regarding and draft voting trust commitment letter	2	100.00
11/7/62	Research regarding capital requirements and reserves	2	100.00
11/7/62	Martinelli and Corrigan-Organizers meeting	3	150.00
11/12/62	Draft minutes of 11/7 meeting	1 1/2	75.00
11/14/62	Revise minutes of 11/7 meeting	1/2	25.00
11/14/62	Conference with Leydecker regarding subscription procedures	1	50.00
11/16/62	Conference with D. Walters regarding "graphics"	3/4	37.50
11/20/62	Conference with Leydecker before meeting	1/2	25.00
11/20/62	Martinelli and Corrigan-Organizers meeting	2	100.00
11/21/62	Conference with Leydecker regarding Voting Trust	1/2	25.00
11/21/62	Draft bank operating forms	2 1/2	125.00
11/21/62	Conference with Leydecker regarding draft letters to subscribers	1 1/2	75.00
11/23/62	Telephone Comptroller; rough draft Voting Trust	1	50.00
11/25/62	Conference with Leydecker and Walter regarding stock sale	1 1/4	62.50
11/27/62	Conference with Leydecker before meeting	1/2	25.00
11/27/62	Martinelli and Corrigan-Organizers meeting	3	150.00
11/28/62	Conference with Leydecker regarding meeting	1/2	25.00
11/29/62	Conference with Leydecker and Walter	1	50.00

Renwood National Bank (Organizing)  
 December 19, 1962  
 Page Three

<u>DATE</u>	<u>ITEM</u>	<u>TIME</u>	<u>CHARGE</u>
12/6/62	Conference with Leydecker, Walter and CPA regarding accounting procedures	2 1/2	125.00
12/7/62	Draft fictitious deed of trust	1 1/2	75.00
12/7/62	Draft minutes of meetings of 11/20 and 11/27	2 1/2	125.00
12/7/62	Review organization papers	1	50.00
12/10/62	Martinelli and Corrigan-Organizers meeting	2	100.00
12/10/62	Preparation for 12/10 meeting	1	50.00
12/12/62	Draft minutes of 12/10 meeting; draft miscellaneous documents	2	100.00
12/12/62	Conference with Leydecker; miscellaneous regarding correspondent banks requirements	2	100.00
12/14/62	Draft By-Laws (part)	2	100.00
12/15/62	Draft By-Laws (part)	3	150.00
12/10 to 12/15/62	Miscellaneous conferences and correspondence regarding organization	3	150.00
12/17/62	Conference with Leydecker; review By-Laws	1	50.00
12/18/62	Revise By-Laws	2	100.00
12/19/62	Draft shareholders and directors resolutions	3	150.00
12/19/62	Preparation for organizational meeting	2	100.00
	<b>TOTAL</b>	<b>107 hours</b>	<b>\$5,350.00</b>
	Long distance telephone calls		27.55
	Photostatic copies of minutes, documents, etc.		57.25
			<u>\$5,434.80</u>

NOTE: Although Messrs. Martinelli and Corrigan attended all meetings of Organizers, only one was charged for. Additionally, no record was kept (and no charge therefor was made) of numerous telephone calls, short conferences etc.

*Legal Fee*

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

Senator PELL. I was just struck with one general philosophical point. As I understand it you feel that the Washington National Bank because of its publicity, a perfectly good institution, must go out of existence; in other words, that I guess you would call it "bankicide" has contributed there. Because of the publicity that faces the one in California do you foresee the same fate for it?

Mr. SAXON. In California, I think the California case must be distinguished because here we do find substantial evidence of grievous violations, and we are moving very readily to meet this, as I have indicated. We have already asked for the resignations of any involved in this case and other steps are being planned to enforce this. We do not wish to have any such bank in the national banking system. The most on which we can rely is our confidence in the integrity of the institution, and if we do not have this, we really have nothing and no amount of capital or other standards will substitute for the essential integrity. In almost all cases throughout the country with respect to all national banks, the response to remedial changes, cooperative reaction is almost uniform and immediate.

Accordingly, on this ground alone, this case, the California case, must be differentiated. The bank has a good location. It was a good application. The people behind it are people of quite substantial means for the most part, well able to sustain the institution, a good market area, it had good prospects. Indeed, we had approved a branch for it in Napa additionally, also having good prospects. Our interest, of course, is in protecting the institution, notwithstanding the action here taken with respect to Mr. Bromley, Mr. Hughett, and any others involved. We are well aware of the sensitiveness of this aspect of the matter.

In the case of the District of Columbia National, however, this has not been—this case has not been marred by any such instances. It was indeed a shareholding, as our records disclosed, by Mr. Baker of 1,500 shares, which was a minuscule percentage of the total shares outstanding. There were also loans made to Mr. Baker; as I pointed out in a statement in response to some statements made by Congressman Bolton, these loans were well secured, they are bankable. Our main interest was the protection of that institution and we found there was no case hazarded by these loans.

Senator PELL. Excuse me for interpolating. My recollection was the security was Mr. Baker's word. Isn't that correct?

Mr. SAXON. Oh, no; no, sir. These loans were secured or otherwise, in most cases secured, and otherwise supported by financial statements which made them secure. We did find, as we do in many institutions, particularly new ones, operating procedures and deficiencies in operating procedures which are normal, which our examiners point out and which are corrected and which were corrected in this case immediately. For example, failure to record a lien. This was promptly recorded, and this applied in one of these loans. It was through negligence, but this is something we find which is promptly taken care of.

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

Mr. SAXON. I do regret, however, being one of the first charters, which as some of you gentlemen may know, new charters have been

entered into major cities in the country, the first in Boston, I think, in some 38 years; the first in Minneapolis, I think, in some nearly 40 years; St. Louis, Baltimore in many, many years; the District of Columbia and other places. These banks are doing well indeed.

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

Senator CANNON. No.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Mr. Saxon, I am aware of the high regard in which your organization is held in the banking fraternity and is considered to be efficiently operated. I think it is evident from your statement that the Redland Bank—Redwood or Redland—

Mr. SAXON. Redwood.

Senator COOPER. Redwood Bank was required to submit a statement of fees paid to any counsel employed?

Mr. SAXON. Yes, sir.

Senator COOPER. Or for any other purposes?

Mr. SAXON. In connection with—

Senator COOPER. Or counsel in any way?

Mr. SAXON. Yes; that is correct.

Senator COOPER. According to your statement the bank did not furnish to your Office any records showing that \$5,000 had been paid to Mr. Bromley?

Mr. SAXON. That is correct.

Senator COOPER. The only statement of legal fees is the one to which you referred and which was submitted to the committee?

Mr. SAXON. It should be noted, too, on that one, if I may point out, that the dates of the detailed items, whether by error or what, I don't know, reflect dates after the date of charter.

Senator COOPER. Is it your statement that on being apprised of this matter a thorough investigation has been made and no evidence has been found of any action or attempted action by Bromley or Hughett to help secure this charter?

Mr. SAXON. That is correct, sir. If I understood you, that our records show—

Senator COOPER. I understand you to say that you had made a thorough investigation and that there were no facts at all concerning procedure, concerning individuals, which would indicate that these men, Bromley, Hughett, or Baker, had done anything to attempt to influence the granting of this charter?

Mr. SAXON. That is correct. Indeed, the payment here alluded to yesterday, was in the form of a check dated March 4, I believe, which was 2 months after the bank opened. The expenses which we normally require, which we always require, be submitted to us in detail and justified, go to the organization of the bank and have to be cleared and approved by us before the bank is given the authority to commence business. So, there was no basis for knowing of this whatsoever.

Senator COOPER. Then it would follow that whatever fees the bank might pay after that time would not come normally to the attention of the agency?

Mr. SAXON. That is correct. It would not have been disclosed and if such an agreement or commitment had been made in advance, should have been disclosed, and it was not. We don't know, for ex-

ample, today whether the funds represented by the—evidenced by the—check from the bank, no evidence to indicate as of this point. These funds may have come from the bank or whether they came from other sources or Martinelli or whoever else was involved. We indicated earlier we have begun to act on this matter and further steps are being taken.

Senator COOPER. Then if the bank naturally believed that one could use his influence, whether he could or not—which I don't believe he could, as you do—and wanted to, to pay someone for what they thought was being done for them, it would be perfectly normal to pay the check later as in this case?

Mr. SAXON. Well, this is something we could not countenance, Senator, because one thing that is required above all in the effective supervision of an organizing or an organized bank is the fullest and completest disclosure. As the facts stand today on the basis of evidence in connection with this payment obviously no such disclosure was made. Hence, we cannot have confidence in this management in any way or respect, which is why examiners were in that bank at 9 o'clock this morning, and all records papers, legal and otherwise, of that bank have been impressed with a seal, until they have been examined in detail by our people.

Senator COOPER. You introduced the question.

Mr. SAXON. If I may, I want to, Senator. I want to make very clear so that the bank itself is not affected here in relation to its depositors, which is a sensitive matter, delicate matter, in no sense are we talking about the condition of the bank, its capacity to meet its obligations. We are talking about the conduct of one or more, it appears to us more, of its officers and directors in handling a matter which is seriously violative of legal and other standards imposed by our Office and presents an intolerable type of management situation. I want to make very clear for all concerned that this is not a matter which should affect any depositors of the bank; that our people are in there in that bank.

Senator COOPER. You have introduced before the committee the subject of the District of Columbia National Bank. Can I ask you, since this question was raised in the hearings of this committee, if you made an investigation to determine if any procedures of the Office of the Comptroller, or if any efforts had been made to secure influence to promote the awarding of a national charter to the District of Columbia National Bank?

Mr. SAXON. As I believe I stated earlier, Senator, there was no such pressure anywhere indicated except pressures of those who were fighting the application. There were no pressures in favor of the application.

Senator COOPER. Did the fact that Mr. Baker was a stockholder in the bank have any significance?

Mr. SAXON. No, sir.

Senator COOPER. In the award of the charter?

Mr. SAXON. No sir, because we don't get, ordinarily, the full stockholder list until sometime prior to the opening of the bank. In any case, if this had been a matter we were aware of, it would have been minuscule in relation to the whole matter. As I pointed out, there are 1,286 shareholders in this.

Senator COOPER. The reason I ask these questions is because certain issues were raised. This bank, as I remember, made a loan to Mr. Baker.

Mr. SAXON. That is correct.

Senator COOPER. Covering the full purchase price of his home. I think it was in Spring Valley, but I can't remember the exact location. The question was raised whether the bank would make such a loan for the full purchase price of the house. Is that a matter which would come into the cognizance of your agency?

Mr. SAXON. This is a matter in which, with respect to such loans, for Baker or otherwise, they are taken up by the examiner and discussed, in fact. Except with respect to such procedural items as I mentioned here—negligence, for instance—they are well secured.

Senator COOPER. That is all.

Mr. McLENDON. Mr. Saxon, has your Office obtained any explanation from Mr. Martinelli of this check for \$5,000 that the evidence shows was delivered to Bromley?

Mr. SAXON. We have not as of now.

Mr. McLENDON. But you are pursuing that?

Mr. SAXON. Yes; we are.

Mr. McLENDON. You spoke of the opposition to the District of Columbia Bank locally, here in Washington.

Mr. SAXON. Yes.

Mr. McLENDON. At that time, how many national banks were in operation in the District?

Mr. SAXON. I think there were seven or eight.

Mr. McLENDON. Was there any opposition, local opposition, to the Redwood Bank?

Mr. SAXON. There was not.

Mr. McLENDON. None at all?

Mr. SAXON. There was, I think, to the title, but I'm not sure—there was no objection to the merits of the Redwood case.

Mr. McLENDON. I didn't understand.

Mr. SAXON. There was an objection to the title, the original title.

Mr. McLENDON. You mean the name of the bank?

Mr. SAXON. Yes. And I think there was an objection, there had been a recently chartered State bank, the Bank of Maryland, approved earlier and it was about to open. There was objection from that bank. The other banks in the area were the Bank of America, I believe, with two branches, Crocker Anglo Bank, a big bank, the Wells Fargo Bank, also a big bank, and one other large institution.

Mr. McLENDON. Did the opposition to the application for the District of Columbia Bank result in delay in final action on that charter?

Mr. SAXON. So far as was necessary for us to hear all of those who wished to come in and present their views, which is normal procedure in our agency.

Mr. McLENDON. Would that be a matter of weeks or months?

Mr. SAXON. That would have been a matter of weeks.

Mr. McLENDON. But in the case of Redwood, there was no opposition to cause any delay.

Mr. SAXON. The only opposition—none of the large banks expressed opposition formally. There were comments which are usually made to our examiners by some. They didn't see any particular need for it,

but no one expressed any objection, none of the larger ones. The only one that expressed objection, a banking institution, was the Bank of Maryland.

Mr. McLENDON. When your examiners do interview Mr. Martinelli and obtain explanation of that check, will you be willing to file it with the committee?

Mr. SAXON. We, Mr. Chairman, want to cooperate in every way with this committee. We are pursuing this also with a view to possible criminal violations here. I do not know when this would come about or how such disclosure might affect such action if it were undertaken. I don't want to put myself in the position here of committing on this without knowing whether or not it would be possible to comply. But if the disclosures, the interrogation of this does not involve such a question, we would be happy to do so. We are now commencing, having an intensive investigation of this whole matter.

Mr. McLENDON. Would you simply advise us when you have made your investigation, when you have completed it?

Mr. SAXON. Oh, yes.

Mr. McLENDON. You will do that?

Mr. SAXON. Yes.

Mr. McLENDON. That is all.

The CHAIRMAN. Any other questions? Thank you very much, Mr. Saxon.

Mr. McLENDON. Mr. Black? Mr. Chairman and gentlemen of the committee, in the reproducing of this the other day, in preparing copies of the letters and correspondence which were introduced in evidence, one letter dated November 19, 1964, from Senator Williams' office, in some way was lost or dropped out of the file. I would like to have that put in the record. That goes in with the other correspondence that was introduced the other day.

(The letter referred to is as follows:)

#### EXHIBIT 69

*Washington, D.C., November 19, 1964.*

Mr. L. P. McLENDON,  
*General Counsel, Committee on Rules and Administration, U.S. Senate, Washington, D.C.*

DEAR MR. McLENDON: I am acknowledging your letter of November 18, 1964, and in compliance with your request am enclosing the following documents:

1. The memorandum written on Mr. Baker's stationery dated September 14. This memorandum referred to the passage of the stadium bill.
2. A copy of the letter dated January 25, 1960, as written by Mr. Reynolds to Mr. McLeod.
3. You asked for a copy of the statement which I read in the Senate on September 1 which had been furnished by Mr. Reynolds. This statement was furnished to the committee on September 28, 1964, and it is a part of the documents furnished on that date.

Yours sincerely,

JOHN J. WILLIAMS.

The CHAIRMAN. Mr. Black, did you hear this opening statement that I read? You have been sworn once, but I think you should do it again. 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. BLACK. I do.

Mr. McLENDON. Mr. Black, give your full name and address, please.

## TESTIMONY OF FRED B. BLACK, JR.

Mr. BLACK. Fred B. Black, Jr., Sheraton-Carlton Hotel, 16th and K Streets, Washington, D.C.

Mr. McLENDON. Are you accompanied by counsel?

Mr. BLACK. I am.

Mr. McLENDON. And would he give his name and address, please?

Mr. NATHAN. Hans A. Nathan, 1730 K Street NW., Washington, D.C.

Mr. McLENDON. Mr. Black, on the first day of December of this year, Mr. Don B. Reynolds testified that sometime in 1960 he came with Bobby Baker to your office in the Carlton Hotel. He parked the car and went to your room and in his presence you handed Baker an envelope and said, "Here is \$10,000 for our next President, our boy Lyndon." My question is: Did that occur?

Mr. BLACK. That did not occur.

Mr. McLENDON. Did anything like it occur?

Mr. BLACK. Nothing like it occurred. I made an affidavit to this committee several months ago to the contrary of this. I saw Mr. Reynolds and heard him on television the other day make these statements. He lied in the beginning; he is lying now, unequivocally.

Mr. McLENDON. I remember the affidavit, but you gave it to us after the hearings were closed and we have it in the file.

Mr. BLACK. That is right. I did not testify to it at that time.

Mr. McLENDON. He at that time had not testified to this point, either. He had only made the statement on television, as I recall. But this is the first time the committee has had this statement under oath from him. Do you recall any occasion when Reynolds was at your apartment in the Carlton Hotel?

Mr. BLACK. Oh, yes.

Mr. McLENDON. Any occasion when a discussion was had about campaign funds?

Mr. BLACK. Never.

Mr. McLENDON. Did you pay Baker or deliver to Baker any campaign funds at any time?

Mr. BLACK. Yes; on several occasions, I have given Mr. Baker checks made out to senatorial campaign funds over a period of years.

Mr. McLENDON. Have you ever handed him \$10,000 in cash?

Mr. BLACK. Never.

Mr. McLENDON. At any time or place?

Mr. BLACK. Never.

Mr. McLENDON. Are those checks all identifiable that you gave him?

Mr. BLACK. Every one of them; all part of the record.

Mr. McLENDON. He also testified that you said, in effect, that there is \$90,000 more where this came from.

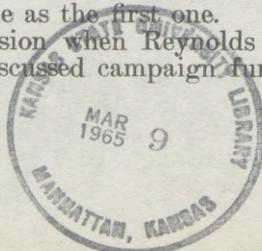
Mr. BLACK. Well, that is just as big a lie as the first one.

Mr. McLENDON. Do you recall any occasion when Reynolds and Baker and you were together when you discussed campaign funds?

Mr. BLACK. Never.

Mr. McLENDON. You are sure of that?

Mr. BLACK. I'm quite positive.



Mr. McLENDON. Did Baker ever, in his presence, ask you to assist him in collecting campaign funds?

Mr. BLACK. In Reynolds' presence?

Mr. McLENDON. In Reynolds' presence.

Mr. BLACK. Never.

Mr. McLENDON. Have you ever discussed campaign funds with Reynolds alone?

Mr. BLACK. Never.

Mr. McLENDON. Mr. Black, the committee has received some evidence concerning a man named Myron Weiner, sometimes called "Mickey" Weiner. Do you know him?

Mr. BLACK. Yes; I do.

Mr. McLENDON. Do you recall when you first got acquainted with him?

Mr. BLACK. I can't give you the specific day. I can give you the circumstances.

Mr. McLENDON. Go ahead, please.

Mr. BLACK. A man named Wayne Bromley called my secretary and asked for an appointment with me. I know Wayne Bromley and I like him and I told him to come on over. He came to my office and brought with him this man, Mickey Weiner.

Mr. McLENDON. That was the first time you met him?

Mr. BLACK. The first time.

Mr. McLENDON. Did he discuss some business with you on that occasion?

Mr. BLACK. He attempted to.

Mr. McLENDON. Give us the gist of the discussion, if you will.

Mr. BLACK. It was very simple. He represented some electronics firm from the State of New Jersey and asked for my help to get some business for these people from the company I was working for; namely, North American Aviation.

Mr. McLENDON. Mr. Hughett has testified that he had some knowledge of that conversation.

Mr. BLACK. The knowledge he had was that I called him in to take Weiner into his office and talk to him and find out what the merits of the case might be.

Mr. McLENDON. Can you tell us what the results of those conversations were; whether or not you did render him any assistance?

Mr. BLACK. The result of the conversation was that I never did any business with Mr. Weiner and he never was back in my office again, to my knowledge.

Mr. McLENDON. Did you thereafter have any business connection with him?

Mr. BLACK. Never.

Mr. McLENDON. Did you have any opportunity to know what clients he represented?

Mr. BLACK. No; not past this one electronics firm.

Mr. McLENDON. You can't give the committee any information about his business then?

Mr. BLACK. About Mr. Weiner's business?

Mr. McLENDON. Mr. Weiner's business.

Mr. BLACK. No; I cannot. I have no personal knowledge of his business.

Mr. McLENDON. That is all.

The CHAIRMAN. Senator Pell?

Senator PELL. No.

The CHAIRMAN. Senator Cannon?

Senator CANNON. No.

The CHAIRMAN. Senator Hayden?

Senator HAYDEN. No.

The CHAIRMAN. Senator Cooper?

Senator COOPER. Mr. Black, I think at various times you have testified that you knew Mr. Baker?

Mr. BLACK. Yes, sir.

Senator COOPER. And you knew Mr. Hancock?

Mr. BLACK. That is correct.

Senator COOPER. You knew Mr. Tucker?

Mr. BLACK. Yes.

Senator COOPER. You knew Mr. Webb?

Mr. BLACK. Which Mr. Webb?

Senator COOPER. Thomas Webb.

Mr. BLACK. Yes.

Senator COOPER. You knew Mr. Hautf? You met Mr. Weiner?

Mr. BLACK. Yes; I did.

Senator COOPER. You knew Mr. Bromley?

Mr. BLACK. Yes, sir.

Senator COOPER. You have known this whole cast of characters we have had before us, haven't you?

Mr. BLACK. I have known them all.

Senator COOPER. I ask you if you have ever had any knowledge that any of them ever made a contribution to either the Democratic Party or the Republican Party, or individual candidates, which was not reported?

Mr. BLACK. Of my personal knowledge?

Senator COOPER. Yes.

Mr. BLACK. I have no knowledge at all.

Senator COOPER. You have come to testify about this particular alleged contribution. Did you ever make a contribution to either party or political candidates?

Mr. BLACK. Yes, indeed.

Senator COOPER. Did you make these contributions on your own account or upon the account of companies that you represented?

Mr. BLACK. All on my own account.

Senator COOPER. Were you directed to do so by your companies?

Mr. BLACK. No.

Senator COOPER. What are the names of a few of the companies you represented?

Mr. BLACK. That I did represent?

Senator COOPER. Yes.

Mr. BLACK. North American Aviation, Aeronca Manufacturing Co., Avco Corp. Who else did I represent?

Senator COOPER. Well, that's enough. Did any of those companies ever ask you or use you to make a contribution for them?

Mr. BLACK. As a company?

Senator COOPER. Yes.

Mr. BLACK. No.

Senator COOPER. Was there any time when any of these companies or any official of these companies asked you to make a contribution in such a way that it would not be reported?

Mr. BLACK. Senator Cooper, I didn't work for those kinds of companies. The companies I represented are very reputable. None of them ever asked such a thing of me at all.

Senator COOPER. This question has been raised, and I want to find out.

Mr. BLACK. A question has been raised about me?

Senator COOPER. No; I'm raising the question.

Mr. BLACK. The answer is "No."

Senator COOPER. According to your knowledge, did any of them ever make a contribution in such a way that it was made on behalf of a corporation by means of channeling the funds through an individual?

Mr. BLACK. Not to my knowledge; no, sir.

Senator COOPER. Was it ever discussed?

Mr. BLACK. No; not with me.

Senator COOPER. Do you know anything about the situation we have been hearing about where a bank in California engaged Mr. Bromley to act for it in attempting to secure a national bank charter?

Mr. BLACK. I heard about it Friday; last Friday.

Senator COOPER. That is all I have.

Mr. McLENDON. One question. Mr. Maurice Hughett testified before the committee that he worked for you or for Blyco—that is your company?

Mr. BLACK. He did.

Mr. McLENDON. For about a year, is that correct?

Mr. BLACK. About a year and 3 months, I think.

Mr. McLENDON. That is all.

Senator COOPER. You have testified about the credibility of Mr. Reynolds; that he lied and lied about matters. Of course, that brings into question your credibility, too. Have you been convicted?

Mr. BLACK. Of tax evasion?

Senator COOPER. Yes; which also affects your credibility as a witness.

Mr. BLACK. Not in my opinion; but no.

Mr. McLENDON. Is the judgment in that case final, or is it on appeal?

Mr. BLACK. The judgment is not. It is under appeal at the moment. I'm sure Senator Cooper was aware of that.

Senator COOPER. I beg your pardon?

Mr. BLACK. I say I'm sure you were aware that my case was under appeal, the tax case.

Senator COOPER. Yes; I'll be fair about it. It is a question I have asked many times. I don't like asking it, but after all, you are testifying to the credibility of another person, and therefore your credibility becomes an issue.

The CHAIRMAN. Was there any further question?

Mr. McLENDON. No.

The CHAIRMAN. Thank you, Mr. Black.

Mr. McLendon. Mr. Gaut.

The CHAIRMAN. Mr. Gaut, you heard me read this opening statement, did you not?

Mr. GAUT. Yes, sir.

The CHAIRMAN. Will you please stand and 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?

Mr. GAUT. Yes, sir.

Mr. McLendon. State your name and address, please, sir.

**TESTIMONY OF MARVIN J. GAUT, GENERAL MANAGER, DEFENSE AND INDUSTRIAL DIVISION, OTIS ELEVATOR CO., ACCOMPANIED BY WILLIAM LEE JOHNSON, ATTORNEY**

Mr. GAUT. My name is Marvin J. Gaut. My address is 616 Mountain Road, Kinnelon, N.J.

Mr. McLendon. Do you have your counsel with you?

Mr. GAUT. I have my company's counsel with me; yes, sir.

Mr. McLendon. And he represents you here in this hearing?

Mr. GAUT. Yes, sir.

Mr. McLendon. Will you state your name, please, Counsel, and your address?

Mr. JOHNSON. William Lee Johnson, 260 11th Avenue, New York City.

Mr. McLendon. Mr. Gaut, in 1962 were you an officer or employee of the Otis Elevator Co.?

Mr. GAUT. Yes, sir.

Mr. McLendon. What position did you hold with that company?

Mr. GAUT. Division general manager.

Mr. McLendon. Division general manager?

Mr. GAUT. Yes, sir.

Mr. McLendon. What division? What geographical territory did that cover?

Mr. GAUT. Well, it is the defense and industrial division which, at that time, had manufacturing facilities in Brooklyn, N.Y., and Santa Ana, Calif.

Mr. McLendon. Did you have any particular geographical territory, or is that countrywide?

Mr. GAUT. Well, it was countrywide in the respect that we sought business throughout the United States.

Mr. McLendon. And did you travel to different places in the United States in connection with the performance of your duties?

Mr. GAUT. Yes, sir.

Mr. McLendon. Did you have anything to do with the employment of lawyers and technical advisers and advisers of other types?

Mr. GAUT. I didn't have anything to do with the hiring of lawyers. But advisers of other types, yes, as they pertained to my division.

Mr. McLendon. Was your division charged with responsibility of seeking business with other companies by way of subcontracts?

Mr. GAUT. Yes, sir.

Mr. McLENDON. What about direct contracts with Government agencies?

Mr. GAUT. Yes, sir.

Mr. McLENDON. You did that, too?

Mr. GAUT. Yes, sir.

Mr. McLENDON. When did you first become acquainted with Myron Weiner?

Mr. GAUT. As nearly as I can recall, it was in January of 1962.

Mr. McLENDON. Did you enter into an agreement to employ him?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Do you have a copy of this file before you?

Mr. GAUT. Yes.

Mr. McLENDON. Did you, on February 8, 1962, write him a letter confirming his employment?

Mr. GAUT. No, sir. The letter was written, an internal letter was written on February 8 about his employment. I believe that is the one you refer to, sir.

Mr. McLENDON. It is. Will you tell us who this man is that the letter was addressed to?

Mr. GAUT. He was a man who was charged with the issuance of purchase orders for my division.

Mr. McLENDON. And did you have to clear this kind of employment with Mr. Spengler?

Mr. GAUT. No, sir; he was my subordinate.

Mr. McLENDON. And what was the purpose of this memorandum?

Mr. GAUT. The purpose of the memorandum was to authorize him to issue a purchase order to Mr. Weiner, sir.

Mr. McLENDON. And the memorandum is dated February 8, 1962, is it not?

Mr. GAUT. Yes, sir.

Mr. McLENDON. And reads: "This memorandum is authorization for you"—that is Mr. Spengler?

Mr. GAUT. Yes, sir.

Mr. McLENDON (continues reading):

To issue a purchase order for representative services for a period of 6 months to Mr. Myron Weiner, suite 1109, 1028 Connecticut Avenue, Washington, D.C. The effective date of this purchase order is February 1, 1962. The rate is \$2,000 per month, plus expenses as authorized. Expense ceiling \$9,000. Period of time, 6 months. The purchase order is to provide that we will establish a working capital account for expenses in the amount of \$2,500. This working capital account will be handled in the same manner as for any representatives on our payroll—i.e., when expense vouchers are rendered replacement of the working capital fund will be made covering the amount of expenses incurred. The order is to be written with a clause allowing either party to cancel the contract on 30 days written notice to the other. Payments against this order are to be approved by the manager of customer relations and the division manager or assistant division manager.

This order has been discussed with and approved by Mr. P. L. Douglas, president.

It is signed "Marvin J. Gaut, general manager."

Tell the committee, Mr. Gaut, did you negotiate that kind of an agreement with Mr. Weiner?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Where were you?

Mr. GAUT. In my office in New York.

Mr. McLENDON. Does this memorandum correctly express the contract that you entered into with him?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Will you mark that "Gaut Exhibit No. 1"?

(The document referred to was marked "Gaut Exhibit 1" and is as follows:)

#### GAUT EXHIBIT 1

OTIS ELEVATOR Co.,  
DEFENSE AND INDUSTRIAL DIVISION,  
February 8, 1962.

Mr. H. C. SPENGLER,  
Manager, Operations.

This memorandum is authorization for you to issue a purchase order for representative services for a period of 6 months to Mr. Myron Weiner, suite 1109, 1028 Connecticut Avenue, Washington, D.C. The effective date of this purchase order is February 1, 1962. The rate is \$2,000 per month, plus expenses as authorized. Expense ceiling, \$9,000. Period of time, 6 months. The purchase order is to provide that we will establish a working capital account for expenses in the amount of \$2,500. This working capital account will be handled in the same manner as for representatives on our payroll; i.e., when expense vouchers are rendered replacement of the working capital fund will be made covering the amount of expenses incurred. The order is to be written with a clause allowing either party to cancel the contract on 30 days' written notice to the other. Payments against this order are to be approved by the manager of customer relations and the division manager or assistant division manager.

This order has been discussed with and approved by Mr. P. L. Douglas, president.

MARVIN J. GAUT, *General Manager.*

Mr. McLENDON. After that, did you issue what looks like an order; is that right, your next document?

Mr. GAUT. Yes, sir; that was a purchase order that issued as a result of this memorandum.

Mr. McLENDON. Describe that and the purpose of it.

Mr. GAUT. Sir?

Mr. McLENDON. I say describe it and give us the purpose of it.

Mr. GAUT. Well, the purpose of this is to purchase—it is a purchase agreement which is issued to any company or person from whom we wish to buy goods or services.

Mr. McLENDON. Is this one addressed to Mr. Myron Weiner?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Would it be accurate to say this is a confirmation of your employment?

Mr. GAUT. No, sir. That is the official piece of paper that would go to Mr. Weiner stating that he had a contract with us.

Mr. McLENDON. That is what I mean. This confirms the agreement or contract?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Mark that "Gaut Exhibit No. 2."

(The document referred to was marked "Gaut Exhibit 2" and is as follows:)

GAUT EXHIBIT 2

FORM ED 378-010 (8-61)

RECEIVING REPORT SECTION  
 OTIS ELEVATOR COMPANY  
 DEFENSE AND INDUSTRIAL DIVISION  
 PURCHASE ORDER

THIS NUMBER

ED

SEND INVOICES IN  
 TRIPlicate TO:  
 32 HYDEPARK ST.,  
 BROOKLYN 5, N. Y.

MUST APPEAR ON BILL OF LADING,  
 PACKAGES, INVOICES & PACKING SLIP.

NAME  
 STREET  
 CITY

PLEASE DELIVER TO US AT  
 32 GRAND AVENUE, CORNER OF  
 PARK AVE., BROOKLYN 5, N. Y.

DATE OF ORDER	ACCOUNT NUMBER	FOR DEPT.	INTERNAL ORDER NO.	GOV'T. CONTRACT NO.
SHIP TO ARRIVE	SHIP VIA	F.O.B.	TERMS	

QUANTITY ORDERED	DESCRIPTION OF GOODS ORDERED	QUANTITY REJECTED	QUANTITY TO STOCK	BIN LOCATION
	<p>OTIS ELEVATOR TO SUPPLY AND MAINTAIN SERVICE TO BE PERFORMED BY YOU FOR A PERIOD OF SIX (6) MONTHS FROM FEBRUARY 1, 1952 UNTIL JULY 31, 1952 INCLUSIVE, AT A RATE OF \$5,000 PER MONTH.</p> <p>Expenses for expenses in the amount of \$5,000 per month shall be reported by you as authorized by us. All to be reimbursed upon submission of expense vouchers. Expense vouchers are submitted to us and will be reimbursed. In no event are charges to exceed \$5,000 for the six (6) months period.</p> <p>This order is subject to cancellation by either you or the Otis Elevator Company within thirty (30) days of the date of this order to the other party.</p> <p>All invoices for services and expenses are to be sent to: Otis Elevator Company, Defense and Industrial Division, 32 Hydepark Street, Brooklyn 5, N. Y., attention of Division Manager's office.</p> <p>Special Note: Invoices must be approved by the Division Manager or Assistant Division Manager and the Manager of Customer Relations.</p>			

MATERIAL CONTROL

DATE RECEIVED	VIA	PREPAID _____ COLLECT _____	CHARGES \$	WAYBILL NO.	P/L NO.
RECEIVED BY	PACKAGING	INSPECTED BY - DATE	REC'D IN STOCK BY - DATE	POSTED TO MATERIAL RECORDS BY - DATE	
REMARKS				IF MATERIAL WAS REJECTED THE REASON IS FULLY EXPLAINED ON REJECTION REPORT NO.	

PRINTED U.S.A.

Mr. McLENDON. The next document in this file that you gave us is dated February 9, 1962. It purports to be an invoice from Weiner on this stationery for \$2,000. Did you get that invoice?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Was it paid?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Mark that the next number, please.

(The document referred to was marked "Gaut Exhibit 3" and is as follows:)

GAUT EXHIBIT 3

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., February 9, 1962.

Re professional services rendered.

OTIS ELEVATOR Co.,  
Brooklyn, N.Y.

Representation for month of February 1962----- \$2,000

Mr. McLENDON. The next one is dated February 9, 1962, an invoice from Weiner, a receipt for expense funds, re representation of Otis Elevator for \$2,500. Did you pay that invoice?

Mr. GAUT. That was a receipt for the money that was advanced for expenses.

Mr. McLENDON. That is a receipt from him?

Mr. GAUT. Yes, sir.

Mr. McLENDON. So you did pay him the \$2,500?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Mark that, please.

(The document referred to was marked "Gaut Exhibit 4" and is as follows:)

GAUT EXHIBIT 4

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., February 9, 1962.

Receipt for expense fund re representation of Otis Elevator Company--- \$2,500

MYRON WEINER.

Mr. McLENDON. On the same day, February 9, 1962, there was a document entitled "Statement of Charges to Expense Fund." Who prepared that?

Mr. GAUT. Mr. Weiner.

Mr. McLENDON. And that was presented to your company for payment?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Was it paid?

Mr. GAUT. Yes, sir.

Mr. McLENDON. And it lists five expense items including entertainment, \$150. Is that right?

Mr. GAUT. Yes, sir.

Mr. McLENDON. And the total, \$1,175.81, and it was paid?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Mark that, please.

(The document referred to was marked "Gaut Exhibit 5" and is as follows:)

## GAUT EXHIBIT 5

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., February 9, 1962.

Re trip to Los Angeles February 2, 1962, to February 7, 1962.

*Statement of charges to expense fund*

Airline travel to New York City and return-----	\$38. 28
Airline travel New York City to Los Angeles and return-----	411. 18
Beverly Hills Hotel, Beverly Hills, Calif-----	488. 35
Taxi service-----	88. 00
Entertainment-----	150. 00
Total-----	\$1, 175. 81

Mr. McLendon. The next one is a letter dated February 13, 1962, addressed to Myron Weiner. What was the purpose of that letter?

Mr. Gaut. Well, just a moment. Let me read it. This had to do with a fee for his services which he billed in advance, and it is not our custom to pay fees in advance. We are accustomed to pay the fees after the service has been rendered. This letter pointed that out to Mr. Weiner.

Mr. McLendon. Mark that.

(The document referred to was marked "Gaut Exhibit 6" and is as follows:)

## GAUT EXHIBIT 6

FEBRUARY 13, 1962.

Mr. MYRON WEINER,  
Suite 1109, 1028 Connecticut Avenue,  
Washington, D.C.

DEAR MR. WEINER: The invoices which you rendered to us for your representative services and expenses have been received and this letter is acknowledgment of receipt of same. The itemized expense statement will be acted upon promptly. It is our custom to pay fees for services, in a matter such as this, at the end of the period for which the services were rendered. Therefore your bill for representative services will be acted upon at the end of February.

Will you please send future statements for your services and expenses to the undersigned in an envelope marked "Personal and Confidential."

Thank you in advance for your cooperation.

Very truly yours,

Mr. McLendon. The next one is another statement of expense. February 15, 1962, from Weiner to your company, is it not?

Mr. Gaut. Yes, sir.

Mr. McLendon. And it lists gifts at \$75 each?

Mr. Gaut. Yes, sir.

Mr. McLendon. Do you know anything about what the gifts were or to whom they were paid?

Mr. Gaut. No; I don't. This was a matter of some controversy, and he discussed with me some nominal gifts, as I remember it—cigarette lighters, which had run \$5 or \$10—four or five of those. When the bill came in, the invoice came in, it was for these gifts at \$75 each.

Mr. McLendon. But you paid it, did you not?

Mr. Gaut. Yes, sir; I paid it.

Mr. McLendon. Did you protest at that sort of bill?

Mr. GAUT. Yes, sir; I did.

Mr. McLENDON. Did he render those kinds of bills later—any other for gifts?

Mr. GAUT. Well, he rendered many expense bills which were questioned by me.

Mr. McLENDON. Did you ever ascertain the persons that he made these gifts to?

Mr. GAUT. No, sir; I never did.

Mr. McLENDON. Did you ask him for an explanation?

Mr. GAUT. Yes, sir.

Mr. McLENDON. You didn't get it?

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

Mr. McLENDON. Mark that.

(The document referred to was marked "Gaut Exhibit 7" and is as follows:)

GAUT EXHIBIT 7

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., February 15, 1962.

Re trip of inspection to plants, February 8 and 9.

*Statement of charges to expense fund*

Gifts at \$75.00 each.....	\$300. 00
Essex House Hotel, New York City.....	136. 50
Airline travel Washington to New York City and return.....	38. 28
Taxi service.....	14. 00
 Total.....	 \$488. 78

Mr. McLENDON. The next one is dated February 28, 1962. It appears to be an invoice from him. The first item is hotel expenses, Beverly Hills, Calif., and Seattle, Wash., \$1,400. Why would he be in all those places at your expense?

Mr. GAUT. Well, there were really only two places. It is not Washington; it is Beverly Hills and Seattle, Wash.

Mr. McLENDON. What did you say?

Mr. GAUT. I'm saying that there were two places that he billed for there, which was California and Washington.

Mr. McLENDON. I see.

Mr. GAUT. He made trips to those two places.

Mr. McLENDON. I notice there is an item for entertainment, \$876. Did you question him about entertainment?

Mr. GAUT. Yes; I did.

Mr. McLENDON. What did he tell you?

Mr. GAUT. He just stated that this was a necessary expense on this trip to these cities; that he had to meet and talk to a lot of people.

Mr. McLENDON. Did he tell you whom he was entertaining?

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

Mr. McLENDON. But you paid the bill?

Mr. GAUT. I did.

Mr. McLENDON. Mark that.

(The document referred to was marked "Gaut Exhibit 8" and is as follows:)

## GAUT EXHIBIT 8

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., February 28, 1962.

*Statement of charges to expense fund*

Re: Trip to California re acquisition of contracts; visit to Boeing Aircraft, Seattle, February 14th to February 26th, 1962.

Hotel expenses: Beverly Hills Hotel, Beverly Hills, Calif., and Olympic Hotel, Seattle, Wash.....	\$1,482.01
Airline tickets.....	583.22
Taxi service.....	185.00
Entertainment.....	876.38
Total.....	<u>\$3,126.61</u>

Itinerary: New York to Los Angeles to Seattle to Los Angeles to Baltimore.

Mr. McLENDON. The next one is dated February 23, a statement of charges to expense fund, \$363.73, and it says, "Expenses re Penn Camera Exchange, Inc." What company was that?

Mr. GAUT. Well, I think that is a company here in Washington, D.C. This is similar to other expense items where the backup was never forthcoming. I demanded it and the situation continued to worsen because of this expense account situation. He discussed with me again some cheap novelties for gifts and he promised that backup would be given for such items as this, but they never were furnished.

Mr. McLENDON. Was your company trying to get any business with Penn Camera Exchange?

Mr. GAUT. No, sir.

Mr. McLENDON. You were not?

Mr. GAUT. No, sir.

Mr. McLENDON. You mean he sent you a bill for expenses in connection with a company that he was not even negotiating with for you?

Mr. GAUT. Sir, I think this has to do with something that he purchased from this company.

Mr. McLENDON. Oh, something that he purchased. I see. Was that some more gifts?

Mr. GAUT. I don't really know, sir.

Mr. McLENDON. But you never got a satisfactory explanation from him?

Mr. GAUT. No, sir.

Mr. McLENDON. Mark that one.

(The document referred to was marked "Gaut Exhibit 9," and is as follows:)

## GAUT EXHIBIT 9

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., February 23, 1962.

*Statement of charges to expense fund*

Expenses re Penn Camera Exchange, Inc.....	\$363.73
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Mr. McLendon. The next one is dated March 16 and it is entitled, "Re Senator Smathers' dinner, Saturday, March 10, 1962, at Fountainbleu Hotel, Miami Beach, Fla." Airline travel, dinner tickets at \$100 apiece, two of them, hotel accommodations, entertainment, car rental. Did you question him about that one?

Mr. GAUT. Yes, sir.

Mr. McLendon. What was his explanation?

Mr. GAUT. Well, that he had been authorized to go to Florida to discuss some business with a company there and that this was a necessary part of entertaining a group of people there.

Mr. McLendon. Do you know what kind of dinner this was? Was it a dinner given to the Senator or given for him? Do you know?

Mr. GAUT. I would say it was given for him.

Mr. McLendon. You would say it was given for him. Is that all you can tell us about it?

Mr. GAUT. Yes, sir.

Mr. McLendon. On that one, he has an item of \$125, "Entertainment," does he not?

Mr. GAUT. Yes, sir.

Mr. McLendon. Dinner tickets, two tickets, \$200, \$100 per ticket. That is a pretty expensive dinner, isn't it?

Mr. GAUT. Yes; it is.

Mr. McLendon. You paid that bill.

(The document referred to was marked "Gaut Exhibit 10" and is as follows:)

GAUT EXHIBIT 10

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., March 16, 1962.

Re Senator Smathers' Dinner, Saturday, March 10, 1962, at Fountainbleu Hotel, Miami Beach, Fla.

*Statement of charges to expense fund*

Airline travel-----	\$166. 00
Two dinner tickets at \$100.00 per ticket-----	200. 00
Hotel accommodations-----	68. 00
Entertainment-----	125. 00
Car rental-----	46. 50
 Total-----	 \$605. 50

Mr. McLendon. The next one is dated March 16, 1962, "entertainment and dining of eight people," Fountainbleu Hotel, Miami Beach. Then it says; namely, "State officials of Florida. \$200." What was that about?

Mr. GAUT. Well, that was on the same trip. He was talking to people that—ostensibly for our business. We have no business, however, in the State of Florida.

Mr. McLendon. Did you pay the bill?

Mr. GAUT. Yes; I paid these bills for a period of time here under increasing protest, sir.

Mr. McLendon. Mark that one.

(The document referred to was marked "Gaut Exhibit 11," and is as follows:)

GAUT EXHIBIT 11

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., March 16, 1962.

*Statement of charges to expense fund*

Re: Entertainment and dining of eight people at Gigi Room, Fountain-bleu Hotel, Miami Beach, Florida, Saturday evening, March 3, 1962; namely, State officials of Florida----- \$200.00

FOOTNOTE.—There are no expenses charged for transportation, hotel facilities, or other expenses since the trip was initially personal.

Mr. McLendon. The next one is dated the same day, apparently, March 16, 1962. That one reads, "Miscellaneous traveling expenses and entertainment for the 2 weeks ending March 15, 1962." The total is \$572.50. It doesn't say where he traveled, where he incurred the expenses. Do you know anything about that one?

Mr. Gaut. He claimed he traveled around locally here and had taxi expense and various types of entertainment that amounted to this amount.

Mr. McLendon. He could spend his life riding in taxicabs for \$572. He wouldn't have had any time to do any work.

Mr. Gaut. Well, I didn't attribute all of this to taxis, sir.

Mr. McLendon. I understand. I think the language was broad enough to suggest that it might involve some other things. You don't know what kind of entertaining that was?

Mr. Gaut. No, sir.

Mr. McLendon. Did you pay that one?

Mr. Gaut. Yes, sir.

Mr. McLendon. Mark that one.

(The document referred to was marked "Gaut Exhibit 12" and is as follows:)

GAUT EXHIBIT 12

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., March 16, 1962.

Re: Miscellaneous traveling expenses and entertainment for the 2 weeks ending March 15, 1962.

*Statement of charges to expense fund*

Total ----- \$572.50

Mr. McLendon. The next one is dated March 30, 1962. This one says, "Professional services rendered, representation for month of March 1962: \$2,000." That was the regular monthly salary?

Mr. Gaut. Yes, sir.

Mr. McLendon. You paid that one, did you?

Mr. Gaut. Yes, sir.

(The document referred to was marked "Gaut Exhibit 13" and is as follows:)

GAUT EXHIBIT 13

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., March 30, 1962.

Re: Professional services rendered.

*Statement of charges to expense fund*

Representation for month of March 1962----- \$2,000.00

Mr. McLendon. The next one is a letter from someone to Weiner. Can you explain that letter?

Mr. Gaut. The one on May 2?

Mr. McLendon. Yes, sir.

Mr. Gaut. Well, he had a little company, this Berg Hopewell Industries, out on Long Island, which he wanted to interest us in purchasing, and they supposedly had a good product. So I had a man take a look at the company and the product. The results were negative and I sent in a report.

Mr. McLendon. So there was nothing productive resulted from that as far as your company is concerned?

Mr. Gaut. No, sir.

Mr. McLendon. Mark that, please.

(The document referred to was marked "Gaut Exhibit 14" and is as follows:)

GAUT EXHIBIT 14

MAY 2, 1962.

Mr. MYRON WEINER.  
Washington, D.C.

DEAR MR. WEINER: Enclosed herewith for your information is a copy of the report made by the manager of our product development section as a result of his trip to Berg Hopewell Industries Corp., on February 15, 1962.

If you have any suggestions relative to further action on this matter, I would be pleased to consider them.

Yours very truly,

OTIS ELEVATOR Co.,  
Defense and Industrial Division.

Mr. McLendon. The next one is dated May 3, another professional services bill for \$2,000. That was his regular monthly salary; right?

Mr. Gaut. That is right.

(The document referred to was marked "Gaut Exhibit 15" and is as follows:)

GAUT EXHIBIT 15

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., May 3, 1962.

Re: Professional services rendered.

*Statement*

Representation for month of April 1962----- \$2,000.00

Mr. McLENDON. Then we come to one dated May 4, 1962, that is quite long. "Miscellaneous traveling expenses and entertainment for period March 16 to May 1, 1962." It has a trip to Miami and Jacksonville, air travel to Washington, D.C., Miami, Fla., New York. Travel, M. Weiner and Maurice Hughett to Dayton, Ohio, Los Angeles, Palm Springs, Los Angeles again, Trinidad Hotel at Palm Springs, and so on. Total, \$3,065.98. Can you give us any information about that trip?

Mr. GAUT. Well, the trip to Florida, to Jacksonville, he talked with the same company he had been down there before to see. So was the one to Miami.

Mr. McLENDON. What explanation can you make of the fact that Maurice Hughett is included in the one dated April 26?

Mr. GAUT. Well, Maurice Hughett was acquainted with some of the people that Mr. Weiner was going to call on at Dayton and he accompanied him out there.

Mr. McLENDON. Did your company employ Maurice Hughett?

Mr. GAUT. Yes, sir.

Mr. McLENDON. What kind of arrangements did you have with him?

Mr. GAUT. We had a contract arrangement.

Mr. McLENDON. For a definite period or what?

Mr. GAUT. Well, it was somewhat similar to the one with Weiner.

Mr. McLENDON. How much did you pay him?

Mr. GAUT. I can't tell you that, offhand.

Mr. McLENDON. How much were you under contract to pay him?

Mr. GAUT. I don't remember that offhand. I would have to check the file on it.

Mr. McLENDON. About how long did he work for you under contract?

Mr. GAUT. Well, he followed Mr. Weiner. I would say it was 8 or 10 months.

Mr. McLENDON. You mean after terminating Mr. Weiner's employment, you employed Maurice Hughett?

Mr. GAUT. Yes, sir.

Mr. McLENDON. For several months?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Can't you approximate the amount of salary you paid him?

Mr. GAUT. I would approximate it over that period of time. I'm not even sure of the time, but say 8 or 10 months, it was a fee of \$5,000 or \$6,000.

Mr. McLENDON. You mean a total fee of \$5,000 or \$6,000?

Mr. GAUT. Yes, sir; plus some expenses.

Mr. McLENDON. Was that after you terminated the employment of Weiner, or was it contemporaneous?

Mr. GAUT. I attempted to wind up the matter with Weiner in July of 1962. That carried over a month, and I believe that Hughett overlapped a month. I believe we had both of them on the payroll in August.

Mr. McLENDON. Has that bill for \$3,065.98 been paid?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Mark that one.

(The document referred to was marked "Gaut Exhibit 16" and is as follows:)

GAUT EXHIBIT 16

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., May 4, 1962.

Re miscellaneous traveling expenses and entertainment for period March 16 to May 1, 1962.

*Statement of charges to expense fund*

Mar. 19:

Trip to Miami and Jacksonville, Fla.:	
Air travel-----	\$153.34
Taxis-----	35.00
Hotel accommodations-----	56.00
Dinner conference-----	185.00
Subtotal-----	<u>429.34</u>

Apr. 22 to 26:

Air travel, Washington, D.C., to Miami, Fla., to New York, N.Y.--	180.72
Taxis-----	28.00
Entertainment-----	126.50
Hotel accommodations, Fountainebleu Hotel-----	108.38
Subtotal-----	<u>443.60</u>

Apr. 26:

Air travel, M. Weiner and Maurice Hughett, Dayton, Ohio, to Los Angeles, Calif., to Palm Springs, Calif., to Los Angeles, Calif., to Washington, D.C.-----	745.69
National Car Rentals, airport, Los Angeles-----	80.77
Trinidad Hotel, Palm Springs, Calif.-----	217.73
Entertainment-----	68.00
Hotel accommodations, Beverly Wilshire, Beverly Hills, Calif.---	505.46
Subtotal-----	<u>1,617.65</u>

Apr. 26 and 27:

Air travel two consultants New York, N.Y., to Dayton, Ohio, to New York, N.Y.-----	196.24
Hotel accommodations, Dayton Biltmore, Dayton, Ohio-----	94.15
Dinner conference-----	285.00
Subtotal-----	<u>575.39</u>

Total----- 3,065.98

Mr. McLENDON. The next one was a monthly salary of \$2,000, dated June 12; right?

Mr. GAUT. Yes, sir.

Mr. McLENDON. That one was paid. Mark that.

(The document referred to was marked "Gaut Exhibit 17" and is as follows:)

GAUT EXHIBIT 17

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., June 12, 1964.

Re professional services rendered.

*Statement*

Representation for month of May 1962----- \$2,000

Mr. McLENDON. The next one was an Otis Elevator Co. letter to Mr. Weiner. What were the circumstances that brought forth this letter?

Mr. GAUT. Well, I had talked to Mr. Weiner several times about terminating the arrangement with him. Each time, he was about to

take a trip or something, and it was difficult to make the termination. So I came down here to Washington and told him on June 27 that the arrangement would be terminated, at the end of July, and this letter was written to confirm what I had told him.

Mr. McLENDON. That was notice that his contract would not be renewed or extended?

Mr. GAUT. That is right.

(The letter referred to was marked "Gaut Exhibit 18" and is as follows:)

## GAUT EXHIBIT 18

JUNE 28, 1962.

Mr. MYRON WEINER,  
Washington, D.C.

DEAR Mr. WEINER: This letter is to confirm our conversations of June 27 at which time I indicated that for certain internal reasons it would not be possible for us to renew our consulting arrangement with you after the 6-month period, ending July 31, 1962.

We want you to know that we are very grateful for the effort which you put forth in our behalf. Our decision is only prompted by matters which I discussed with you yesterday.

Sincerely yours,

OTIS ELEVATOR Co.,  
Defense and Industrial Division.

Mr. McLENDON. Following that is another monthly bill of June 29, 1962, for \$2,000.

Mr. GAUT. Yes, sir.

(The document referred to was marked "Gaut Exhibit 19" and is as follows:)

## GAUT EXHIBIT 19

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., June 29, 1962.

Re professional services rendered.

*Statement*

Representation for month of June 1962----- \$2,000

Mr. McLENDON. The next one is in August for \$2,000. Mark that. (The document referred to was marked "Gaut Exhibit 20" and is as follows:)

## GAUT EXHIBIT 20

WASHINGTON, D.C., August 6, 1962.

Re professional services rendered.

*Statement*

Representation for month of July 1962----- \$2,000

Mr. McLENDON. Then you have a letter from Myron Weiner dated August 6, addressed to you personally, with the title, "manager"; do you not?

Mr. GAUT. Addressed to me—what was your question, sir?

Mr. McLENDON. I say it was addressed to you with the title of "manager"?

Mr. GAUT. Yes, sir.

Mr. McLENDON. It says, "Enclosed herewith please find statement covering the Congressman Anfuso dinner." What was that?

Mr. GAUT. Well, this letter enclosed a statement for two tickets to this dinner at \$50 each.

Mr. McLENDON. The paper says, "For dinner in honor of Congressman Anfuso, August 16, 1962." Was he a Congressman at that time?

Mr. GAUT. As I remember it, he was, but he had been appointed to another office and was ready to leave to take this office when this occurred.

Mr. McLENDON. Did you know him personally?

Mr. GAUT. No, sir; I never met him.

Mr. McLENDON. Did you authorize this expenditure before it was made?

Mr. GAUT. Well, this is another one of those many controversies that made this a very painful situation. This number of tickets on this thing grew from 4 on up to 20.

Mr. McLENDON. What was his explanation of this, Mr. Gaut? Why was he buying 20 tickets for a dinner for a Congressman?

Mr. GAUT. Well, I'm afraid the explanation was pretty flimsy.

Mr. McLENDON. Let's hear it. What is it?

Mr. GAUT. There were friends of his here who helped him, whom he wanted to take to this dinner.

Mr. McLENDON. In other words, he told you that Mr. Anfuso had helped him and in return, he wanted to buy tickets for the dinner? Is that the substance of it?

Mr. GAUT. No; that isn't the substance. He didn't tell me that Congressman Anfuso had helped him. The substance of it was that there were people here, other people here, whom he wanted to take to the dinner.

Mr. McLENDON. Oh, I see. The letter and enclosure will be marked.

(The letter and enclosure were marked "Gaut Exhibit 21" and "Gaut Exhibit 22" and are as follows:

GAUT EXHIBIT 21

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 6, 1962.

Personal and confidential.

Mr. MARVIN J. GAUT,  
Manager, Defense and Industrial Division,  
Otis Elevator Co., Brooklyn, N.Y.

DEAR MR. GAUT: Enclosed herewith please find statement covering the Congressman Anfuso dinner.

Very truly yours,

MYRON WEINER.

GAUT EXHIBIT 22

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 6, 1962.

*Statement*

20 tickets (2 tables), \$50 per ticket, for dinner in honor of Congressman Victor Anfuso on Aug. 16, 1962----- \$1,000

Mr. McLENDON. The committee has another invoice involving your company from Weiner in October of the previous year for "Italian Charities Dinner and Dance" in New York. Do you know anything about that one?

Mr. GAUT. No, sir.

Mr. McLendon. Did you pay this bill for \$1,000 for the Anfuso dinner?

Mr. Gaut. Yes; I did. It was paid on some other invoices here.

Mr. McLendon. Then the next one is dated August 6 for \$1,559.64, and that one has taxi fares, \$132. It has a total of \$1,559.64. And there is a memorandum on the bottom of it, "one-half of Anfuso matter on new bill." What does that mean?

Mr. Gaut. Well, the Anfuso thing was such a controversy that I had this first invoice that you saw and I wanted a substantiation that the money was actually paid, which was subsequently given to me.

Mr. McLendon. What do you mean by given to you?

Mr. Gaut. Well, sent to me, I mean, which is in this correspondence here, further on. You will come to it in a minute.

Mr. McLendon. You mean he returned part of that money?

Mr. Gaut. No, sir, but he did furnish me substantiation that the \$1,000 had been paid for the tickets. So the bill for \$1,559.64 was not paid; it was returned, and he was requested to render a new bill which would include half of the Anfuso dinner.

(The document referred to was marked "Gaut Exhibit 23" and is as follows:)

GAUT EXHIBIT 23

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 6, 1962.

*Statement of charges to expense fund*

Re: Miscellaneous traveling expenses and entertainment for May and June, 1962.

Air travel:

Two trips to Hartford, Conn., and return (\$52.80 per trip)-----	\$105.60
One trip to Charlotte, N.C., and return-----	67.21
One trip to Los Angeles, Calif., and return-----	388.19
One trip to St. Louis, Mo., and return-----	123.64
Taxi fares-----	132.00
Entertainment-----	468.00
Hotel accommodations-----	275.00
Total-----	\$1,559.64

Mr. McLendon. Is that the next bill in the file, dated August 6?

Mr. Gaut. Yes, sir.

Mr. McLendon. That wouldn't be it, would it?

Mr. Gaut. Yes; that is it.

Mr. McLendon. Well, it jumped the total from \$1,500 up to \$2,000.

Mr. Gaut. That's right.

Mr. McLendon. How did he do that?

Mr. Gaut. Well, as I explained to you, the original invoice did not include the Anfuso matter.

Mr. McLendon. I see.

Mr. Gaut. So half of it was put on this bill for August 6.

Mr. McLendon. Was the bill of August 6 for \$2,059.64 paid, or the other figure shown in pencil?

Mr. Gaut. No; the \$2,059.64 was not paid.

Mr. McLendon. What did you pay?

Mr. Gaut. A total of \$892.99, including half of the Anfuso bill.

(The document referred to was marked "Gaut Exhibit 24" and is as follows:)

GAUT EXHIBIT 24

801 ~~2-11-62~~ *June 1962*  
 1028 Connecticut Avenue  
 Washington, D. C. *Metropolitan Hotel*

August 6, 1962

2-pt. hotel ch.  
Statement of charges to expense fund

Re: Miscellaneous traveling expenses  
 and entertainment for May and  
 June, 1962

Air travel

Two trips to Hartford, Conn., and return (\$52.80 per trip)	\$105.60	12
One trip to Charlotte, N. C., and return	67.21	18
One trip to Los Angeles, Calif., and return	388.19	114
One trip to St. Louis, Mo., and return	123.64	14
Taxi fares	132.00	33.21
Entertainment	468.00	118.12
Hotel accommodations	775.00	68.75
<i>Antwerp et al dinner</i>		<i>4500.00</i>
Total	\$2,059.64	<i>8892.97</i>

Mr. McLENDON. Then the next sheet in here is a note which says this bill is \$500 higher per your instructions. What does that mean?

Mr. GAUT. That means I had instructed them to add this \$500 on for the Anfuso matter.

Mr. McLENDON. I see.

(The document referred to was marked "Gaut Exhibit 25" and is as follows:)

GAUT EXHIBIT 25

*Note:*

*This bill is \$ 500.<sup>00</sup>  
higher per your instructions.*

Mr. McLENDON. Then there is a receipt from someone acknowledging the \$1,000 for the tickets for the Anfuso dinner, is there not?

Mr. GAUT. That's right.

Mr. McLENDON. And a receipt for—well, the next one is the same thing.

(The two documents referred to were marked "Gaut Exhibit 26" and "Gaut Exhibit 27" and are as follows:)

GAUT EXHIBIT 26

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D.C., August 13, 1962.

Received of Myron Weiner, of Otis Elevator Company, one thousand dollars (\$1,000.00) in payment of twenty (20) tickets to the Testimonial Dinner in honor of Congressman Victor L. Anfuso.

EVELYN K. CARSON,  
Treasurer, Tribute to Vic Anfuso Committee.

GAUT EXHIBIT 27

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 15, 1962.

Personal and confidential.

Mr. MARVIN J. GAUT,  
Manager, Defense and Industrial Division, Otis Elevator Company, 35 Ryerson  
Street, Brooklyn 5, N.Y.

DEAR MR. GAUT:

Enclosed herewith please find signed receipt for \$1,000.00 in payment of twenty tickets to the Testimonial Dinner in honor of Congressman Victor L. Anfuso.

Very truly yours,

MYRON WEINER.

Mr. McLENDON. Without taking the time to go through each of these items, have you furnished us with a summary sheet listing all the fees that you paid in one column and all the expenses in another?

Mr. GAUT. Yes, sir. May I cover one item here before you go to that sheet?

Mr. McLENDON. Yes, sir; I would be glad for you to.

Mr. GAUT. As I mentioned to you, I made increasing demands for substantiation of these expenses, and this letter of August 20 is a reply to those demands. I think it is important that that be read.

Mr. McLENDON. OK; let's do that.

Mr. GAUT. It is addressed to me from Mr. Weiner. It says:

Enclosed herewith please find requested revised statement for the months May and June 1962.

Also enclosed is canceled airplane ticket from Washington, D.C., to Charlotte, N.C., and return. This cancelled ticket is the only one located in our files; the others requested were apparently mislaid.

That refers to the whole series of documentation that was requested by phone on numerous occasions, and in particular to the bill for the \$2,059 which was cut back to the only thing that could have been proven, the trip to Charlotte, N.C.

(The letter referred to was marked "Gaut Exhibit 28" and is as follows:)

#### GAUT EXHIBIT 28

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 20, 1962.

Personal and Confidential

Mr. MARVIN J. GAUT,  
Manager, Defense and Industrial Division,  
Otis Elevator Company, 35 Ryerson Street,  
Brooklyn 5, New York.

DEAR MR. GAUT:

Enclosed herewith please find requested revised statement for the months May and June, 1962.

Also enclosed is cancelled airplane ticket from Washington, D.C. to Charlotte, N.C., and return. This cancelled ticket is the only one located in our files; the others requested were apparently mislaid.

Very truly yours,

MYRON WEINER.

Mr. McLENDON. Do you want to make a comment about any of the others before you go to this total?

Mr. GAUT. Well, I think that my correspondence here at the end signifies our dismay at this whole matter of expenses. Perhaps I should leave it there.

Mr. McLENDON. I notice you have a letter of August 28 addressed to Mr. Spengler, telling him to amend the order, reference order, to extend coverage from 6 to 7 months, making a total of \$14,000 for the salary, do you not?

Mr. GAUT. Yes, sir.

Mr. McLENDON. And the allowable expenses increased from \$9,000 to \$16,000?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Now you turn to the summary.

Mr. GAUT. Yes.

Mr. McLENDON. What is the total salary paid him from February 1962 to August 1962?

Mr. GAUT. \$14,000.

Mr. McLENDON. What was the total expense paid him?

Mr. GAUT. \$12,729.10.

Mr. McLENDON. And the last column shows the total of both, does it not?

Mr. GAUT. Yes, sir.

Mr. McLENDON. And the amount of that?

Mr. GAUT. \$26,729.10.

Mr. McLENDON. What is the meaning of the note at the bottom? Will you read that and explain it?

Mr. GAUT. Yes. The note here states: "Those items indicated by an asterisk equal \$5,130.19 to which an advance of \$2,500 was deducted, resulting in a final check amounting to \$2,630.19. Amount of \$2,500 was given as an advance in the beginning of this purchase order." Therefore, it was proper that it be deducted at the end.

Mr. McLENDON. So it is fair to say, is it not, Mr. Gaut, that as time went on, you had more and more trouble with him about his expense accounts and some of his invoices he was mailing to you?

Mr. GAUT. That is certainly correct.

Mr. McLENDON. And you finally notified him that you had terminated his employment?

Mr. GAUT. Yes, sir.

Mr. McLENDON. Mr. Gaut, will you tell the committee why you employed him to begin with?

Mr. GAUT. Yes; I needed representation coverage here in Washington.

Mr. McLENDON. Explain. I'm not sure we know what that means.

Mr. GAUT. Well, as I think you may know, most companies who engage in business with the Government either have their own representative or someone with whom they contract to represent them here in Washington. At that time, we had no one here and we were looking for someone who had experience here. This man's name came up and, as a result of this, he came up in New York to talk with me and we entered into this agreement.

Mr. McLENDON. What representation did he make to you as to what kind of services he could render?

Mr. GAUT. Well, he made representations that he knew the representatives of other companies here in Washington, that he was reasonably acquainted with the agencies—the Government agencies—in whom we were interested and, therefore, could present our capabilities to these people.

Mr. McLENDON. Did he say anything about his acquaintance with officials in the Defense Department?

Mr. GAUT. Well, he dropped quite a few names. I don't remember specifically that he dropped anything about the Defense Department.

Mr. McLENDON. How about in the Congress?

Mr. GAUT. I think there was some congressional names dropped but I don't remember what people these were.

Mr. McLENDON. Did those names in Congress include Mr. Anfuso?

Mr. GAUT. No, sir; I could not say that they did or did not.

Mr. McLENDON. You don't remember that?

Mr. GAUT. No, sir.

Mr. McLENDON. Did he tell you that he was acquainted with Robert Baker?

Mr. GAUT. No, sir.

Mr. McLENDON. He didn't make any comment on him?

Mr. GAUT. No, sir.

Mr. McLENDON. Did he indicate to you that he had any connection or alliance with any other people here in Washington who were doing the same kind of work he was doing; namely, furnishing information to corporations?

Mr. GAUT. No, sir.

Mr. McLENDON. Well, what convinced you that this man was worth \$2,000 a month plus his expenses?

Mr. GAUT. Well, the story that he told me about the agencies and companies that he knew seemed plausible, and I had one of my men make some inquiries casually around here to see if he was known, and he seemed to be. I would say, perhaps, that he did a pretty good sales job in presenting himself at that particular time.

Mr. McLENDON. He admits he is a good salesman.

Mr. GAUT. Well, we didn't get any business from his efforts, sir.

Mr. McLENDON. You mean after the expenditure of all this money, you got no results?

Mr. GAUT. We got no results, sir.

Mr. McLENDON. Did you visit his office in Washington?

Mr. GAUT. Yes, sir.

Mr. McLENDON. What sort of office did he maintain?

Mr. GAUT. Well, it is a kind of combination office, or was a kind of combination office and parlor.

Mr. McLENDON. Would you describe it as being lavish?

Mr. GAUT. No; I wouldn't describe it as being lavish.

Mr. McLENDON. Well furnished?

Mr. GAUT. It was—I suppose that is proper to say—well furnished.

Mr. McLENDON. Did he tell you whether he did or did not entertain there in this combination office and living quarters?

Mr. GAUT. No, sir; he didn't.

Mr. McLENDON. He didn't tell you anything about that?

Mr. GAUT. No, sir.

Mr. McLENDON. Did you ascertain, while he was working for you, that he was employed by any other companies?

Mr. GAUT. Well, he claimed to have several small accounts at the time he started working for us—small electronics companies. I was not able to verify that.

Mr. McLENDON. You were not?

Mr. GAUT. No, sir.

Mr. McLENDON. What did he tell you about maintaining an office on the Pacific coast?

Mr. GAUT. He didn't tell me anything about an office on the Pacific coast.

Mr. McLENDON. You mean you didn't know he had an office out there?

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

Mr. McLENDON. How about one in New Jersey? Did he tell you anything about that?

Mr. GAUT. He mentioned that he had been in the law business with his father in New Jersey. I don't remember that there was any discussion about maintaining an office there, sir.

Mr. McLendon. Do you recall his mentioning the name of Ernest Tucker, a lawyer in Washington?

Mr. GAUT. No, sir.

Mr. McLendon. You say he did not mention Baker?

Mr. GAUT. No, sir; not to me.

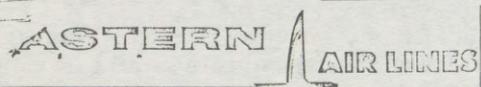
Mr. McLendon. I assume, from what you say, you never have employed him since?

Mr. GAUT. That is a correct assumption, sir.

Mr. McLendon. All right. That is all. Please put all the rest of that file into the record.

(The remaining documents in the file of Mr. Gaut were marked "Gaut Exhibits 29 through 45," inclusive, and are as follows:)

GAUT EXHIBIT 29

		007:223856220	
		6 21 62	EA CTO 10 WASHINGTON D C
SOLD SUBJECT TO CONDITIONS OF CONTRACT ON PAGE 2		PASSENGER TICKET AND BAGGAGE CHECK	DATE 187-51
NOT GOOD FOR PASSAGE		PASSENGER'S COUPON	PLACE OF ISSUE
FROM WASHINGTON	TX EA 647	JUN 25 22 AM OK	PASSENGER NAME <i>Mr. M. WEINER</i>
TO CHARLOTTE	FO EA 510	JUN 25 22 PM OK	
TO WASHINGTON	FREE ALLOW.	VALID UNTIL	FORM OF PAYMENT <i>CHECK</i>
FARE 55.40	TAX 5.54	TOTAL 60.94	PSL6 EA 7815
ROUTE CODE 43311	TICKET NUMBER 007:223856220		

GAUT EXHIBIT 30

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 21, 1962.

Statement of charges to expense fund

Re miscellaneous traveling expenses and entertainment for trip to California, July 27, 1962, through August 7, 1962.

Air travel, American Airlines.....	\$483.33
Taxi fares.....	63.00
Entertainment.....	115.00
Hotel accommodations (Beverly Hills Hotel, Beverly Hills, Calif., and Rickey's Studio Inn Hotel, Palo Alto, Calif.).....	1,575.87
Total.....	2,237.20

GAUT EXHIBIT 31

AUGUST 28, 1962.

Subject: Myron Weiner consultant services, purchase order ED-4597.

Mr. H. C. SPENGLER,  
Manager, Operations.

Please amend the referenced order as follows: Extend coverage from 6 months to 7 months, at \$2,000 per month, totaling \$14,000. Increase total allowable expenses from \$9,000 to \$16,000.

MARVIN J. GAUT, General Manager.

GAUT EXHIBIT 32

**OTIS ELEVATOR COMPANY**  
 DEFENSE AND INDUSTRIAL DIVISION  
**PURCHASE ORDER**  
 CONTINUATION SHEET

Form ED 379-P (1-60)

35 RYERSON ST.  
 BROOKLYN 5, N. Y.

DATE August 29, 1962

NAME Mr. Myron Weiner  
 Suite 1109  
 STREET 1028 Connecticut Avenue  
 CITY Washington 6, D. C.

SUPPLEMENT TO  
 PURCHASE ORDER

ED ED 4397

CONTINUATION SHEET

NO. 1

CONTRACT NO.

D. O. C. N. #

The above numbered Purchase Order is hereby amended in the manner set forth below. If this change affects the unit price, the resulting adjustment in such unit price shall be effective only upon approval of the Contracting Officer under our prime contract with the Government and, in the event of a partial approval, only to the extent so approved, provided, however, that if you are unwilling to accept the disapproval in part or in whole of such an adjustment in the price, the matter shall be settled under the Disputes article for this Purchase Order.

Amend coverage from six (6) months to seven (7) months  
 at \$2,000 per month, totalling \$14,000.

Increase total allowable expenses from \$9,000 to \$16,000.

This order closed out as of August 31, 1962.



OTIS ELEVATOR COMPANY

BY

33

GAUT EXHIBIT 33

AUGUST 29, 1962.

Mr. MYRON WEINER,  
 Suite 1109, 1028 Connecticut Avenue,  
 Washington, D.C.

DEAR Mr. WEINER: In accordance with our several discussions, the consulting arrangement with you has been extended until the end of this month (August 1962). This, therefore, supersedes the previous notification which ended the arrangement as of July 31, 1962.

Sincerely yours,

OTIS ELEVATOR Co.,  
 Defense and Industrial Division.

GAUT EXHIBIT 34

Telefax

## WESTERN UNION

SENDING BLANK

Telefax



CALL LETTERS	XCX	PD	CHARGE TO	OTIS ELEVATOR COMPANY
				AUGUST 30, 1962

MR. MYRON WEINER  
SUITE 1109  
1028 CONNECTICUT AVE  
WASHINGTON 6, D. C.

BECAUSE OF CERTAIN ADDITIONAL SITUATIONS WHICH HAVE ARISEN SINCE I LAST TALKED TO YOU IT IS NECESSARY THAT ALL REPRESENTATION EFFORT BY YOU ON OUR BEHALF BE COMPLETED BY FRIDAY AUGUST 31, 1962. A POSITIVE CUTOFF ON THE DATE MENTIONED IS MANDATORY. THEREFORE THE TRIP TO SUNNYVALE, CALIFORNIA CANNOT BE AUTHORIZED AND THIS AND ALL OTHER REPRESENTATIVE ACTIVITIES MUST END AS OF THE DATE MENTIONED. PLEASE FORWARD INVOICES

END 1

Send the above message, subject to the terms on back hereof, which are hereby agreed to

PLEASE TYPE OR WRITE PLAINLY WITHIN BORDER—DO NOT FOLD  
1269—(R 4-55)

Telefax

## WESTERN UNION

SENDING BLANK

Telefax



CALL LETTERS	XCX/2	PD	CHARGE TO	OTIS ELEVATOR COMPANY
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GO AHEAD WITH TEXT

FOR YOUR SERVICES AND EXPENSES AS SOON AS POSSIBLE  
SO THAT THEY MAY BE PROCESSED BY US.

THANK YOU FOR YOUR COOPERATION IN THIS MATTER.

MARVIN J. GAUT, GENERAL MANAGER  
DEFENSE AND INDUSTRIAL DIVISION

Send the above message, subject to the terms on back hereof, which are hereby agreed to

PLEASE TYPE OR WRITE PLAINLY WITHIN BORDER—DO NOT FOLD  
1269—(R 4-55)

GAUT EXHIBIT 35

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., August 31, 1962.

Statement

Re: Professional services rendered.

Representation for month of August, 1962----- \$2,000.00

GAUT EXHIBIT 36

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., September 6, 1962.

Personal and confidential

Mr. MARVIN J. GAUT,  
Manager, Defense and Industrial Division, Otis Elevator Co.,  
35 Ryerson Street, Brooklyn, N.Y.

DEAR MR. GAUT: As per our verbal conversations, after payment is received for all outstanding bills previously and herewith submitted, as well as payment for services for month of August 1962, relations between myself and any of my corporations and Otis Elevator shall be considered terminated.

Very truly yours,

MYRON WEINER.

GAUT EXHIBIT 37

SEPTEMBER 28, 1962.

Subject: Expense statement dated August 6, 1962, for expenses for May and June 1962.

Mr. MYRON WEINER,  
Suite 1109, 1028 Connecticut Avenue,  
Washington, D.C.

DEAR MR. WEINER: At the beginning of our relationship it was carefully explained and established that all expenses which were to be incurred by you, other than minor expenses of a local nature, would have to be approved in advance by the undersigned or Mr. Kunze, previous to the time they were incurred. It was further agreed the only manner in which the arrangement could be successful would be for you to discuss important matters in advance and, in particular, trips to other cities.

The subject expenses for May and June were not in any way discussed with me or my assistant, with the exception of the dinner for Anfuso and other dignitaries, which I requested that you add partially to this bill. Furthermore, when you were asked to substantiate the expenses by the submission of ticket stubs, hotel receipts, and other data, you had no substantiation whatever, except for the trip to Charlotte, N.C. This, despite the fact that you had repeatedly told me that you obtained ticket stubs and hotel bills in the event they were required for audit. Therefore, despite the fact that these trips were not authorized in advance and were not even submitted for 2 to 3 months after they were allegedly incurred, I am willing to approve those items which I feel might have been remotely connected with our business. The bill, therefore, has been handled as follows:

Two trips to Hartford, Conn. and return (approved)-----	\$105. 60
One trip to Charlotte, N.C. and return (approved)-----	67. 21
One trip to Los Angeles, Calif. and return (not approved)-----	388. 19
One trip to St. Louis, Mo. and return (not approved)-----	123. 64
Taxi fares reduced by same amount as reduction in trips (approximately 75 percent), \$132 reduced to-----	33. 31
Entertainment \$468 reduced to-----	118. 12
Hotel accommodations \$775 reduced to-----	68. 75
One-half of Anfuso et al. dinner-----	500. 00

Total reduced from \$2,059.64 to \$892.99.

This amount will be applied against the \$2,500 previously advanced to you for expenses.

Yours very truly,

OTIS ELEVATOR CO.,  
Defense and Industrial Division.

GAUT EXHIBIT 38

SEPTEMBER 28, 1962.

Subject: Statement of expenses dated August 21, 1962 for the period ending August 7, 1962.

Mr. MYRON WEINER,  
Washington, D.C.

DEAR MR. WEINER: Please furnish canceled airline ticket stub, paid hotel bills, etc., substantiating this expense account.

As soon as this data is received, prompt consideration of the invoice will be given.

Yours very truly,

OTIS ELEVATOR Co.,  
Defense and Industrial Division.

GAUT EXHIBIT 39

SUITE 1109, 1028 CONNECTICUT AVENUE,  
Washington, D.C., September 24, 1962.

Personal and confidential

Mr. MARVIN J. GAUT,  
Manager, Defense and Industrial Division, Otis Elevator Co.,  
Brooklyn, N.Y.

DEAR MR. GAUT: Terminating bills and statements were forwarded to Otis Elevator August 31 and September 6, 1962. We don't understand the abnormal delay in receiving the checks for both the last month's fee of \$2,000, as well as the various statements for expenses advanced by us.

We would appreciate receiving all of funds by return mail.

Very truly yours,

MYRON WEINER.

GAUT EXHIBIT 40

SEPTEMBER 28, 1962.

Mr. MYRON WEINER,  
Washington, D.C.

DEAR MR. WEINER: I have your letter of September 24 relative to final settlement of your account. The amount due you, if any, cannot be finally determined until all of your expense account matters have been settled. In separate letters I have written you relative to additional data needed on one of these expense accounts. As soon as this data is received we will promptly calculate the final disposition of the account, taking into consideration the \$2,500 previously advanced to you for expenses.

Yours very truly,

OTIS ELEVATOR Co.,  
Defense and Industrial Division.

GAUT EXHIBIT 41

SEPTEMBER 28, 1962.

Subject: Travel expenses for trip to California re Douglas Aircraft, August 29, 1962, through September 4, 1962, in the amount of \$1,139.66.

Mr. MYRON WEINER,  
Washington, D.C.

DEAR MR. WEINER: This travel expense invoice cannot be approved for the reason that this trip was not authorized. Furthermore, on the Friday previous to the time this trip was made you came to New York at my request for a conference to discuss, among other things, the fact that trips were not to be made by you without previous authorization from either Mr. Kunze or me. In particular and specifically, you were requested not to contact Douglas Aircraft Corp. without previous authorization and coordination. You agreed, in conver-

sations with both Mr. Kunze and me, that you understood that prior authorization was required for trips and that you would obtain such authorization before making them. You further agreed that before making an impending trip to Sunnyvale, Calif., for the purpose of contacting United Technology, you would contact Mr. Kunze or me before making the trip.

Despite these assurances on your part, you have billed us for this unauthorized trip. Your invoice is being returned herewith.

Yours very truly,

OTIS ELEVATOR Co.,  
*Defense and Industrial Division.*

SUITE 1109, 1028 CONNECTICUT AVENUE,  
 Washington, D.C., September 6, 1962.

Re expenses for trip to California re Douglas Aircraft, August 29, 1962, through September 4, 1962.

*Statement*

Air travel-----	\$345.07
Hotel accommodations (Beverly Hills Hotel)-----	554.59
Car rental-----	68.00
Entertainment and miscellaneous expenses-----	172.00
 Total-----	 \$1,139.66

GAUT EXHIBIT 42

NOVEMBER 13, 1962.

Mr. MYRON WEINER,  
 Washington, D.C.

DEAR MR. WEINER: On September 28 I wrote you several letters pertaining to specific matters regarding settlement of your account with our company. In particular, one of the items requested was substantiation of your statement of August 21, 1962, covering a trip to California between July 27, 1962, and August 7, 1962. This requested information has not been received although more than 6 weeks have passed since it was requested. Despite the lack of this urgently needed data, I have directed our finance department to issue a check to you in the amount of \$2,630.19, in full and complete settlement of all moneys due to you by us. This sum (check for which is enclosed) was computed in the following manner:

Services for August 1962-----	\$2,000.00
Expense statement of Aug. 6, 1962 (reduced per my letter of Sept. 28, 1962)-----	892.99
Expense statement of Aug. 21, 1962 (which includes last half of Anfuso et al. dinner)-----	2,237.20
 Total-----	 5,130.19
Less advance for expenses-----	2,500.00
 Balance-----	 2,630.19

This final settlement is made, including payment in full of the expense report dated August 21, 1962, in order to settle this whole matter, despite the fact that I feel the expenses as submitted on the August 21, 1962, statement are exorbitant and unreasonable.

Yours very truly,

OTIS ELEVATOR Co.,  
*Defense and Industrial Division.*

GAUT EXHIBIT 43

FORM 185  
8-22-59

CASH DISBURSEMENTS — VOUCHER DETAIL

VOUCHER NO. 11-332

CHECK NO. 58427

CHECK DATE NOV 13 1962

Myron Weisner  
Suite 1109  
1628 Connecticut Avenue  
Washington 6, D. C.

2,650.19

Zone's Reconciliation      Examiner's Check

AMOUNT  
2,650.19

ACCOUNT	DATE	EXPLANATION	AMOUNT	DEDUCTIONS	NET AMOUNT
26-1		In full and final settlement of all expenses incurred for any and all services rendered to the Otis Elevator Company, including all requests made by any and all Otis Representatives and in accordance with the Division General Manager's letter of November 13, 1962.	2,650.19		2,650.19

GAUT EXHIBIT 44

*Suite 1109  
1028 Connecticut Avenue  
Washington 6, D. C.*

*Area Code 202  
296-5550, Ext. 1109*

November 14, 1962

Mr. Marvin J. Gaut  
Manager  
Defense and Industrial Division  
Otis Elevator Company  
35 Ryerson Street  
Brooklyn 5, New York

RECEIPT

---

Received on account . . . . . \$2,630.19

*Myron Weiner*

Myron Weiner

Re: File No. 128

MW:pp

GAUT EXHIBIT 45

12/8/64

*Myron Weiner PO # 4597*

FORM 208 (1-52)

	Exp.	Revenue	Profit
Jul 1962		117581	117581
Jul 1962		48878	48878
Nov 1962		347084	347084
Mar 1962	200000		200000
Mar 1962		80550	80550
Mar 1962		57750	57750
Apr 1962	200000		200000
May 1962	200000		200000
May 1962		301598	301598
Jun 1962	200000		200000
Jul 1962	200000		200000
Aug 1962		259720 *	*
Aug 1962		80299 *	*
Aug 1962	200000		200000
Aug 1962	1400000	1272710	262019 *

016-62

11

\* Note: These items indicated by a asterisk equal \$5,120.19 to which an advance of \$500.00 was debited resulting in a final check amounting to \$2,630.19. Amount of \$2,500.00 was given as a advance on the beginning of this calendar year.

Senator PELL. Getting back to this question of what services he rendered—Weiner rendered—or you hoped he would render, as I understood you to say, he rendered exactly zero from the viewpoint of orders attributed to these services?

Mr. GAUT. The results were zero; yes, sir.

Senator PELL. What were you hoping? What had he alleged to you that he could produce?

Mr. GAUT. Well, he felt that the contacts that he had, particularly with companies, would result in us being able to present our capability in a way that we would have increased opportunities to compete for programs. This is the most that any representative can offer you, the opportunity to compete.

Mr. McLendon. All he can legally offer you, but you are sure he did not go a bit beyond that in his statements to you as to what he could do?

Mr. GAUT. No; he didn't, sir.

Senator PELL. Was the emphasis upon other companies or upon Government contracts?

Mr. GAUT. I don't believe there was much difference in the emphasis, although maybe I implied this in my other statement. I think that his discussion with me indicated that he did know in particular the sales representatives of other companies here, which, in my experience, is valuable. If a company is awarded a contract, the salespeople are usually the first to know it and they will know what plant, or section, or division of their company is going to execute it, who the people are whom you might see to present your capability,

and these were the things that he discussed with me about other companies, and this seemed logical.

Senator PELL. Can you recall any of the names of Senate employees or Senators or Government officials that he may have mentioned as being of help to you?

Mr. GAUT. No; I don't remember any that he mentioned, although he could have mentioned some. But in the course of a conversation like this, many names, many areas, many companies are talked about. I hadn't planned, two and a half or more years later, to have to recall it, and I don't recall those, sir.

Senator PELL. When did you first feel that you would like to start terminating this arrangement?

Mr. GAUT. I began to feel this after I received the first expense account.

Senator PELL. You mean you recognized that the responsibility of a company to its stockholders is almost as sacred as the Government's to its taxpayers?

Mr. GAUT. Yes, sir.

The CHAIRMAN. Mr. Gaut, what else besides elevators does Otis make?

Mr. GAUT. Well, they make lift trucks, material-handling equipment, and we make a modest amount of defense equipment, sir.

The CHAIRMAN. Electronic?

Mr. GAUT. Electronic, and then elevators for defense application; such as, elevators for aircraft carriers, lifting devices aboard ship, devices for transfer of loads at sea between ships, electronic test equipment of inertial guidance systems such as those used in ballistics missiles and satellites, and communications equipment.

The CHAIRMAN. That is good enough. I was fairly familiar with your being in the elevator business. Almost any building you get into, you see an Otis elevator.

Mr. GAUT. Mr. Johnson reminded me that Mr. Weiner didn't have much to do with the elevator business.

The CHAIRMAN. He didn't do you much good in any business.

Mr. GAUT. That is true.

Senator CANNON. Mr. Gaut, does this employment relationship between yourself and Mr. Weiner have anything to do with the Bobby Baker matter now pending before this committee, as far as you know?

Mr. GAUT. No, sir.

Senator CANNON. Did you have any dealings with Bobby Baker, either in connection with hiring Mr. Weiner or otherwise?

Mr. GAUT. No, sir.

Senator CANNON. You know of no relationship that that employment relationships bears of interest to this committee?

Mr. GAUT. No, sir.

Senator CANNON. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Cooper?

Senator COOPER. When you employed Mr. Weiner to represent you, was it for purposes of securing contracts with the U.S. Government?

Mr. GAUT. And other companies, sir.

Senator COOPER. You say that when you were talking about employing a representative in Washington, Mr. Weiner's name came up.

Mr. GAUT. Yes, sir.

Senator COOPER. What do you mean by that? Did someone bring his name to your attention?

Mr. GAUT. Yes, sir; someone did, and I can't tell you who it was. I don't remember whether it was one of my other representatives who mentioned his name or whether it was a business associate. But there were several names that were given to us at the time, Senator, and his was one of them. I don't really remember how I received it.

Senator COOPER. And you sent for him to come to your office and talk to you?

Mr. GAUT. Yes, sir; I had one of my men call him and ask him to come up to New York.

Senator COOPER. Did you employ him at the same time?

Mr. GAUT. No, sir; I didn't.

Senator COOPER. How long after that was it that you employed him?

Mr. GAUT. A week or 10 days.

Senator COOPER. Did you receive any information about him in that interval which led to your decision?

Mr. GAUT. Well, the information that I received from that interval seemed to indicate that he was a representative who could deliver.

Senator COOPER. Do you remember who told you that?

Mr. GAUT. No, sir.

Senator COOPER. Was it some representative of your own company?

Mr. GAUT. Yes. Among others, I asked my own representatives to inquire about him.

Senator COOPER. Did anyone in the Government, either in the executive or the legislative branch, write you or talk to you in any way about employing Weiner?

Mr. GAUT. No, sir.

Senator COOPER. Did anyone in the executive or legislative branch ever write to you or talk to you recommending Weiner?

Mr. GAUT. No, sir.

Senator COOPER. Did he ever tell you what he was doing down here to represent the company?

Mr. GAUT. Well, most of this work that he did, sir, was with these other companies which were in California and Florida. I think you can understand here that control immediately became quite difficult.

Senator COOPER. You say he was in Florida for the purpose of securing business but you didn't know the nature of the business?

Mr. GAUT. Well, yes; one specific item there was that the company was building an engine plant in Florida and this company would require the kind of test equipment, electronic test equipment, for this plant and for this product which we manufactured.

Senator COOPER. What was the name of that company and its location?

Mr. GAUT. Aerojet-General Corp.

Senator COOPER. Where was it located?

Mr. GAUT. Well, the plant was to be built down there, and I have to refresh myself on this, because I can't tell you today where that plant is. It was built down there and has not had a great deal of business, so nothing much came of this.

Senator COOPER. Did you know anything about the kind of business he was trying to obtain in California on these trips there?

Mr. GAUT. Yes, sir.

Senator COOPER. What was that?

Mr. GAUT. We wanted to compete in two or three areas at the Ballistics Systems Division, and he called there for us to attempt to get us on the bid list for these items. Then he also talked with some of the California companies about our capability.

Senator COOPER. Now, during this time, did he ever say to you that he was conferring with any employees of the Congress, or any Member of the Congress, about this business?

Mr. GAUT. No; he didn't, sir.

Senator COOPER. Did he ever talk to you about his success in handling the freight forwarders legislation?

Mr. GAUT. No; he did not.

Senator COOPER. Did Otis Elevator have any interest in this legislation during the period of Weiner's employment?

Mr. GAUT. No, sir.

Senator COOPER. After a reasonable time, when you knew he wasn't developing any business, and you questioned his expenses, why did you keep on employing him? What representation did he make which led you to keep him in the company's employ?

Mr. GAUT. Well, this is really a pretty short space of time, 6 or 7 months. I began to move immediately to do something about this arrangement. As I mentioned on two or three of these occasions, the end of the month came and he was on a trip and there was a lapover there which seemed unavoidable, and ridiculous as it may look—

Senator COOPER. You found him difficult to shake off?

Mr. GAUT. Yes, sir.

Senator COOPER. Did Weiner ever tell you that he was making any contributions to candidates?

Mr. GAUT. No, sir—what?

Senator COOPER. To candidates for office?

Mr. GAUT. No, sir.

Senator COOPER. Did he represent that any of these expense accounts that he incurred represented contributions to political candidates?

Mr. GAUT. The Smathers dinner was undoubtedly a candidate dinner. I think that is the only one that could be—I don't know this, sir.

Senator COOPER. I have no more questions.

The CHAIRMAN. That is all. Thank you.

(The index to the Gaut exhibits will be found following the committee's exhibits in the table of contents.)

Mr. McLENDON. Mr. Thayer.

The CHAIRMAN. You heard the statement read, I believe?

Mr. THAYER. Yes, sir.

The CHAIRMAN. 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. THAYER. Yes, sir.

Mr. McLENDON. What is your name? State it for the record, please.

## TESTIMONY OF FRED A. THAYER, OAKLAND, MD.

Mr. THAYER. Fred A. Thayer.

Mr. McLENDON. What is your address?

Mr. THAYER. Oakland, Md.

Mr. McLENDON. Are you a practicing attorney?

Mr. THAYER. Yes, sir; I am.

Mr. McLENDON. Mr. Thayer, I won't detain you very long. I want to ask you if you can identify a photostat of a check and a photostat of an affidavit which appears to have been made by you.

Mr. THAYER. Yes, sir; I can identify the affidavit. It is an affidavit I gave to Mr. Milton Kyhos of the Internal Revenue Service on October 13, 1964.

Mr. McLENDON. Concerning a check?

Mr. THAYER. Yes, sir; it concerns a check in the amount of \$2,000 which I received from Mr. Don B. Reynolds.

Mr. McLENDON. Is a copy of the check attached to that affidavit?

Mr. THAYER. A facsimile of the check is attached.

Mr. McLENDON. You can identify it?

Mr. THAYER. Yes, sir; it appears to be a copy of the check which was given to me by Mr. Reynolds.

Mr. McLENDON. What is the date of it?

Mr. THAYER. The date of the check is April 14, 1961.

Mr. McLENDON. The amount?

Mr. THAYER. \$2,000.

Mr. McLENDON. Signed by Don B. Reynolds?

Mr. THAYER. The check is made by John McMillan and endorsed by Don B. Reynolds.

Mr. McLENDON. Is it payable to Don B. Reynolds?

Mr. THAYER. Yes, sir; it is.

Mr. McLENDON. Tell the committee the circumstances under which you got that check.

Mr. THAYER. Mr. Reynolds was a client of an associate of mine in a law office and asked me if I would handle a property transaction for him, which I did. I accepted this check as payment in part of the purchase price for this tract of land which Mr. Reynolds bought in Garrett County, Md. I deposited the check in my account, as is my usual custom, and drew my check to the owner of the property for the purchase price.

Mr. McLENDON. What became of the proceeds?

Mr. THAYER. Of the check?

Mr. McLENDON. Yes.

Mr. THAYER. They were paid over to the owner of the property in part—\$1,700 of the proceeds was paid to the owner of the property; \$440 was paid to me for this, and for assignment I had done for Mr. Reynolds; \$33.60 went for recording and stamps on this, and the deed for the other transaction. I might add that this adds to more than \$2,000. Mr. Reynolds gave me his personal check in the amount of \$173.60, which makes up the difference.

Mr. McLENDON. Did you return to Reynolds any part of the proceeds from that check?

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

Mr. McLENDON. You did not. Hand it to the reporter.

(The documents referred to follow:)

EXHIBIT 70

Subscribed and sworn to before me this 19th  
day of October 1961  
at Baltimore Maryland

Frank T. Traub  
(Signature of official)

Theron Kyles  
(Signature)

Special Agent  
(Title)

(Signature of witness, if any)

Internal Revenue Service

U. S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE FORM 2311 (7-59)  
GPO : 1960 O - 100154

VACATIONLAND PARADISE - DANNETT COUNTY, MARYLAND 65-98  
8-71

**FACSIMILE** THE SPROFANT AT ARMS  
House of Representatives

No. \_\_\_\_\_  
April 14 1961

Person order of DON REYNOLDS \$ 2000.00 Dollars

Two thousand and no/100

**FIRST NATIONAL BANK**  
COMMERCIAL OFFICE  
Grantville, MARYLAND

Automobile #0521-0098  
/ John L. McMillan

GRANTVILLE

s/Don B. Reynolds  
For Deposit  
First National Bank of  
Oakland  
Fred A. Thayer, atty

NAME DON B. REYNOLDS OR GERALDINE M. REYNOLDS  
52122 VERNISTIAN ROAD

## EXHIBIT 71

## AFFIDAVIT

United States of America \_\_\_\_\_ )  
 Judicial District of Maryland ) ss

I, Fred A. Thayer, state that:

I reside at Oakland, Maryland

On April 17, 1961, I received a check in the amount of \$2000.00 from Mr. Don B. Reynolds, which represented part of the purchase price of a farm containing 76½ acres in Garrett County, Maryland, which he had purchased from my client, Gertrude Baasland and Irene Miller. This check was dated April 14, 1961, and was drawn on the Sgt. at Arms House of Representatives of the United States by John L. McMillan, and was endorsed by Don B. Reynolds and me. I deposited this check in my personal account and drew a check to Gertrude Baasland and Irene Miller for \$1700.00. Mr. Reynolds also gave me his personal check in the amount of \$173.60. I charged Mr. Reynolds for this and other work \$440 and an additional \$33.60 for recording and stamps.

I am a practicing attorney, with an office in First National Bank Building, Oakland, Maryland.

I have read the foregoing statement consisting of this page only. I fully understand this statement and it is true, accurate and complete to the best of my knowledge and belief. I made the corrections shown and placed my initials opposite each.

I made this statement freely and voluntarily, without any threats or rewards, or promises of reward having been made to me in return for it.

Subscribed and sworn to before me this 15th  
 day of October, 1961,  
 at Oakland, Maryland

Fred A. Thayer  
 (Signature of affiant)

Theron Kyles  
 (Signature)

Special Agent  
 (Title)

(Signature of witness, if any)

Internal Revenue Service

Mr. McLendon. This check, by way of explanation to the committee, is one of the checks Mr. Reynolds testified was used in paying Mr. Baker.

The CHAIRMAN. Any questions?

Senator Cannon. No questions.

The CHAIRMAN. Senator Cooper, do you have any questions of this witness?

Senator Cooper. No; I believe not.

The CHAIRMAN. You may go.

Senator Cooper. Just a minute, please. Do you have your own checks?

Mr. Thayer. No; I do not.

Senator Cooper. Do you still have those checks?

Mr. Thayer. I have them. I have them at home; yes, sir.

Senator Cooper. Might I ask that his checks be produced here?

Mr. McLendon. You mean the one that he gave on the proceeds?

Senator Cooper. All checks connected with this statement you have made.

Mr. Thayer. I'll be happy to give you copies of them if that will be sufficient.

Mr. McLendon. If you will do that, please.

Senator Cooper. No. We want the checks.

Mr. McLendon. Send the original checks down here and we'll return them to you.

Mr. Thayer. I will be glad to do that.

Mr. McLendon. Send them to Mr. Hugler. You know him.

(The following were subsequently submitted for the record:)

FRED A. THAYER,  
ATTORNEY AT LAW,  
*Oakland, Md., December 10, 1964.*

Mr. EDWARD HUGLER,  
*Senate Rules Committee,  
Old Senate Office Building, Washington, D.C.*

DEAR MR. HUGLER: I am enclosing my check to Gertrude Baasland and Irene Miller in the amount of \$1,700, dated April 17, 1961, as was requested by Senator Cooper. I also enclose duplicate deposit ticket, dated April 17, 1961, which shows a deposit of the McMillan check of \$2,000 and the Reynolds' personal check of \$173.60 about which I testified.

Since the \$440 I testified about was my charge, no check was drawn for this amount, and I assume that the \$33.60 paid for recording must have been paid by me in cash as no check was drawn for this amount.

Please return these documents when you are through with them.

Very truly yours,

FRED A. THAYER.

EXHIBIT 72

OAKLAND, MARYLAND *April 17,* 19*64* 347

**The First National Bank**  
OF OAKLAND

65-98  
521

FRED A. THAYER  
FIRST NATIONAL BANK BUILDING

PAY TO THE ORDER OF *Virtude Broadland & Elvone Miller* \$1700.-

*Seventeen hundred & 00/100* DOLLARS

FRED A. THAYER

*Fred A Thayer*

PERSONAL

*Virtude Broadland & Elvone Miller*

0200  
1700  
00/100



The CHAIRMAN. Mr. Hugler, you have been sworn before, have you not?

Mr. HUGLER. Yes; I have, sir.

The CHAIRMAN. You may be seated and counsel may proceed with his questions.

Mr. McLENDON. State your name for the record.

#### TESTIMONY OF EDWARD HUGLER

Mr. HUGLER. Edward T. Hugler.

Mr. McLENDON. I believe you testified you are employed by the General Accounting Office.

Mr. HUGLER. That is right.

Mr. McLENDON. What is your rank or title there?

Mr. HUGLER. Supervisory accountant.

Mr. McLENDON. When did you begin working on the staff of this committee last?

Mr. HUGLER. I was recalled to this committee on September 24, 1964.

Mr. McLENDON. Immediately after you were recalled to duty for this committee, did you commence an investigation of the various bank accounts of Don B. Reynolds Associates?

Mr. HUGLER. Yes, sir; I did.

Mr. McLENDON. In that connection, did you analyze the bank accounts of the corporation and also of Don Reynolds individually?

Mr. HUGLER. Yes, Major; I did.

Mr. McLENDON. How many bank accounts did you find?

Mr. HUGLER. Nine in total.

Mr. McLENDON. In how many banks?

Mr. HUGLER. In four different banks.

Mr. McLENDON. Did you identify the deposit in any one of those banks in any one account on September 26, 1960, of a check for \$109,205.60 of McCloskey & Co.?

Mr. HUGLER. Yes; a check in that amount from McCloskey was deposited on October 18, 1960.

Mr. McLENDON. In what bank?

Mr. HUGLER. This check was used to open a savings account in the name of Don B. Reynolds or Don Reynolds Associates, Inc., at the Citizens Building & Loan Association in Silver Spring, Md.

Mr. McLENDON. Citizens Building & Loan Association?

Mr. HUGLER. Yes.

Mr. McLENDON. And it was on a savings account?

Mr. HUGLER. Yes.

Mr. McLENDON. Did the records of the building and loan show that he had had accounts with that concern prior to the opening of this account with the \$109,000?

Mr. HUGLER. Yes. There were three prior savings accounts at that same savings and loan. This was the fourth.

Mr. McLENDON. Did you talk to Mr. Reynolds about these various bank accounts?

Mr. HUGLER. Yes; I have.

Mr. McLENDON. And did he tell you that he was told by Baker to deposit this \$109,000 in the bank where he had never had an account before?

Mr. HUGLER. I believe he so testified.

Mr. McLendon. You say that he had prior to this time at least three accounts in this same—

Mr. Hugler. Exactly three, Major.

Mr. McLendon. Exactly three. How long was this account active—this particular account, in which the \$109,000 was deposited—before it was closed, if it was closed?

Mr. Hugler. This account was closed in April 1964—April 6, 1964.

The Chairman. When was it opened?

Mr. Hugler. It was opened, Senator Jordan, on October 18, 1960, with the McCloskey check for \$109,000.

Mr. McLendon. When you interviewed Mr. Reynolds about these bank accounts, did he make any statement to you as to which account he drew the money from to make payments to Baker?

Mr. Hugler. Mr. Reynolds told me that he made the withdrawals from which he paid Baker from the Citizens Building & Loan Association, with one exception. He said that he may have made one of the withdrawals from either the Suburban Trust Co. of Hyattsville, Md., or the Garrett National Bank, in Oakland, Md.

Mr. McLendon. Now, when you referred to payment made to Baker, can you tell the committee whether he had reference to payments that he claimed to have made to Baker out of the \$109,000?

Mr. Hugler. Yes; those alleged payments.

Mr. McLendon. Did he tell you over what period of time he made payments to Baker from the \$109,000?

Mr. Hugler. Yes; he did. He was somewhat vague as to the beginning, saying that it was in probably the late spring or early summer of 1960, which, incidentally, would have been prior to the receipt of the McCloskey check, and he recalled that the last payment—

Senator Cooper. Excuse me just a minute. This conversation, interview that you had with Mr. Reynolds was reduced to writing at the time?

Mr. Hugler. Yes, sir. Senator Cooper, I participated in two interviews with Mr. Reynolds, the first of which was on November 27; this was conducted by Major McLendon and others were present. This was on a Friday; I made an appointment at that time with Mr. Reynolds and his counsel to meet with them on the following Monday morning, at which time I did. Both of these interviews have been reduced to writing.

Senator Cooper. You have those interviews there?

Mr. Hugler. Senator, I believe I have one of them with me. I am not sure that I have two. I can look.

Senator Cooper. The reason I am asking this—I want to find out if he is just testifying from memory or if he is being aided by memorandums and interviews made contemporaneously. I think he should be provided with the statement, so he will not be guessing what Mr. Reynolds stated.

Mr. McLendon. Do you have both your reports there?

Mr. Hugler. I don't believe I have both of them, but if you will bear with me I will look and see.

Mr. McLendon. Have you found them both?

Mr. Hugler. No; I found one of them. Since I didn't author the first one, I don't have a copy of it here. But I do have a memorandum in front of me of my interview of November 30.

Mr. McLENDON. Is that the one that took place in Mr. Reynolds' lawyer's office?

Mr. HUGLER. Yes.

The CHAIRMAN. 1964?

Mr. HUGLER. 1964.

Mr. McLENDON. Was it agreed in the conference on the preceding Friday, the 27th, that you would meet him and his lawyer on the morning of the 30th?

Mr. HUGLER. That is correct.

Mr. McLENDON. And was one of the purposes of your meeting with him to go over your records concerning these bank accounts?

Mr. HUGLER. It was for the primary purpose of trying to identify the dates that the payments to Mr. Baker, that Mr. Reynolds claims he made, actually had been made, as near as we could. The primary purpose was a discussion of these payments. We had covered pretty much everything else at the prior meeting.

Mr. McLENDON. And did you go over that with him in detail in the presence of his lawyer on Monday?

Mr. HUGLER. Yes; I did.

Mr. McLENDON. Now, my last question, which I don't believe you answered, was what did he tell you about the period of time over which he made these payments to Baker?

Mr. HUGLER. He said he made his first payment in either the late spring or early summer of 1960 and his last payment probably in April 1961.

Mr. McLENDON. Now, will you tell the committee what you found from an examination of these bank accounts with respect to cash withdrawals, and confine your answers first to the account in which the \$109,000 was deposited?

Mr. HUGLER. Well, I would like to preface this with a small remark, Major.

Mr. McLENDON. Certainly; go ahead.

Mr. HUGLER. In doing a job like his, you list—in this case, I limited my listings to items of \$1,000 or more. You list all of the withdrawals made, and then you proceed to identify them, and you eliminate—the process of elimination. You finally come down to a residue of items that you cannot identify or items that were drawn to cash, or are drawn by the individual to himself and presumed to be cash. Now, to get to the nub of your question: I found at the Citizens Building & Loan, in account 36092, which is the account opened with the McCloskey check for \$109,000, two withdrawals each in the amount of \$5,000 that were drawn to Don B. Reynolds by Don B. Reynolds and presumed to have been cashed by him.

Mr. McLENDON. What are the dates?

Mr. HUGLER. The first one from that particular account was December 8, 1960, and the second one was April 12, 1961.

Mr. McLENDON. All right. Go ahead from there.

Mr. HUGLER. From another account, account No. 31731, at Citizens Building & Loan—

Mr. McLENDON. The same building and loan?

Mr. HUGLER. The same building and loan association.

Mr. McLENDON. An account different from the one the \$109,000 was in?

Mr. HUGLER. Yes, sir.

Mr. McLENDON. All right.

Mr. HUGLER. There were two withdrawals, both on the same date, August 10, 1960, one in the amount of \$2,500, and the other in the amount of \$5,000.

Mr. McLENDON. Now, with respect to those two first withdrawals of \$5,000 each, one in December 1960 and one in April 1961, in your interview with Mr. Reynolds and his lawyer, when you were trying to identify these, did he make any statement as to whether those two or either of them was used to pay Baker?

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

Mr. HUGLER. Yes.

Mr. McLENDON. What did he say?

Mr. HUGLER. He said that these did represent two of the withdrawals he made for that purpose.

Mr. McLENDON. All right. Now, what is the next cash withdrawal you can find?

Mr. HUGLER. I found a fifth withdrawal in the amount of \$2,000 on May 9, 1960, from the corporate account at Suburban Trust Co.

The CHAIRMAN. What was that amount?

Mr. HUGLER. \$2,000.

Mr. McLENDON. That was a different bank entirely—Suburban Trust Co.?

Mr. HUGLER. Yes.

Mr. McLENDON. All right; go ahead.

Mr. HUGLER. These were the only checks that could have been cashed at the various bank accounts that Mr. Reynolds had during the period in which he said he made the payments to Robert G. Baker. They totaled \$19,500.

Mr. McLENDON. That is the two fives and—what makes up the rest of the \$19,500?

Mr. HUGLER. I testified, Major, of two \$5,000 withdrawals from account 36092, two withdrawals from account 31731, for a total of \$7,500, and \$2,000 from the Suburban Trust Co.

Mr. McLENDON. Are they the only cash withdrawals that you could identify from any of these bank accounts in this period of time?

Mr. HUGLER. These were the only ones in that period.

Mr. McLENDON. Did he make any statement to you as to which of these—you have already said he claimed that the first two fives were withdrawn to pay Baker. Did he make any statement with respect to the others?

Mr. HUGLER. No, and at the time that I showed this to Mr. Reynolds on November 30, I still had not yet identified these three other amounts.

Mr. McLENDON. What are they?

Mr. HUGLER. The three—the balance of the five payments that I have already testified to—the \$7,500 withdrawn from Citizens account 31731, and the \$2,000 from Suburban Trust Co.

Mr. McLENDON. Now, did you find withdrawal from the Suburban Trust Co. in October–November 1960, in the amount of \$10,800?

Mr. HUGLER. Major, there was a check drawn for \$10,800 from the Suburban Trust corporate account. This was check No. 1322, payable to Don B. Reynolds, and endorsed by Don B. Reynolds.

Mr. McLENDON. Could you identify that check any further?

Mr. HUGLER. I was unable to account for the proceeds of this check; that is, I did not see it going into any other bank account; I did not see it going to pay off a loan; I did not see it going to pay off a stockbroker's account. It just disappeared. I presumed that this check was cashed, because I could not otherwise account for it. However, when I discussed this check with Mr. Reynolds—and I specifically discussed this check with Mr. Reynolds—he, too, could not account for the proceeds. He did not claim, however, that this was one or represented part of the payments that he made to Robert G. Baker.

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

Mr. HUGLER. He made these to Baker always, he said, in the amounts of \$5,000. There is a strange thing about this particular check. This particular firm, Suburban Trust Co., when they cash a check for an individual, they put a stamp vertically across the check, running up and down, that shows the date it was cashed and the amount of cash paid. This particular check does not bear any such marking. I don't know whether that means that this check was not cashed, or whether through oversight a clerk at the bank failed to put such a marking on it. But, in any event, Mr. Reynolds did not say that this was one of the checks the proceeds of which he gave to Baker.

Mr. McLENDON. Will you summarize now which of these checks that you were able to find in all of these bank accounts he told you he used to pay Baker?

Mr. HUGLER. Major, I was prepared to answer your question, except you qualified it at the end and said that he told me he paid to Baker. Mr. Reynolds, when we examined my schedule, was able to identify, as I mentioned previously, a check for \$5,000 on December 8, 1960, and a check for \$5,000 on April 12, 1961. The other three checks I did not have scheduled at that time. I had not yet seen these accounts. So I cannot say specifically that Mr. Reynolds told me that these were the checks in these amounts that he gave to Baker.

Mr. McLENDON. Did he tell you about any other checks, give you any information, that would help you identify any other checks in that conversation? There was one account you never even had seen?

Mr. HUGLER. Would you rephrase that?

Mr. McLENDON. I said, "Did he tell you of any other checks he withdrew from any bank that were used to pay Baker except these two for \$5,000, and the one for five, and one for \$2,500?"

(At this point, Senator Pell reentered the hearing room.)

Mr. McLENDON. In other words, you have testified about a \$2,000 check. What I am trying to find out is did he tell you that he used that to pay Baker?

Mr. HUGLER. No. I would like to recite, if I may, or summarize what Mr. Reynolds told me.

Mr. McLENDON. All right; go ahead and explain it.

Mr. HUGLER. He said that he paid Mr. Baker a total of \$25,000 by giving him \$5,000 in currency on five occasions. He said that \$20,000 of this amount represented funds that he had withdrawn from his bank accounts in either amounts of \$2,500 or \$5,000. He said the difference between that \$20,000 that he withdrew from his accounts and paid to Baker and the total that he paid to Baker of \$25,000 was made up by two checks, one for \$2,000 and one for \$3,000 that he had re-

ceived from Representative McMillan. He told me on November 30, 1964, that he had cashed these two checks and turned the proceeds totaling \$5,000 over to Robert G. Baker. This made up the total of \$25,000.

Mr. McLendon. All right. Now, you got access to those McMillan checks, did you not?

Mr. Hugler. I have seen the check for \$2,000, or, rather, a facsimile.

Mr. McLendon. Is that the one Mr. Thayer identified awhile ago?

Mr. Hugler. Yes; it is.

Mr. McLendon. And Mr. Thayer testified that he got the proceeds from that one?

Mr. Hugler. Yes, sir.

Mr. McLendon. Now, Mr. Hugler, did you ascertain from the tax returns of Reynolds Associates the total amount of income reported by Reynolds Associates for the fiscal year ending July 23, 1961?

Mr. Hugler. Did you ask me, Major, did I get this information from the corporation records?

Mr. McLendon. Yes.

Mr. Hugler. No, sir; I did not. That information was not available from the corporation records.

Mr. McLendon. Didn't you see the tax returns down in the Bureau?

Mr. Hugler. Yes. But I didn't get this from the Don B. Reynolds Associates.

Mr. McLendon. Well, I—

Mr. Hugler. I am sorry. Possibly I misunderstood the question.

Mr. McLendon. That is all right. He gave permission to have access to those tax returns, did he not?

Mr. Hugler. And specifically to discuss them at these hearings; that is right.

Mr. McLendon. All right. Now, did you get that information at the Bureau showing the reported income for that fiscal year?

Mr. Hugler. Yes; I did.

Mr. McLendon. What was the amount?

Mr. Hugler. The corporate return for fiscal year 1961 showed gross commissions earned of \$37,179.94.

Mr. McLendon. Did you undertake to get the supporting data for that figure from his auditor, Mr. Haft?

Mr. Hugler. Yes; I did.

Mr. McLendon. Tell the committee what experience you had with him.

Mr. Hugler. The availability of records for Don Reynolds Associates has been discussed with Mr. Haft on several occasions.

Mr. McLendon. Begin at the beginning, and tell the committee what occurred.

Mr. Hugler. Mr. Haft was interviewed on November 5, 1964, and a record has been made of that interview; it has been reduced to writing. I think possibly the most accurate way for me to recite this would be to read that portion from the record.

Mr. McLendon. All right.

Mr. Hugler. "He"—this is Haft—"was not very accurate about the time, but somewhere close to the time that Senator Williams made the disclosure"—that would have been September 1—"he and Reynolds got together, and he told Reynolds that he did not like the idea of

being in the middle with respect to Reynolds' income tax problems, and that he would, therefore, prefer to turn over all of the corporation's records to him. He said he was laboring under two obligations, one to Reynolds and the other to IRS to justify the tax returns which he had prepared. As a result of this conversation, he mailed to Reynolds certain corporation records by parcel post. He kept some corporate records, but apparently none containing basic income information. He has also retained records supporting Reynolds personal return." Now, the following day, in order to obtain clarification from Mr. Hauff as to what he had sent to Mr. Reynolds, I telephoned Mr. Reynolds.

Mr. McLendon. Telephoned Mr. Reynolds?

Mr. Hugler. Mr. Hauff—I beg your pardon. Mr. Hauff said that he sent to Reynolds a parcel post package containing deposit slips, statements from insurance companies with names of clients, and in general those papers that supported the corporate tax returns.

On November 23, 1964, I served Mr. Hauff with a subpoena. Mr. Hauff at this time told me that he had sent the corporate records to Reynolds by parcel post upon Mr. Reynolds' instructions. Again, on November 30, 1964, I discussed this matter with Mr. Hauff. This discussion has also been reduced to writing and I will quote from it.

Mr. Hauff said that after a September 1964 visit to him by IRS agents, he telephoned Reynolds and Reynolds instructed him to throw away any records on which the statute of limitations had tolled. Hauff said that this meant any records prior to July 1, 1961, and that accordingly he destroyed those records prior to that date by throwing them away in the trash. He said that included in these records that were destroyed were the quarterly and monthly statements of net earnings received by Reynolds from insurance companies such as the U.S. F. & G. Co. for 1960 and 1961. Hauff said that what he sent to Reynolds by parcel post were those remaining quarterly and monthly statements from the various insurance companies. He also said that he sent to Reynolds at that time an old ledger book dealing primarily with 1955 business which indicated the names of clients and the due dates of certain policies. He said he also sent to Reynolds at this time certain deposit slips.

Late last week, when Mr. Hauff was here awaiting to testify, he gave me this piece of paper in his handwriting which states:

Materials transmitted to Mr. Reynolds in September via parcel post for which no receipt was obtained. Material sent to Post Office Box 26, Oakland, Md.

1. Income statements from U.S. F. & G., A. H. Baker & Co., Hartford Fire, and New Hampshire Insurance Co.

2. Deposit slips from Suburban Trust Co., Don Reynolds Associates, Inc.

3. Ledger book with pages out and including postings for year 1955 only.

Mr. McLendon. 1955 only?

Mr. Hugler. Yes, sir. And that is—

Mr. McLendon. That is the substance of your conversations with Mr. Hauff?

Mr. Hugler. Mr. Hauff; yes, sir.

Mr. McLendon. Were you ever able to obtain from him or Mr. Reynolds the documents that were necessary and that had been used in compiling the corporate income tax return for the fiscal year ending June 23, 1961?

Mr. Hugler. No, Major; I wasn't.

Mr. McLendon. Not being able to get them, did you undertake to try to find out what his income had been?

Mr. HUGLER. Yes; I have. I would like to go back and qualify my last answer. I said, no, I did not receive any documentation or support for the corporate return for fiscal year 1961. However, so that the record will be clear, Mr. Hauff did give me just last week copies of three letters that Mr. Reynolds had received in October 1964, from three of the insurance companies for whom he worked in which they had, at his request, sent him a summary of the commissions earned by him from 1960 on. By this time, however, I already had this information.

Mr. McLENDON. Was this on a calendar year basis?

Mr. HUGLER. With one exception, they were.

Mr. McLENDON. Calendar year basis instead of a fiscal year basis?

Mr. HUGLER. Yes, sir.

Mr. McLENDON. Well, what did you do then, Mr. Hugler, in trying to construct some figures with respect to what his income had been?

Mr. HUGLER. I visited the Baltimore offices of the United States Fidelity & Guaranty Co. which I had been given to understand was the source—largest source of Mr. Reynolds' commissions. I audited their records and ascertained that Mr. Reynolds had in fiscal year 1961, for Don Reynolds Associates, earned commissions totaling approximately \$21,000. This, by the way, is in agreement with the information that this company furnished to Mr. Reynolds. We are in agreement; it was approximately \$21,000.

Mr. McLENDON. All right.

Mr. HUGLER. In addition to this \$21,000 we have letters from two other firms from which Mr. Reynolds earned commissions, and they would indicate that he earned approximately \$500 from one firm and \$600 from the other. From still another source, I have ascertained that he earned an additional \$1,000 from still another insurance company.

Mr. McLENDON. A. H. Baker Co.?

Mr. HUGLER. That is the A. H. Baker Co.

Mr. McLENDON. All right.

Mr. HUGLER. For a total of approximately \$23,000.

Mr. McLENDON. And then did you add to that the two commissions that he testified he got of \$10,031 and \$10,300—you would have a total of \$43,000—

Mr. HUGLER. Something more than \$43,000.

Mr. McLENDON. \$43,600.

Mr. HUGLER. Yes, sir.

Mr. McLENDON. Is this the most reliable information you have been able to get?

Mr. HUGLER. Yes, sir; it is, and I believe it to be accurate.

Mr. McLENDON. Of course. Senator Cooper wanted to know if these letters from which you got these statements of earnings, commissions, are directed to you or to Mr. Reynolds.

Mr. HUGLER. These are directed to Mr. Reynolds. I have confirmed some of this income, Senator Cooper.

Senator COOPER. Have you talked to Mr. Reynolds about these letters?

Mr. HUGLER. I believe—I am not sure of this—I believe he mentioned these to me. I know we acknowledged their existence. And certainly Mr. Hauff, Mr. Reynolds' accountant, did turn these over to me last week.

Senator COOPER. You say that Mr. Hauff turned these letters over to you?

Mr. HUGLER. Yes; but by this time I already had these letters from other sources.

Mr. McLENDON. How do these figures that you have been reading here, \$21,000, \$500, \$600, and \$1,000, compare with the figures that you say Hauff gave you just a few days ago?

Mr. HUGLER. Major, they were copies of the same letters.

Mr. McLENDON. I see. What representation did Hauff make about them when he gave them to you? What did he say? How did he get them or who got them?

Mr. HUGLER. I recall that he said they came into his possession in the last few days.

Mr. McLENDON. Were they addressed to Mr. Reynolds or to Hauff?

Mr. HUGLER. These were all addressed to Mr. Reynolds.

Mr. McLENDON. The one that Hauff gave you?

Mr. HUGLER. Yes, sir.

Mr. McLENDON. So is it correct to say that the letters that Hauff gave you addressed to Mr. Reynolds recently, and the figures you obtained from the same insurance companies correspond fairly accurately?

Mr. HUGLER. Oh, yes, sir.

Mr. McLENDON. Almost exactly, do they not?

Mr. HUGLER. That is right.

Senator COOPER. Mr. Chairman, I raise a question. I certainly want to get to the bottom of all the evidence in the record. In fact, it was my motion that asked that this evidence be put in. But there are certain rules concerning the production of evidence. According to what our witness has said thus far, Reynolds did not give you these records.

Mr. McLENDON. Yes; he did.

Senator COOPER. Did Reynolds give you these records?

Mr. McLENDON. His auditor gave them.

Mr. HUGLER. Mr. Hauff at the time was secretary-treasurer of Don Reynolds Associates, and he gave me these records.

Senator COOPER. Hauff?

Mr. HUGLER. Hauff.

Senator COOPER. Was secretary-treasurer of Don Reynolds Associates?

Mr. HUGLER. That is right.

Senator COOPER. He gave you the records?

Mr. HUGLER. Yes, sir.

Senator COOPER. For the company?

Mr. HUGLER. They are not company records. They are letters dated in October 1964 from these companies. Senator, maybe if I read one of these it would clarify this. It is very short.

Senator COOPER. Let me get this clear. He has been quoting from these letters. If they can properly be admitted in evidence, the entire letter ought to be introduced. Unless this is a letter of the company which Hauff had a right to give him, or unless Reynolds has agreed that he should have these records, I question as a matter of propriety

and legality how we can put them in the record. I have been trying to get these records.

Mr. McLendon. Senator, the history is this: The original records from which the returns were prepared had been destroyed, according to Mr. Hauff's testimony. This witness checked with IRS for what they had, checked with Hauff on what he and Reynolds had acquired recently from the companies that Reynolds wrote insurance for. And the statement that Hauff gave him, who is secretary-treasurer for the corporation, and the figures that Mr. Hugler obtained from those companies are almost identical.

Mr. Hugler. That is right.

Senator Cooper. Has Reynolds given anyone permission to use his letters?

Mr. McLendon. Oh, yes; we have permission to use all of his tax accounts. Where is the statement? Do you have it, Mr. Hugler?

Mr. Hugler. No; I don't, Major.

Mr. McLendon. He gave us permission to use all of the data for the years 1960 and 1961.

Mr. Hugler. Right.

Senator Cooper. Then I have no objection—

Mr. McLendon. It is a written statement. I don't seem to have it here.

Senator Cooper. Except that I ask at the conclusion of his testimony that the letters themselves be put in.

Mr. McLendon. Oh, yes. Now, Mr. Hugler, in an examination of the tax returns in IRS, which he gave you permission to do, and which you had permission to do anyway, under Executive order, did you find anything to indicate that he had ever reported the total premium of \$36,000 or approximately that figure which was attributable to the general liability insurance?

Mr. Hugler. Major, I have just testified that I was able to account for gross commissions totaling \$23,000. The corporate—

Mr. McLendon. Not including the commissions on the McCloskey matter?

Mr. Hugler. No, sir.

Mr. McLendon. That excludes them?

Mr. Hugler. That is right.

Mr. McLendon. Go ahead.

Mr. Hugler. I also testified that the corporate returns showed gross commissions earned of approximately \$37,000. This leaves a difference of \$14,000. I would, therefore, answer that this return cannot include a \$36,000 or \$46,000 commission received or earned by Reynolds on the McCloskey business.

Mr. McLendon. Well, that isn't quite my question. My question is this: In the official files of IRS which you had permission to examine, and in your conversations with Mr. Hauff, information that he gave you, the conversation with Mr. Reynolds, did you ever find any indication that the Reynolds Associates income tax returns for the year ending June 23, 1961, contained any explanation of the fact

that he had collected \$36,000 as a commission or income with any explanation of what he did with it?

Mr. HUGLER. No, sir.

Mr. McLENDON. None whatever?

Mr. HUGLER. None whatever.

Senator COOPER. You don't know, and I think this record will show that no one here has ever testified as to what the commission due Reynolds would have been on the general liability insurance.

Mr. McLENDON. Yes; he did, Senator. He testified it would be about 5 percent.

Senator COOPER. Well, you are talking about \$36,000.

Mr. McLENDON. I know that. You said the commission on \$36,000. The point here is—if you will excuse me—the point here is that he, according to his own testimony, came into possession of \$36,000 and he hadn't accounted for it or made any explanation in his tax return.

Senator COOPER. You are talking about his income tax return now. According to Mr. McCloskey if this did represent payment to Reynolds for the general liability insurance, as well as the performance bond, then a certain amount of that sum of \$36,000 would have been income to Reynolds for his commission; is that correct?

Mr. HUGLER. Had he paid for this general liability insurance; that is correct.

Senator COOPER. That would have been his commission; that would have been what he earned.

Mr. HUGLER. Yes, sir.

Mr. McLENDON. Well, that isn't the point, Senator.

Senator COOPER. I understand the point you are making. But I could say that Reynolds could still claim that the only income upon which he owed taxes would be his actual commission.

Mr. McLENDON. I don't agree with you, sir. It is a matter of law. He received this \$36,000 as income. He says he didn't owe any of it to anybody. And he hasn't accounted for the \$36,000 in his tax return; neither has he made any explanation of it. Now, I am not saying he might not have accounted for it. But I am just pointing out that he didn't.

Senator COOPER. I will ask the witness first if you said that, respecting these statements of income, you did not have any memorandums to account for or to describe that income.

Mr. HUGLER. If I understand you correctly, Senator Cooper—

Senator COOPER. You asked Mr. Hauff for the supporting evidence and he said he didn't have it.

Mr. HUGLER. It had been destroyed. That is right. There was—

Senator COOPER. So you are not testifying, then, from any supporting memorandums, to account for the statement of income in Reynolds' tax returns?

Mr. HUGLER. That is right. Because there are in existence—we are told there are in existence today none of the corporate records that existed during fiscal year 1961. So we have tried to reconstruct.

Senator COOPER. I make the point that it seems to me the purpose of your testimony is to give actual proof that he never did account for this income in any way. But I must say that, from what this

witness has said, it seems to me that we can only say his tax return shows certain income. He cannot say what that income represented. Is that correct?

Mr. HUGLER. Senator Cooper, I believe I can go beyond that. I mentioned earlier that Mr. Reynolds' largest source of commissions has traditionally and historically been the U.S. F. & G. company. I went up to that company and personally audited their records to ascertain the income from this firm for fiscal year 1961. The auditor up there at U.S. F. & G. had made a similar audit. And I arrived at a fiscal year 1961 income of \$20,910.85.

Senator COOPER. How much?

Mr. HUGLER. \$20,910.85. The auditor up there, in his independent audit, differed from me by \$17. And I wasn't about to quibble over \$17.

Senator COOPER. Now, what did Reynolds report in that year?

Mr. HUGLER. Mr. Reynolds reported gross commissions earned, all sources, of \$37,179.94.

Senator COOPER. In your independent examination, have you been able to ascertain any other income earned by Reynolds except the \$20,000 which you just mentioned?

Mr. HUGLER. Not by independent audit; no, sir.

Senator COOPER. That's the point I want to make.

Mr. McLENDON. He has the same information that the corporation furnished to this witness—he has it from the companies and he has it from Reynolds, and they happen to correspond, do they not, Mr. Hugler?

Mr. HUGLER. Yes, sir.

Mr. McLENDON. The item of \$21,000, the item of \$500, the item of \$600, and the item of \$1,000 are the same that Mr. Hauff gave you?

Mr. HUGLER. Mr. Hauff did not give me the \$1,000 item. It is true for the other two.

Mr. McLENDON. Where did you get the \$1,000 item?

Mr. HUGLER. I got that from a Federal agency.

Mr. McLENDON. From your Federal agency?

Mr. HUGLER. From a Federal agency.

The CHAIRMAN. May I ask a question at this point? I think it has been testified that Mr. Reynolds only paid \$73,000, which was on the performance bond.

Mr. McLENDON. \$63,000.

The CHAIRMAN. That's right, \$63,000. But he collected \$109,000, which was a difference of about \$35,000.

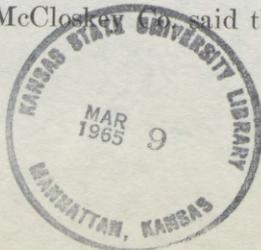
Mr. HUGLER. \$46,000, I believe.

The CHAIRMAN. Well, the commission which he said—yes; I understand that. But he also testified—it has been testified here—that he did not pay for that liability insurance. Isn't that correct?

Mr. HUGLER. Yes, sir.

The CHAIRMAN. Because the McCloskey Co. said they paid for it twice.

Mr. HUGLER. That's right.



The CHAIRMAN. And his records, I think, showed the same thing. So if he billed them for \$35,000 and never paid it, that was income. He kept it—presumably that would be income, would it not?

Senator COOPER. Not according to McCloskey.

Mr. HUGLER. Gross income.

Mr. McLENDON. According to Reynolds he got the \$35,000 or \$36,000 and he has not accounted for it on the tax return. That's the only point I'm trying to make.

Senator COOPER. What is Reynolds' total income that you have ascertained from your independent examination for the year 1960?

Mr. HUGLER. I would like to give you an A and B answer, Senator Cooper, if I may. A. Independent audit on my part up at the U.S. F. & G. Co. showed commissions earned, fiscal year 1961, \$20,910.85; B. Mr. Reynolds has testified that he received a check from the McCloskey Co., approximately \$109,000, and he has testified, and we have support for it—

Senator COOPER. I'm going to ask you to answer my question. From your own independent examination, what have you found to be the income of Mr. Reynolds for the calendar year 1960?

Mr. HUGLER. My—

Senator COOPER. Leaving out these letters of Reynolds.

Mr. HUGLER. Yes, sir; I'm going to leave those out.

Senator COOPER. All right.

Mr. HUGLER. As I just stated, \$20,910.85 at the U.S. F. & G. Co. But we also have records, bank records which I have examined, showing the deposit of a check for \$109,000, and only a \$63,000 disbursement. I do not see any other checks going to pay for the general liability into the business. I would consider this an examination—not as complete as I would like it to be, but it certainly is an examination.

Senator COOPER. What did your independent examination show to be the total commission from the insurance companies? You gave five or six items a while ago. What's the total?

Mr. HUGLER. Yes. I mentioned \$23,000 as the total.

Senator COOPER. Leaving out for the moment the \$36,000 which Mr. McCloskey said was a commission or payment on general liability insurance, from your own examination, you found \$37,000 reported income, and from your own independent examination you found \$24,000—

Mr. McLENDON. He found \$23,000 from other sources, other than McCloskey.

Senator COOPER. Other than McCloskey.

Mr. McLENDON. Then he had two commissions he testified to of \$20,000 more, and you get a total of \$43,000.

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

Mr. McLENDON. That is without accounting for any part of the rest of the \$36,000 that he admits he got.

Senator COOPER. I would say that Reynolds would have to account for this at some time. But I think he could claim, also, that if his story is true, he funneled this sum to somebody else.

Mr. McLENDON. Senator, I agree with you about that. But the law is that the taxpayer has the burden of proving the disposition of the income. And the law requires him to report the income, No. 1, and then explain the deductions against it. And he has not done that in that case. That's all I'm trying to show.

The CHAIRMAN. If I'm not mistaken, the testimony he gave was that he did keep \$10,000—that he did have a legitimate commission of \$10,000 on the performance bond.

Mr. HUGLER. Yes, sir.

The CHAIRMAN. On the first go around—of which he paid Bobby Baker \$4,000—the check is in the record to substantiate that.

Mr. McLENDON. You are in error there, because they cannot claim the \$4,000, because he and Hautf both said that was not an expense. We are talking about tax returns. He took Bobby's note for the \$4,000. He cannot deduct that.

The CHAIRMAN. That's correct. He said Baker gave him a note and that is in evidence, also.

Mr. McLENDON. So what he has is two commissions of \$10,031 in one instance, \$10,300 in another that he claims he was entitled to out of the McCloskey deal. That is \$20,300. This witness testifies from other sources he had \$23,000. So that is \$43,000 in income against which he reported only \$37,000, and still it does not account for the remainder of the \$36,000. Well, let's move on to another thing. I wish you would identify these checks you have testified about that Mr. Reynolds told you were used in paying Baker. The first one, I believe, is \$5,000, dated August 10, 1960; is that right?

Mr. HUGLER. I'll be right with you, Major. Major, I have here a check dated December 8, 1960, drawn on the Citizens Building & Loan Association in the amount of \$5,000, payable to Don Reynolds.

Mr. McLENDON. Who signed that check?

Mr. HUGLER. This check is drawn on Mr. Reynolds' account, payable to him and endorsed by him.

Mr. McLENDON. Which account? Don Reynolds Associates?

Mr. HUGLER. On his account No. 36092 at the Citizens Building & Loan Association.

Mr. McLENDON. Is it a Don Reynolds Associates check?

Mr. HUGLER. No, Major. This is a savings account. If it were a checking account it would be his personal check.

Mr. McLENDON. This is a savings account. And therefore it is signed by some officials of the building and loan association.

Mr. HUGLER. That's right.

Mr. McLENDON. But it is payable to Don Reynolds.

Mr. HUGLER. That's correct.

Mr. McLENDON. All right. Give that to the reporter.

(The check referred to is as follows:)

EXHIBIT 74

date 12-12-60



**COMMERCIAL**  
BUILDING AND LOAN  
Association



85-701  
521

Founded 1929  
SILVER SPRING, MD. December 8, 1960 No. 67640

PAY  
TO THE  
ORDER  
OF

The sum of Five Thousand 00/100 DOLLARS \$ 5,000.00

Mr. Don Reynolds

*Charles L. Thomas*  
AUTHORIZED SIGNATURE  
*Ray W. Evans*  
AUTHORIZED SIGNATURE

5092  
to SHEURBAN TRUST COMPANY  
DISTRICT OFFICE  
SILVER SPRING, MD.

26 0080 0

*Don Reynolds*

REC 1210.0

The CHAIRMAN. May I ask a question at this point? Was that savings account in his name or Don Reynolds Associates?

Mr. HUGLER. This—

The CHAIRMAN. The savings account.

Mr. HUGLER. This particular account, 36092, is in the name of Don B. Reynolds or Don Reynolds Associates, Inc.

The CHAIRMAN. That is the \$109,000 deposit?

Mr. HUGLER. That's right.

Mr. McLENDON. All right. That's the first one. Now give us the second one.

Mr. HUGLER. The second check drawn on this particular account, No. 36092, is dated April 12, 1961, similar to the other check, \$5,000, payable to Don B. Reynolds, endorsed Don B. Reynolds.

Mr. McLENDON. Put that in the record.

(The check referred to is as follows:)

EXHIBIT 75

95-201  
541  
 CHECK  
 APR 12 1961  
 No. 69876  
 \$ 5,000.00  
 PAY TO THE ORDER OF Don B. Reynolds  
 APR 12 1961  
 J. Reynolds  
 AUTHORIZED SIGNATURE  
 SUBURBAN TRUST COMPANY  
 65-234  
 28 0080 0  
 36092  
 to SUBURBAN TRUST COMPANY  
 SILVER SPRING OFFICE  
 SILVER SPRING, MD.

*Don B. Reynolds*

BA-62-1769-A(3)

Mr. McLendon. Now, the next check for \$5,000.

Mr. Hugler. The next two checks are drawn on account 31731, at Citizens Building & Loan.

Mr. McLendon. That is also a savings account, is it not?

Mr. Hugler. Yes; it is.

Mr. McLendon. All right. The first one is dated—

Mr. Hugler. August 10, 1960, in the amount of \$5,000.

(The check referred to is as follows:)

EXHIBIT 76

**CITIZENS BUILDING AND LOAN Association**  
 Founded 1929  
 SILVER SPRING, MD. AUGUST 10, 1960 No. 65743

65-201  
321

POWERED

PAY TO THE ORDER OF  Don Reynolds \$ 5,000.00

SEP 8 1960

James A. [Signature] AUTHORIZED SIGNATURE  
 [Signature] AUTHORIZED SIGNATURE

31731 to SUBURBAN TRUST COMPANY SILVER SPRING OFFICE SILVER SPRING, MD. 107-201 26 0080 0

*Don Reynolds*

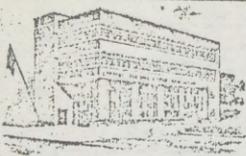
SEP 8 1960

Mr. McLendon. The fourth one.

Mr. Hugler. Same bank, same account, \$2,500 payable to Don Reynolds, endorsed "Don Reynolds."

(The check referred to is as follows:)

EXHIBIT 77


**CITIZENS**  
 BUILDING AND LOAN  
 Association  
 Founded 1929  
 SILVER SPRING, MD. August 10, 1960 No. 65741

PAY TO THE ORDER OF  Don Reynolds *of* \$ 2,500.00  
 AUG 11 1960  
 James H. ... AUTHORIZED SIGNATURE  
 Verla L. ... AUTHORIZED SIGNATURE  
 SUBURBAN TRUST COMPANY  
 SILVER SPRING  
 31731 to SUBURBAN TRUST COMPANY SILVER SPRING OFFICE SILVER SPRING, MD.  
 165-201 2610080 0 65-201

*Don Reynolds*

AUG 11 1960

Mr. McLendon. The check for \$2,000 from McMillan, that he told you he used to pay Baker, is already in evidence.

Mr. HUGLER. In addition there is a check drawn on the Suburban Trust Co., account of Don Reynolds Associates, dated May 1, 1960, in the amount of \$2,000.

(The check referred to is as follows:)

## EXHIBIT 78

DON REYNOLDS ASSOCIATES INC. 1435 PAVAN BLVD SILVER SPRING, MD. Central Time Zone	SILVER SPRING, MD. <u>2/1</u> 19 <u>60</u> No. <u>1180</u>	
	SUBURBAN TRUST COMPANY SILVER SPRING, MD. \$5,274 521	
PAY TO THE ORDER OF	<u>Don Reynolds</u>	<u>3200</u>
<u>Don Reynolds</u>	<u>Don Reynolds</u>	DOLLARS
DON REYNOLDS ASSOCIATES INC.		
49 0077 8		

Mr. McLendon. Did you find the deposit slip in any one of these banks for about \$79,000?

Mr. Hugler. Yes; I did. That deposit slip was dated November 9, 1960.

Mr. McLendon. Read it in the record, please. This is difficult to read.

Mr. Hugler. That amount was deposited to the Don Reynolds Associates account at Suburban Trust Co. in the sum of \$79,385.63. This deposit was comprised of four separate checks, two in relatively small amounts, one for \$6, and one for \$174, and two large checks, one in the amount of \$50,000, and the other in the amount of \$29,205.

Mr. McLendon. Now, those two checks—those large checks—are they bracketed and some name inserted in front of them apparently to identify them?

Mr. Hugler. They are.

Mr. McLendon. What identification is there?

Mr. Hugler. These last two checks for \$50,000 and \$29,205 are bracketed and beside them it says "McCloskey" and then "IB of C. & J." I believe that is the initials of the International Brotherhood of Carpenters & Joiners.

(The deposit slip referred to is as follows:)



Mr. McLENDON. Did you find an account in which he had deposited some money from the union that you just identified?

Mr. HUGLER. Yes; I did. At the same Citizens Building & Loan Association, account 34731 was opened on August 10, 1960, with a check from that union to Don Reynolds Associates in the amount of \$113,395.71.

Mr. McLENDON. Did Mr. Reynolds tell you what this deposit of \$79,000 was used for?

Mr. HUGLER. I do not believe that he did, although it is rather apparent that this money was necessary in order to write the \$63,000 check to Hutchinson, Rivinus. To explain, the bank account to which this deposit was made, Suburban Trust, had a relatively small balance, certainly insufficient to have paid a \$63,000 check.

Mr. McLENDON. Is this the account on which the \$63,000 check to Hutchinson, Rivinus was drawn?

Mr. HUGLER. Yes; it is.

Mr. McLENDON. Now, Mr. Hugler, unless I have overlooked something about the Reynolds accounts, I want to move on to Baker's accounts.

Senator COOPER. Before we go to that—

Mr. McLENDON. Yes, sir.

Senator COOPER. This may be repetitious. It is correct that Reynolds deposited in the Citizens Building & Loan Association the \$109,000-plus check he received from the McCloskey Co.?

Mr. HUGLER. Yes; that's correct.

Senator COOPER. Later he made deposits in the Suburban Trust Co. and he drew on that account a check payable to Hutchinson, Rivinus & Co. of \$63,699.72?

Mr. HUGLER. That's correct.

Senator COOPER. Then as you have testified, in examining the Citizens Building & Loan account, you found various checks which were paid in cash in the following amounts: May 9, 1960, \$2,000. August—

Mr. HUGLER. Tenth.

Senator COOPER. August 10, \$5,000. Correct?

Mr. HUGLER. Yes, sir.

Senator COOPER. December 8, 1960, \$5,000; April 12, 1961, \$5,000; that would be a total of \$17,500.

Mr. HUGLER. Senator Cooper, I also testified that on August 10, 1960, there was a second check for \$2,500—five checks in all.

Senator COOPER. A total of \$20,000.

Mr. HUGLER. I totaled it \$19,500, Senator.

Senator COOPER. \$19,500. Now, you have stated that these are the only checks you found paid in cash.

Mr. HUGLER. During the period in which Mr. Reynolds said he made these payments.

Senator COOPER. Did you examine the other checks—all checks?

Mr. HUGLER. Do you mean within that period?

Senator COOPER. Within that period.

Mr. HUGLER. Yes, sir.

Senator COOPER. Are those checks still in existence?

Mr. HUGLER. My answer is, "I believe they are," but if you give me a few moments with this schedule, I believe I can give you a more definite answer.

Senator COOPER. I make the motion that all of the checks in that period ought to be submitted to this committee for examination. The witness has made a judgment that these are the only checks which could be used to make a cash payment, because they are payable in cash within the period. But I think it would be incumbent upon the staff to examine the other checks and see who they were made out to. You know it is possible for a person to not only draw a check payable to himself in cash, but draw it to somebody else who would turn it into cash. With all these dubious transactions we have had before this committee, I just want to ask that all of these checks of Reynolds in this period be presented to the committee.

Mr. McLENDON. The witness has a tabulation of all checks, Senator. It is not prepared in the form of an exhibit, but he very easily could do that. And I would be perfectly willing to have him set it up so it can be reproduced and put in evidence.

Senator COOPER. I would ask it be reproduced and put in the record.

Mr. HUGLER. Do you mean just the checks themselves, without any related documents, without the supporting bank statements?

Senator COOPER. That's what you have been testifying to, about checks drawn on these accounts. We have facsimile copies. I just asked first that a record be made of all of the checks in this period issued by Reynolds and given to the committee.

Mr. HUGLER. Yes, sir.

The CHAIRMAN. I would think that you would want to get the deposit slips, also, and also the building and loan, and I would think—

Mr. McLENDON. He has the deposits. He has a tabulation of all deposits and all withdrawals, do you not?

Mr. HUGLER. Yes, although I do not have here a copy of all deposit slips. I was interested primarily in disbursements. And, of course, I did look at those deposits that appeared to be significant. But not each and every deposit. Deposits are much harder to run down, Major.

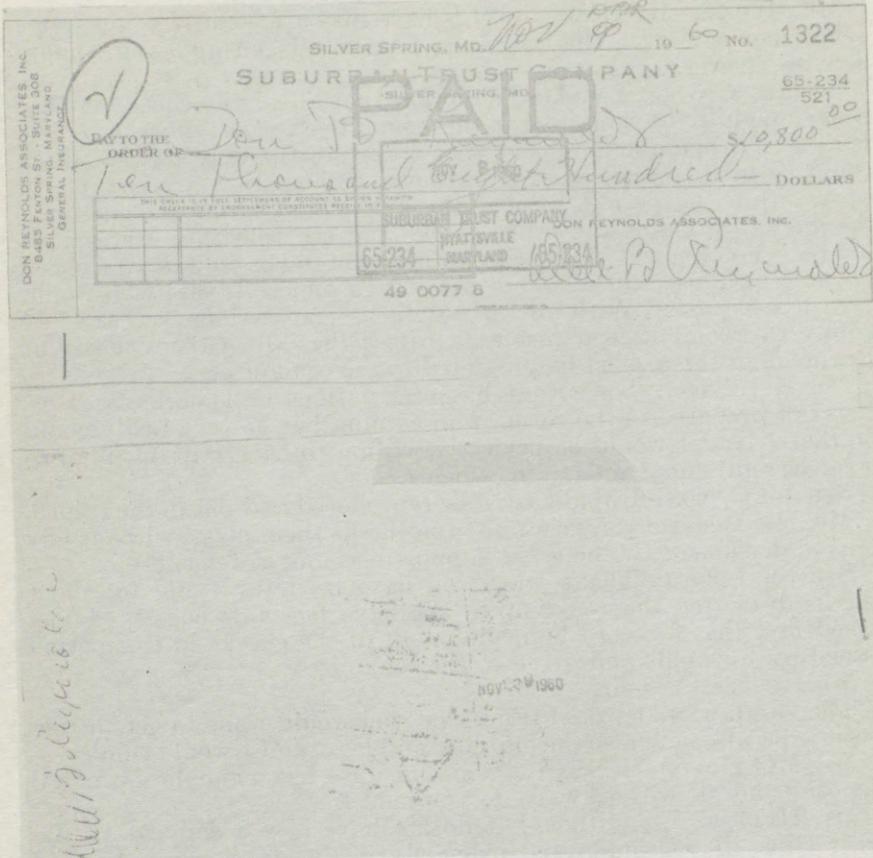
Mr. McLENDON. But it is easy for you to prepare an exhibit, though, that would show all the withdrawals.

Mr. HUGLER. I am sure I can get something satisfactory.

Mr. McLENDON. All right. And I think we should put in evidence the \$10,800 check about which you testified.

(The check referred to is as follows:)

EXHIBIT 80



Mr. McLendon. That is from Reynolds to himself. Now, Mr. Hugler, did you make an examination of the bank accounts of Robert G. Baker for the years 1959, 1960, 1961, and 1963?

Mr. HUGLER. Yes; I did.

Mr. McLENDON. In the report of the committee which was filed with the Senate last year there were figures given of the total cash deposited over most of this period, as I recall it, and there was a table included in the report for part of this.

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

Mr. McLENDON. My question now is: At that time were all these bank records in which Baker had deposits checked to ascertain how much and when cash deposits were made?

Mr. HUGLER. Yes; they were.

Mr. McLENDON. Do you have a tabulation of that here now?

Mr. HUGLER. I do, before me.

Mr. McLENDON. You say you do have it?

Mr. HUGLER. Yes; I do.

Mr. McLENDON. What is the total cash deposits made by Baker for the year 1959?

Mr. HUGLER. \$5,760.

Mr. McLENDON. What is the total for the year 1960?

Mr. HUGLER. \$13,180.

Mr. McLENDON. What is the total for the year 1961?

Mr. HUGLER. \$28,215.

Mr. McLENDON. And the biggest item in the year 1961, \$13,710 in American Security & Trust Co.?

Mr. HUGLER. That's correct.

Mr. McLENDON. What is the total of the cash deposits in 1962?

Mr. HUGLER. \$45,927.

Mr. McLENDON. And the total for 1963?

Mr. HUGLER. The total for 1963 through November 1 is \$13,149.

Mr. McLENDON. And the total of those is \$106,231, for those almost 5 years?

Mr. HUGLER. That's correct.

Mr. McLENDON. I believe that is the exact figure that appeared in the committee report last summer.

Mr. HUGLER. I believe so.

Mr. McLENDON. Now, could you, in examining these deposits in these various banks over this period of time—could you identify any item there that appeared to be a payment of \$5,000 within the date that Reynolds said he made the payment of the \$25,000 to Baker?

Mr. HUGLER. No.

Mr. McLENDON. Offer this in evidence.

(The document referred to is as follows:)

## EXHIBIT 81

Cash deposits of \$500 or more to Baker's checking accounts, Jan. 1, 1959, to Nov. 1, 1963

Date	Bank	Total amount
Jan. 15, 1959	American Security & Trust Co.	\$550
Feb. 2, 1959	do.	500
Feb. 17, 1959	do.	550
Mar. 2, 1959	do.	500
May 1, 1959	do.	500
May 29, 1959	do.	600
June 5, 1959	Union Trust Co.	560
Aug. 24, 1959	American Security & Trust Co.	1,000
Aug. 31, 1959	Union Trust Co.	500
Oct. 30, 1959	American Security & Trust Co.	500
	Total, 1959	5,760
Feb. 9, 1960	American Security & Trust Co.	600
Feb. 29, 1960	do.	540
Mar. 7, 1960	do.	800
Mar. 21, 1960	do.	500
Mar. 29, 1960	do.	500
Apr. 28, 1960	do.	500
May 17, 1960	do.	600
May 27, 1960	National Bank of Washington	600
June 21, 1960	American Security & Trust Co.	540
Aug. 12, 1960	National Bank of Washington	500
Aug. 15, 1960	American Security & Trust Co.	2,100
Oct. 7, 1960	do.	2,000
Nov. 10, 1960	do.	2,200
Dec. 7, 1960	National Bank of Washington	1,200
	Total, 1960	13,180
Feb. 1, 1961	National Bank of Washington	1,000
Feb. 10, 1961	American Security & Trust Co.	600
Mar. 3, 1961	do.	575
Mar. 20, 1961	do.	700
Apr. 25, 1961	do.	2,000
June 12, 1961	do.	1,000
July 7, 1961	do.	3,500
July 10, 1961	McLachlen Banking Corp.	1,000
Aug. 10, 1961	American Security & Trust Co.	500
Oct. 19, 1961	National Bank of Washington	2,000
Oct. 24, 1961	American Security & Trust Co.	13,710
Nov. 20, 1961	do.	500
Dec. 11, 1961	do.	530
Dec. 28, 1961	do.	600
	Total 1961	28,215
Jan. 22, 1962	American Security & Trust Co.	500
Mar. 5, 1962	do.	677
Mar. 30, 1962	do.	1,500
Apr. 24, 1962	do.	575
May 21, 1962	do.	1,000
June 11, 1962	do.	600
July 9, 1962	do.	2,500
Aug. 23, 1962	do.	500
Sept. 21, 1962	do.	575
Oct. 11, 1962	do.	500
Nov. 1, 1962	American National Bank of Silver Spring	5,000
Nov. 2, 1962	do.	2,000
Nov. 12, 1962	do.	2,500
Nov. 12, 1962	do.	9,500
Nov. 19, 1962	do.	5,000
Nov. 20, 1962	McLachlen Banking Corp.	1,400
Nov. 29, 1962	American Security & Trust Co.	2,600
Nov. 30, 1962	American National Bank of Silver Spring	8,000
Dec. 21, 1962	American Security & Trust Co.	1,000
	Total 1962	45,927

CONSTRUCTION OF DISTRICT OF COLUMBIA STADIUM 817

Cash deposits of \$500 or more to Baker's checking accounts, Jan. 1, 1959, to Nov. 1, 1963—Continued

Date	Bank	Total amount
Jan. 15, 1963	American National Bank of Silver Spring	\$3,000
Jan. 16, 1963	American Security & Trust Co.	500
Feb. 6, 1963	do.	1,600
Mar. 26, 1963	do.	500
Mar. 26, 1963	District of Columbia National Bank	2,000
Apr. 8, 1963	American Security & Trust Co.	500
Apr. 22, 1963	do.	516
May 1, 1963	District of Columbia National Bank	1,000
May 13, 1963	do.	1,000
June 7, 1963	American Security & Trust Co.	617
July 29, 1963	McLachlen Banking Corp.	1,100
Oct. 15, 1963	do.	717
Total to Nov. 1, 1963		13,149

RECAPITULATION

1959	\$5,760
1960	13,180
1961	28,215
1962	45,927
1963 (through Nov. 1)	13,149
Total	106,231

Mr. McLENDON. Mr. Hugler, is there anything else you want to tell the committee about your efforts to check these accounts?

Mr. HUGLER. No, sir; I don't think so. I think the record is adequate.

Mr. McLENDON. I believe you did find in this Suburban Trust Co. personal account that there was a period in it missing, did you not? (At this point, Senator Pell entered the hearing room.)

Mr. HUGLER. I have here the personal account that Mr. Reynolds maintained at Suburban Trust Co.

Mr. McLENDON. Is that in his individual name?

Mr. HUGLER. Yes—together with his wife.

Mr. McLENDON. All right. Go ahead.

Mr. HUGLER. I have here the monthly bank statements for approximately 4 years, starting in 1960—four and a half years. They are all here, with one exception.

Mr. McLENDON. They are all there except what?

Mr. HUGLER. They are all here, with one exception. The bank informed me at the time they furnished this particular information that box No. 21 was missing from the period April 12, 1961, through May 18, 1961. So the examination has been complete with this one exception—this bank statement is not available, and therefore could not be examined. The bank has endeavored to locate it without success.

Mr. McLENDON. And was that same information given to the IRS people when they checked it?

Mr. HUGLER. Yes, sir.

Mr. McLENDON. This was an account in another bank in which there were missing records in the period April 12, 1961, to May 17, 1961. I believe that's all, Mr. Chairman.

Senator COOPER. Directing your attention to exhibit 81—can you identify for the committee whether any of these deposits were cash?

Mr. HUGLER. They were all cash.

Senator COOPER. All cash?

Mr. HUGLER. Yes, sir.

Senator COOPER. I think it would be quite difficult, then, for anyone to say that one could not find any apparent relationship between cash payments, if any there were, by Reynolds and cash deposits by Baker. Wouldn't you agree?

Mr. HUGLER. I believe the question asked me was did I find any cash deposits by Baker in the amount of \$5,000 and my answer to that, of course, is "No."

Senator COOPER. Can I ask you, or ask anyone who can testify on behalf of the committee, or on behalf of the staff, that when these examinations were made of either Reynolds accounts in the bank or Baker's, was the bank asked if either had a safe deposit box in these banks?

Mr. HUGLER. I do know, because I was told by bank officials that Mr. Reynolds has a safe deposit box at Suburban Trust Co., in Hyattsville, Md. I do not believe I can answer your question beyond that.

Senator COOPER. I think it should be made a part of the record whether or not the committee has asked banks in which Mr. Baker had deposits if he had a safe deposit box in those banks. I think that should be a part of our record.

Mr. McLENDON. I cannot answer that question, because Mr. Drennan, who was with the committee when most of this data was compiled on Baker last year, is no longer with us. My recollection is that he did check safe deposit boxes, but I would not state that as a fact.

The CHAIRMAN. We will get that information if it has not been gotten.

Mr. McLENDON. We were looking then, of course, to see if we could identify the mysterious \$40,000, and we were examining pin point all over eight States to try to find it. We never did find it. That is all.

The CHAIRMAN. Senator Pell?

Senator PELL. Mr. Chairman, I don't know if this is a proper question or not, but I am confused in trying to follow the sequence of checks. In your opinion as an accountant, does the preponderance of evidence that you have uncovered substantiate Reynolds' story or McCloskey's story? Is that an improper question?

Mr. McLENDON. Well, I think the way you state it it would be improper; yes. You might ask him whether it substantiates cash payments of \$25,000—he might answer that one.

Mr. HUGLER. Senator Pell, I wish I could answer your question, but I am unable to. I do not know what the true facts are here. We have both of these gentlemen taking directly opposite views, making directly opposite statements. I have no way of telling from the records I have examined which of them is right and which is wrong. All I can do is recite to you the financial facts I have uncovered. I wish I could answer such a question.

Senator PELL. They do not substantiate Reynolds' story, nor do they negate it either, as you have recited it. Wouldn't that be a correct statement?

Mr. HUGLER. I can agree with you by saying this: After this analysis I am still unable to form any particular, clear opinion.

Senator PELL. Thank you.

Mr. McLENDON. One question I intended to ask you. Did Mr. Hauff tell you that he signed a waiver with respect to his own income tax return so that the Department could examine him indefinitely back beyond the 3-year period?

Mr. HUGLER. Yes; I believe he did.

The CHAIRMAN. That is all, Mr. Hugler.

Mr. McLENDON. Mr. Chairman, I would like to call Mr. Scott back to the stand for one brief question.

The CHAIRMAN. Mr. Scott has been sworn?

#### TESTIMONY OF SAMUEL SCOTT

Mr. SCOTT. Yes, sir.

Mr. McLENDON. Mr. Scott, since you testified the other day, did you check the books of the Carroll Arms Hotel to ascertain whether or not it has any record that Mr. Wayne Bromley paid them some money about the time that he received a check for \$5,000 in evidence?

Mr. SCOTT. I have.

Mr. McLENDON. What was the result?

Mr. SCOTT. An examination of the records reflect that on March 12, 1963, Wayne Bromley was credited with a payment of \$2,500 on his account No. 70 with the Carroll Arms.

Mr. McLENDON. All right. That's all.

Senator COOPER. Did you ascertain what account No. 70 represented?

Mr. SCOTT. Account No. 70 was the account of a Wayne Bromley, 1000 16th Street NW., Washington, D.C.

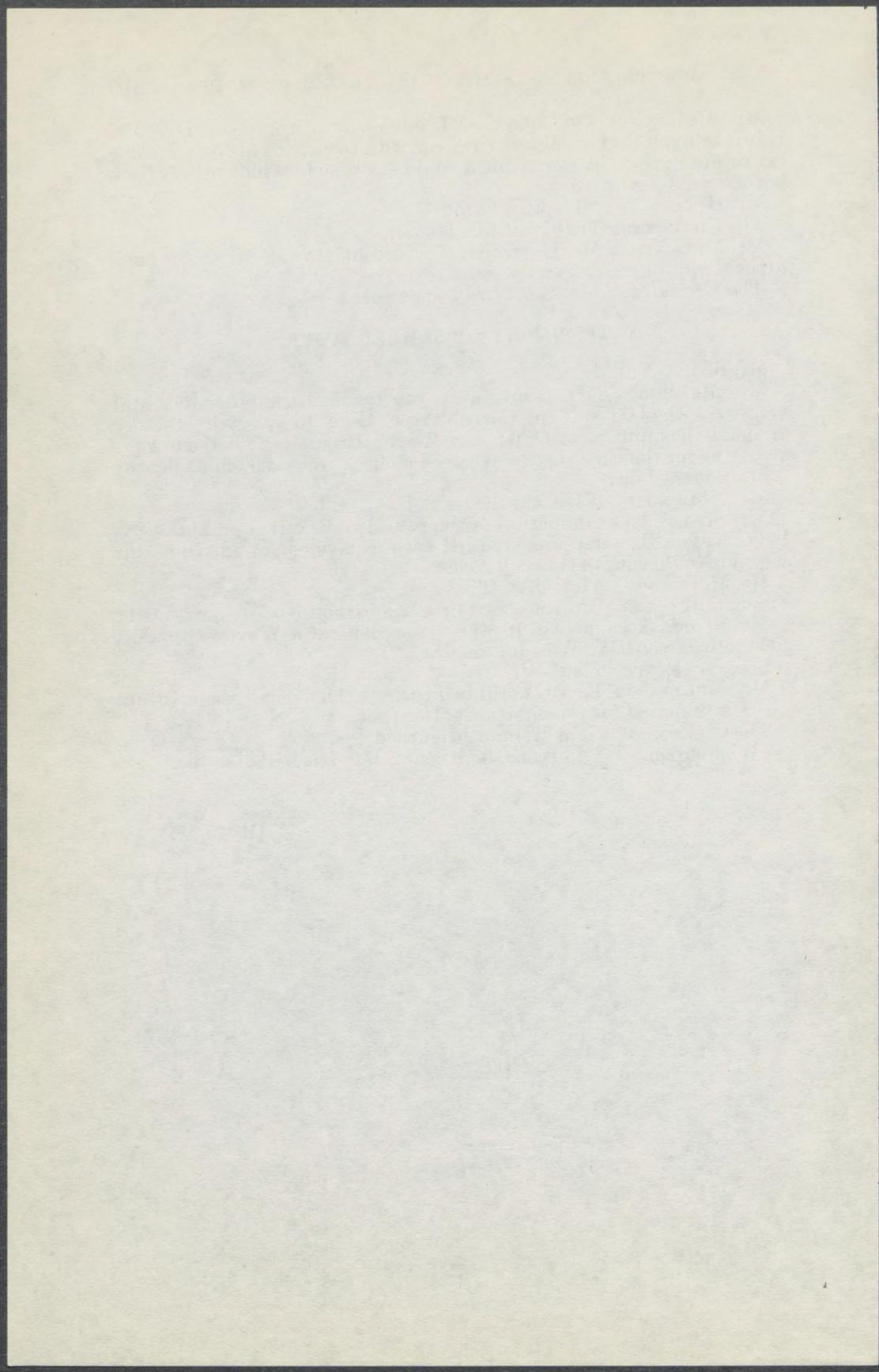
Senator COOPER. That's all.

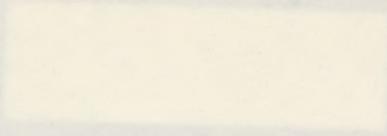
Mr. McLENDON. I have nothing further. That is all the evidence we have prepared for presentation at this time.

The CHAIRMAN. We will stand adjourned.

(Whereupon, at 5:45 p.m., the hearing was recessed sine die.)









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