

1 Q Did the hiring of Jeralee Richmond have anything to
2 do with your shoring up your needs in Detroit?

3 A No, that was a separate transaction based on giving
4 somebody a job that needed a job that I knew and could help
5 me.

6 Q Now, you testified that there was nothing wrong with
7 having Jeralee Richmond working at the House of Diggs?

8 A That's correct.

9 Q And I just make it clear there has been no argument
10 from the Government on that point. But you have testified that
11 she could work anywhere in the State of Michigan on your
12 behalf; correct?

13 A Yes, sir.

14 Q Did you read that in the regulations for the House
15 Committee on Administration?

16 A Well, I knew that to be the fact.

17 Q How did you know that to be the facts?

18 A I have seen it in various documents and I have
19 heard members of Congress say it in conversations and so forth.

20 Q Now, you say you have read it in various documents.
21 Have you ever looked at the regulations of the House Committee
22 on Administration?

23 A From time to time, yes.

24 Q For the purpose of determining what would be proper
25 and what would be not proper regarding your allowances?

001145

1 A I have looked at the regulations from time to time
2 for various reasons.

3 Q Can you recall having ever looked at them for the
4 purpose of determining what would be proper or improper use of
5 your various allocations or allowances?

6 A Mr. Kotelly, I have already admitted and counsel has
7 admitted --

8 Q I am asking you to answer my question, Mr. Diggs.
9 Please do that.

10 I am asking if you recall on any of the occasions
11 you looked at the regulations on the House Committee on
12 Administration for the purpose of determining what was proper
13 or improper as to the uses of your allowances. That's the
14 only question I am asking, sir.

15 A Well, I have looked at it.

16 Q You do recall on occasion having looked at it for
17 that purpose?

18 A For that purpose?

19 Q That's what I am asking you, sir.

20 A I have looked at it for that purpose.

21 Q Thank you, sir.

22 When did George Johnson start doing accounting work
23 for you?

24 A Oh, after he succeeded the Dick Austin firm. That
25 must have been -- well, let's see. Dick Austin was elected as

001146

1 Wayne County auditor, first black --

2 Q Mr. Diggs, if you could just --

3 A I'm trying to refresh my memory because Dick Austin
4 closed up his firm because of an election.

5 Q If you could think to yourself and then answer the
6 question I would appreciate that, sir.

7 A I think it was in the latter part of -- it was some-
8 time in the '60s or early '70s, somewhere in there.

9 Q Did Mr. Johnson begin first working on your personal
10 accounting work, or did he first begin with the House of
11 Diggs or was it both at the same time?

12 A I don't know which came first. He was -- he's been
13 doing it. I don't recall which came first.

14 Q Would they be near the same time?

15 A Well, they could be. I don't really know. I don't
16 really know.

17 Q You have also testified that Mr. Johnson did
18 accounting work for other members of your family; is that
19 correct?

20 A That is correct. That is correct.

21 Q When did he begin doing that?

22 A Well, as far as my daughter is concerned, that was
23 subsequent because she was a student and she didn't start
24 working and needing somebody to do her tax work until later
25 on. So, therefore, you are talking about in addition to the

001147

1 House of Diggs, you are talking about myself and my mother.

2 I think probably my oldest son at one time, Charles C. Diggs,

3 III. He was the oldest member of the family.

4 Q The accounting work that Mr. Johnson did for members
5 of your family, would he individually bill the member of the
6 family, or would he bill you?

7 A He would bill individual members of the family.

8 Q When he did accounting work for you personally,
9 would he bill you or would he send the bill elsewhere?

10 A He sent me bills.

11 Q Would he send the bills to you here in Washington?

12 A Either to me here in Washington or he could have
13 sent them to the Detroit Congressional Office or to the funeral
14 home.

15 Q Do you recall whether he sent the bills to you here
16 in Washington?

17 A I don't recall specifically, but they all ended up
18 here, Mr. Kotelly, is all I am saying. Anything addressed to
19 me personally was forwarded here to me in Washington.

20 Q How frequently did you receive bills from Mr. Johnson
21 back let's say in 1972 and the early part of 1973?

22 A I don't recall, but I guess I would assume that he
23 did it on a monthly basis.

24 Q Do you recall receiving bills on a monthly basis
25 from George Johnson?

001148

1 A I do not recall that specifically, no, sir.

2 Q During that period of 1972 and the beginning of
3 1973, were you paying George Johnson out of your own personal
4 funds for his accounting work?

5 A The period again, please?

6 Q 1972 through the first half of 1973 were you paying
7 George Johnson out of your own personal funds for his account-
8 ing work for you, personally?

9 A Some monies were paid by me. Other monies were paid
10 by the House of Diggs as part of my compensation.

11 Q So, that the House of Diggs was paying, instead of
12 paying compensation to you would be paying part of your bill,
13 personal bill with Mr. Johnson; is that your testimony?

14 A Sometimes that happened; that's true.

15 Q Were you given notice as to when the House of Diggs
16 was paying for your personal portion of the bill out of what
17 would have been compensation for you?

18 A I would assume so.

19 Q You don't know.

20 A I would assume so.

21 Q Are you assuming that the House of Diggs paid
22 Mr. Johnson for debts owed personally by you?

23 A I know they did. I know they did.

24 Q I'm asking you whether you received notice from
25 the House of Diggs that that's what they were doing?

001149

1 A Well, I know that they were paying bills for me that
2 were for services rendered by George Johnson from time to
3 time, yes.

4 Q Did you receive reduction in your bills from George
5 Johnson to reflect that the House of Diggs had paid George
6 Johnson?

7 A Mr. Kotelly, I do not remember receiving any such
8 bills or the details in connection with it.

9 Q Do you recall during that period of time paying out
10 of your own personal checking account any checks to George
11 Johnson?

12 A I don't recall specifically.

13 Q Have you looked through your checking account
14 records?

15 A No, sir.

16 Q You have not?

17 A Well, I certainly haven't. Why would I for that
18 particular item.

19 Q In June of 1973 when you had discussions with
20 George Johnson, you mentioned meeting him at you thought it
21 was Coleman Young's fund raiser or some other political
22 affair?

23 A Yes, sir.

24 Q Did Mr. Johnson talk to you about the outstanding
25 bill at the House of Diggs?

A No.

001150

1 Q It was not raised at all?

2 A I do not recall it being raised at that kind of a
3 function.

4 Q Was it a concern of yours that there was a large
5 outstanding bill at the House of Diggs?

6 A I was concerned about all bills at the House of
7 Diggs.

8 Q Do you recall receiving a letter from George Johnson
9 saying that he would have to discontinue his services to the
10 House of Diggs and to you personally because of outstanding
11 bills?

12 A I don't recall specifically but I could accept that
13 he did send such a letter.

14 Q But you have no such recollection of that?

15 A Not in a personal sense but I would concede that he
16 sent a letter because we did owe him money.

17 Q You do not recall having any conversation with Mr.
18 Johnson at that political party about that outstanding bill?

19 A Not at that political party, no sir.

20 Q Are you certain that that conversation did not occur?

21 A I am certain that it did not occur at a political
22 party, yes sir.

23 Q Do you know which political party I am referring to,
24 one that you first mentioned to George Johnson about the possi-
25 bility he was going to work for you on the committee staff or

001151

1 your personal staff?

2 A The fund raiser for Coleman Young or something akin
3 to it which has been referred to here, yes sir.

4 Q As long as we are talking about the same event.

5 A Yes sir. Yes sir.

6 Q Is it your testimony that there was no conversation
7 during that meeting, that particular meeting in which the bill
8 that was owing either to the House of Diggs or by your per-
9 sonally to George Johnson was brought up and mentioned?

10 A I am testifying to that extent, yes sir.

11 Q You are positive of that?

12 A I'm positive of that.

13 Q So that when George Johnson testified that that
14 subject did come up most likely at your initiation that he
15 would be incorrect in that matter?

16 A I am testifying that I did not make any such repre-
17 sentations to Mr. George Johnson on that occasion period.

18 Q So then my question is is Mr. Johnson incorrect?

19 MR. WATKINS: I'm going to object, Your Honor. It is
20 for the jury to determine.

21 THE COURT: Sustained. Sustained.

22 BY MR. KOTELLY:

23 Q Congressman Diggs, at that function or that party
24 did you directly offer a job to George Johnson to work on either
25 your staff or the Committee?

001152

1 A The conversation at that party you are talking
2 about?

3 Q Yes.

4 A Yes, I made an offer to him.

5 Q And the offer was to work on what? Was it the
6 Committee or the staff?

7 A It was in connection with my official representation,
8 my Congressional work here in Washington.

9 Q You did not mention that you were anxious to have
10 him work on a committee assignment?

11 A Well, I mentioned to him that this was a possibility.
12 I talked generally in terms of my needs and one of the needs
13 that was emphasized was the kind of expertise that he had that
14 related to my committee work.

15 Q And what type of actual accounting work did you
16 expect, if any, for George Johnson to do either for your
17 committee or for your own personal staff?

18 A Well, I was not hiring nor did I represent any posi-
19 tion to Mr. Johnson in connection with his accounting capacity.

20 Q So that you were not interested in his expertise and
21 knowledge as an accountant?

22 A No, I was not. I already had access to that in a
23 different setting.

24 Q Mr. Diggs, isn't it a fact that you offered the job
25 to George Johnson for the purpose of paying for either your

001153

1 personal bills or the House of Diggs bills that were owing to
2 George Johnson?

3 A That is absolutely untrue.

4 Q Did you have any conversations with Jean Stultz at
5 the time that you told her to put George Johnson on the payroll
6 that maybe this would take care of the bill of George Johnson?

7 A I had a conversation with Jean Stultz but I did not
8 have a conversation with her according to what you just said.

9 Q You were present when Jean Stultz testified to that
10 fact; were you not?

11 A I was present when she testified period.

12 Q You have no recollection of making that statement to
13 Jean Stultz?

14 A I did not make that representation to Jean Stultz,
15 flatly.

16 Q After George Johnson went to work for you on your
17 staff how frequently did you meet with George Johnson?

18 A Well, I think there were only two or three times
19 when George came to Washington. I was going back to Detroit
20 oh, every other week, and I saw George just about every time
21 I came back.

22 Q Did you have meetings with George Johnson specifically
23 for the purpose of talking to him about your Congressional
24 concerns in Congressional matters?

25 A The meetings that I had with George Johnson covered

001154

1 the entire range of my relationship with him.

2 Q You would talk to him about the House of Diggs
3 business and any concerns you had regarding that; is that cor-
4 rect?

5 A Yes sir.

6 Q And you talked to him about any accounting work or
7 concerns regarding tax matters that you may have had personally
8 with George Johnson at these meetings?

9 A That is correct and in addition to that I talked to
10 him about my official representation in Congress in relation
11 with him.

12 Q You have indicated during your testimony that George
13 Johnson was involved in ICBIF?

14 A Yes sir.

15 Q Which you founded, correct?

16 A Yes sir.

17 Q There were other persons in your community that were
18 also involved in ICBIF; is that correct?

19 A Everybody who was -- who had any kind of reputation
20 for dealing with black business problems, yes sir.

21 Q Was George Johnson in some official capacity in
22 ICBIF? Did they have officers?

23 A Yes sir.

24 Q Was George Johnson an officer?

25 A Not in the earlier days of the organization. I know

001155

1 he became and was very active. If he eventually held an office,
2 I don't remember just off the top of my head.

3 Q So that your interest was the fact that George
4 Johnson was involved in ICBIF and conversations you would have
5 with him about those problems?

6 A Yes sir.

7 Q Now, did you have conversations with other persons
8 who were also equally involved in ICBIF, equally being equal
9 to George Johnson?

10 A Oh, yes sir. Walter MacMertry, Larry Daws. In fact,
11 ICBIF, the advisory board, the group that was pulled together
12 was pulled together specifically from the community of people
13 who dealt with black business enterprises and that included
14 the heads of businesses and people who had accounting back-
15 grounds, black economic development interests and matters re-
16 lating thereto.

17 Q Was Walter MacMertry a businessman?

18 A Walter MacMertry is a small business specialist. He
19 is now the President of ICBIF.

20 Q Did you have conversations with Walter MacMertry
21 about his expertise in the area of small business development?

22 A Oh yes, yes sir. He is one of my principle advisors
23 on this question.

24 Q Did you have him on your staff at any time and pay
25 him a Congressional salary?

001156

1 A I have not had the services of Walter in that capacity.

2 Q Have you ever had any personal debts outstanding

3 for any period of time to Walter MacMurry?

4 A To Walter MacMurry personally?

5 Q Yes sir.

6 A No sir.

7 Q Larry Daws, what position did he have?

8 A Larry was one of the original group. He came to the
9 first meeting. He had just arrived in the community. He was
10 the Deputy Director of the Internal Revenue Service, the first
11 black to hold that particular position, and I think Larry was
12 -- he was an officer and a member of the Board of Directors.

13 Q Did you consult with Mr. Daws about problems relating
14 to ICBIF in the black community?

15 A Yes sir, day and night.

16 Q Did you ever put Mr. Daws on your Congressional staff
17 and pay him a salary?

18 A No sir. Larry Daws was a neighbor of mine. He lived
19 right in back of me.

20 Q I think you have answered my question, sir.

21 During the time that George Johnson was working for
22 you on your Congressional staff did he ever indicate to you
23 that he was not receiving any Congressional-type work?

24 A Would you repeat that question?

25 Q. Did Mr. George Johnson during the time that he was

001157

1 on your staff ever complain to you that he was not getting
2 any Congressional work?

3 A He wished that he could get more Congressional work.

4 Q That's not my question.

5 Did he complain he wasn't getting any Congressional
6 work?

7 A No sir.

8 Q He never once mentioned that.

9 A I don't remember any such -- I don't remember any
10 such flat expression as that at all.

11 Q He appeared satisfied with the money he was receiving
12 from you on the Congressional staff and the work that he was
13 doing?

14 A I do not recall any such complaints.

15 Q Do you recall any statements to you by George John-
16 son that his bills for accounting were much greater than the
17 money he was receiving in his Congressional salary and there-
18 fore he needed more money from the Congressional salary?

19 A I don't recall that conversation as you have con-
20 structed it, no sir.

21 Q At the time that you first hired George Johnson did
22 you talk to him about specifically what his duties were going
23 to be?

24 A I told him that I wanted him as a special consultant
25 with respect to black economic problems, economic development

001158

1 problems, small business matters and things relating to that
2 kind of background.

3 Q When did you tell him that?

4 A Well, I indicated it first in our meeting in a
5 general sense, in our meeting at this gathering because I said,
6 "I need you for the purpose of providing me with this kind of
7 expertise in connection with all of these duties that are press-
8 ing upon me."

9 Q Did you tell Mr. Johnson what his salary was going
10 to be at that time?

11 A No. Salary was not mentioned at that time.

12 Q How did you determine how much money to pay George
13 Johnson?

14 A Well, that was done by the Administrative Assistant.
15 That at least made a recommendation -- the people who were --

16 Q Well, the person you are referring to as the Admin-
17 istrative Assistant is Jean Stultz; is that not correct?

18 A That's correct. That's correct.

19 Q During the period of time George Johnson worked there?

20 A That's correct.

21 Q You are saying she decided on her own what George
22 Johnson should make?

23 A In terms of making a recommendation she looked at the
24 payroll. That was one of the functions of an Administrative
25 Assistant, to look at the payroll and to determine how much

001159

1 money was available to take care particularly when I was deal-
2 ing with people who were consultants, because the people who
3 were the regular employees, if you want to use that expression,
4 those amounts, those salaries were standard and generally the
5 people on a consulting basis were paid from funds that were
6 left after the regular people were paid.

7 Q Did you generally follow the recommendations of
8 Jean Stultz?

9 A In connection with what, sir?

10 Q About payment of salary to George Johnson.

11 A Yes.

12 Q Would you always follow her recommendations?

13 A I don't know whether I always followed them but I
14 would use her as a guideline because she had the information.
15 I didn't get involved in those kinds of details.

16 Q She had the information as to the money available
17 but did she have information available as to how much George
18 Johnson was doing on your behalf?

19 A Well, that was not her prerogative. That was not her
20 decision to make.

21 Q It was only you who had knowledge as to how much
22 George Johnson was supposedly doing for you in a Congressional
23 capacity; is that not true?

24 A I don't know whether she knew how much he was doing
25 but in terms of direction and in terms of the direct knowledge

001160

1 of the information he was providing and its relation to me,
2 I was the only one that made that decision. Merely Jean
3 Stultz would be the first person to receive a form from the
4 House Finance Office indicating how much money was available
5 for Clerk Hire and she would go over that and we would have
6 a discussion between us as to any adjustments that would be
7 made and any new appointments or anybody being terminated.

8 Q Congressman Diggs, are you saying there was no re-
9 lationship between what George Johnson got as a salary and
10 what he was doing for you as a Congressman? Is that what you
11 are testifying to?

12 A I am saying that George Johnson was paid according
13 to our ability to pay him at any given month.

14 Q And if you had monies available to you, some excess
15 money, would you give it to George Johnson for that particular
16 month?

17 A Well, I would pay George Johnson that particular
18 month according to funds that were available and that would
19 depend upon many factors and that sometimes he would get more
20 money than at other times.

21 Q But would he get more money than he would earn work-
22 ing as a consultant for you in a Congressional capacity?

23 A No. I think that he received compensation that was
24 consistent with the services that he was rendering me as I
25 saw it.

001161

1 Q But you have indicated that the salary was based
2 though on the funds that were available.

3 A Well, of course. I couldn't go above a certain
4 amount and so therefore it had to be based upon that.

5 O Do you recall any occasions where a salary for a
6 particular month was set to a Payroll Authorization form,
7 was submitted for George Johnson and then because of needs to
8 pay other employees additional monies that George Johnson's
9 salary would then be decreased that very same month?

10 A Well, that's entirely possible.

11 Q Would that have been your decision?

12 A In the final analysis, yes.

13 Q Did George Johnson ever complain to you about the
14 fluctuations in the salary that you gave him?

15 A I could anticipate that he would because some of the
16 months that I have seen listed indicate that that particular
17 month he got a very small amount.

18 Some months he got less, you know, like two or \$300
19 or something.

20 THE COURT: We will take a ten-minute recess.

21 (Recess.)

22 (Jury not present.)

23 MR. KOTELLY: Your Honor, might I inquire how late
24 we are sitting tonight?

25 THE COURT: How much more do you have of the witness?

001162

1 MR. KOTELLY: I imagine a half hour but I would like
2 to break for the evening before I finally decide to quit. I
3 did not know Mr. Diggs was going to testify today and I have
4 not prepared it as completely as I had wanted to.

5 THE COURT: Five o'clock is a good time to break.

6 MR. KOTELLY: I appreciate that.

7 MR. POVICH: Could I be heard on that just for a
8 minute?

9 THE COURT: Come to the bench.

10 (At the bench:)

11 THE COURT: Yes sir?

12 MR. POVICH: Your Honor, I would prefer to finish
13 up if possible with this witness. I will tell you why.

14 THE COURT: I understand. One gets tired.

15 MR. POVICH: I know that but I can tell you in the
16 interest of my client the strain is a little much and if we
17 could possibly finish I would appreciate it. Your Honor, a
18 half hour isn't going to take us much past the time that you
19 usually finish and we could at least get it out of the way and
20 I could get on to other matters.

21 MR. KOTELLY: Your Honor, this is the second case
22 I have tried with Mr. Povich and I have always acquiesced to
23 Mr. Povich's request to have an evening to finish up a cross-
24 examination of a witness.

25 MR. POVICH: Well, you know, I don't mean to be --

001163

1 MR. KOTELLY: I understand the strain of the client.

2 MR. POVICH: The man is under a great deal of strain
3 and I would like to see him finish if possible. It is an
4 enormous advantage to have Mr. Kotelly to have the night to
5 prepare more complete examination but on the other hand it
6 places him under considerable strain.

7 THE COURT: I guess that's true of all of us. I
8 think five o'clock is a good time.

9 MR. POVICH: Could I inquire tomorrow whether or not
10 if we close early tomorrow do you plan on any rebuttal or can
11 we plan on instructions and closing statements right after-
12 wards?

13 MR. KOTELLY: If there is rebuttal it will be very
14 short.

15 THE COURT: Do you have instructions that I can look
16 at over the evening?

17 MR. KOTELLY: The Government has.

18 MR. WATKINS: I think we have them. I think they
19 are in a form that they can be typed up and gotten to Your
20 Honor this evening.

21 THE COURT: All right. It would be helpful if I
22 could look at them.

23 Now, you furnish to me instructions, proposed in-
24 structions on the two sections of the Code involved?

25 MR. KOTELLY: Yes.

001164

1 THE COURT: Did you have anything else?

2 MR. KOTELLY: We have three additional proposed
3 instructions that we have typed up and ready to give to the
4 Court.

5 THE COURT: All right.

6 MR. WATKINS: Your Honor, how late are you generally
7 here? Should we plan to bring these to your chambers or plan
8 to bring them to your home?

9 THE COURT: I will probably leave about six o'clock
10 tonight. I have got a couple people coming in.

11 MR. WATKINS: Just if we can get here before six?

12 THE COURT: Yes, otherwise bring them by and put them
13 in the mailbox.

14 MR. WATKINS: At your home?

15 THE COURT: Yes.

16 MR. KOTELLY: Should I give these to your lawclerk?

17 THE COURT: Yes. Give them to her.

18 (In open Court:)

19 THE COURT: Bring in the jury.

20 (The jury returned to the courtroom.)

21 THE CLERK: You may retake the stand, sir.

22 CROSS EXAMINATION RESUMED

23 BY MR. KOTELLY:

24 Q Mr. Diggs, did you have conversations with Mr. George
25 Johnson about Congressional matters each and every month he

001165

1 worked on your staff?

2 A Each and every month, yes sir.

3 Q Would you have more than one of these conversations
4 with Mr. Johnson each and every month during the time he
5 worked with you?

6 A I would say so, yes sir. Yes sir.

7 Q What would be the maximum number of separate con-
8 tacts you would have had with George Johnson regarding Con-
9 gressional matters?

10 A Well, I was, as I indicated -- George came to
11 Washington only two or three times so that with those excep-
12 tions all conversations took place in Detroit. I came to
13 Detroit about every other week so twice a month I would have
14 these conversations face to face, although there were occasions
15 when I would talk to him on the telephone.

16 Q How frequently would you discuss Congressional
17 matters with Mr. Johnson over the telephone?

18 A Oh, that could vary. I can't be more specific
19 about telephone calls.

20 Q Was the most frequent way that you discussed the
21 matters with Mr. Johnson in person?

22 A I don't know whether I would say the most frequent.
23 I discussed with him on the telephone. I don't remember the
24 number of telephone calls as well as I can recall the face-to-
25 face conversations and because I know that that would require

001166

1 me coming back to Detroit for the most part and I know that I
2 came back to Detroit about every other weekend, sometimes
3 every week, but on the average every other week.

4 Q Would you call George Johnson on the telephone spe-
5 cifically to talk to him about Congressional problems?

6 A I have.

7 Q And not discuss anything else?

8 A Well, it was very seldom when I would talk to George
9 Johnson that I would not talk about other things, so I would
10 say that that pattern was followed on the telephone, generally
11 speaking, as it was on face-to-face encounters.

12 Q Did you ever ask George Johnson to submit to you
13 any written memorandum regarding any Congressional concern
14 of yours?

15 A Written memorandum?

16 Q Yes sir.

17 A No sir.

18 Q Did you ever ask George Johnson to do any research
19 on your behalf relating to any Congressional matter?

20 A Yes.

21 Q What type of research?

22 A Well, research pertaining to the subject matter of
23 based upon which I brought him into my employment.

24 Q What specifically did you ask Mr. Johnson to do
25 research on?

001167

1 A On small business matters, black enterprise, black
2 economic development.

3 Q What type of research did you ask him to do?

4 A Just research.

5 Q What type of research, going to a library, talking
6 to people?

7 A I left that up to George Johnson. I didn't tell him
8 to go to the library or where to go.

9 Q But you told him to do research?

10 A Yes, and I assumed that he was doing research.

11 Q Did Mr. Johnson report back to you with this infor-
12 mation that he had obtained from research?

13 A On occasions, yes.

14 Q But this would not be in writing?

15 A No. That was not a requirement.

16 Q He would wait for you to come to Detroit in order
17 to report to you?

18 A Well, our telephone conversations constituted re-
19 porting.

20 Q Were these lengthy conversations?

21 A Some.

22 Q Were you satisfied with the research George Johnson
23 did for you?

24 A I was always satisfied with George Johnson's resources
25 and resourcefulness.

001168

1 Q Did you ever ask George Johnson to contact anyone
2 on your behalf regarding Congressional matters?

3 A Well, regarding Congressional matters in the sense
4 of my Congressional interests which were the subject matters
5 that I have just described.

6 Q Have you ever asked him to contact anyone on your
7 behalf relating to a Congressional matter?

8 A Well, in connection to a Congressional matter --
9 well, if by "Congressional matter" you mean the subjects
10 that I have indicated that represented our common interests
11 then the answer is yes.

12 Q Who did you ask George Johnson to see?

13 A To see?

14 Q On your behalf?

15 A Well, it would be people that would be connected
16 with that particular -- those particular subjects.

17 Q Can you name one person that you asked George Johnson
18 to go and see on your behalf?

19 A Well, Walter MacMerty, for example, Larry Daws.

20 Q On your behalf?

21 A Yes sir.

22 Q You could not contact those individuals directly?

23 A Well, in some instances I could and I have.

24 Q For what purpose did you ask George Johnson to con-
25 tact Mr. MacMerty and Mr. Daws?

001169

1 A For purposes of discussions about matters of mutual
2 interest pertaining to the subjects of black economic develop-
3 ment, small business loans and things of that type.

4 Q On how many occasions did you send Mr. Johnson to
5 talk to Mr. MacMertry and Mr. Daws on your behalf?

6 A I didn't say, sir, that I sent him. I said I asked
7 him to make contact with them about certain subjects and the
8 extent of those and the frequency I could not tell you.

9 Q Did George Johnson ever work for you on legislative
10 matters?

11 A No sir.

12 Q Did George Johnson have any conversations with you
13 at the time that he left?

14 A He indicated that he was -- yes. He indicated he
15 was moving his offices from downtown Detroit which was located
16 in my Congressional district further out into the first -- into
17 what was actually the first Congressional district, way out
18 almost near the outskirts of the city.

19 Q Did you tell George Johnson that it didn't matter
20 where in the city or even in the state that he was, that he
21 could still work for you?

22 A I don't know whether that -- if that subject came
23 up at that conversation I would have given him that answer.

24 Q Do you remember whether you did tell him that?

25 A Well, I don't remember the conversation at that

001170

1 particular point in that kind of detail.

2 Q Did George Johnson tell you that he was uncomfortable
3 receiving Congressional salary checks and that is the reason
4 that he wanted to terminate the employment on the staff?

5 A He told me that he was moving out of the District.
6 That is what I remember most vividly.

7 Q Do you remember most vividly Mr. Johnson telling
8 you that he was uncomfortable receiving Congressional payroll
9 salary?

10 A I don't remember that most vividly, no sir.

11 Q Do you remember it even less vividly?

12 A Well, I don't remember it even less vividly.

13 Q Do you remember it at all?

14 A No, I do not.

15 Q Did you try to dissuade George Johnson from leaving
16 your staff salary or staff payroll rather?

17 A Well, if -- yes, yes.

18 Q What did you say to George Johnson?

19 A Well, I told him that I had had a very satisfactory
20 relationship with him and I was hopeful that he would be able
21 to continue but if he wished to terminate that I hoped that I
22 could call upon him and his expertise in the future.

23 Q Now, he left your employment at the end of December
24 of 1974; is that correct?

25 A I missed the date, sir.

001171

1 Q December of '74, the end of December, '74?

2 A If that's what the record shows, yes sir.

3 Q After that time did you continue to have contacts
4 with George Johnson?

5 A Oh yes, yes.

6 Q Did you have contacts with him with the same fre-
7 quency as before he left your staff?

8 A December of '74?

9 Q We are talking about January, '75.

10 A January, '75 and on not as frequently, that's cor-
11 rect, sir.

12 Q Was George Johnson doing any House of Diggs work
13 during those first months of 1975?

14 A I'm sure he was.

15 Q Was he doing personal work for you at tax time in
16 1975?

17 A He handled my tax work, that's correct. Yes sir.

18 Q So did you have frequent contact with him about
19 those matters?

20 A Well, I had contact with him about those matters.

21 Q Did you have discussions with George Johnson during
22 these meetings about the same matters of interest to you,
23 minority business opportunities, SBA problems, any problems
24 relating to any of the development in the City of Detroit?

25 A Not as frequently as we had when he was in my

001172

1 Congressional employment.

2 Q Was there a reason why you didn't talk to George
3 Johnson about these matters?

4 A Well, I mean circumstances change. In January you
5 are talking about January, 1975. I had other people that I
6 could draw upon both in Detroit and in Washington. That was
7 part of the reason.

8 Q You didn't consider George Johnson's information and
9 expertise invaluable to you?

10 A Well, we just talked about it most frequently. I
11 didn't suggest that we didn't talk about it at all.

12 Q Did George Johnson say he wanted to talk to you
13 about it less frequently?

14 A I don't recall him saying that, no.

15 Q Did he say he would only talk to you if you paid
16 him?

17 A No, no.

18 George Johnson and I have known each other for years.

19 Q And you continued to have conversations with him
20 about the very same matters as you had previously been paying
21 him for?

22 A Well, under different circumstances and less fre-
23 quency and all of that.

24 Q What are the different circumstances, sir?

25 A The different circumstances is that the man was no

001173

1 longer on my payroll.

2 Q So you felt that since he wasn't on your payroll
3 that you couldn't talk to him because he was -- even in spite
4 of the fact he was a long-time associate of yours?

5 A Well, that's your construction, not my construction.

6 MR. POVICH: I think he is arguing with the witness.

7 THE COURT: Yes, he is arguing. He has answered your
8 question.

9 BY MR. KOTELLY:

10 Q There was one question I wanted to ask or a couple
11 questions I wanted to ask about Jeralee Johnson before I got
12 too far away from the subject so let me ask you now.

13 A Yes sir.

14 Q When Jeralee Johnson went to work for the House of
15 Diggs in May of 1974 --

16 THE COURT: Jeralee Richmond.

17 BY MR. KOTELLY:

18 Q Sorry. Jeralee Richmond, when she went to work in
19 May of 1974 for the House of Diggs or at the House of Diggs
20 did she receive a House of Diggs salary?

21 A No.

22 Q Did you talk to Jeralee Richmond as to how much time
23 she would be spending on constituent problems at the House of
24 Diggs when she was located there?

25 A I simply told her to make herself available for

001174

1 constituents who came into that building or called that
2 building for these kinds of surfaces.

3 Q You heard Jeralee Richmond's testimony that she
4 spent about 20 per cent of her time on constituent's services?
5 Would that be a correct estimate based on your knowledge of
6 what she was doing?

7 A Based upon her testimony that I heard in this court-
8 room I would accept what she said.

9 Q Would you also accept that she worked a larger per-
10 centage of her time on constituent problems in her previous
11 employment at the House of Diggs than when she did after?

12 A Mr. Kotelly, what she did after she finished taking
13 care of my Congressional business was her business and I had
14 nothing to do with that.

15 Q In other words, you were paying her a salary for the
16 20 per cent of the time that she was there?

17 A I was paying her for her availability to serve my
18 constituents in that office, either those who came in or those
19 who called on the phone. Now what she did beyond that, how
20 much time she spent, was not my concern.

21 Q But you were also an official of the House of Diggs
22 at that time; were you not?

23 A Well, an official technically, yes.

24 Q And it was not your concern that she should receive
25 compensation for the time she spent on accounts receivable at

001175

1 the House of Diggs?

2 A I had nothing to do with that. My daughter was
3 running the funeral home. She is a licensed funeral director.

4 Q Did you talk to your daughter about whether or not
5 Jeralee Richmond should receive a salary from the House of
6 Diggs?

7 A I never had any discussions with my daughter about
8 these matters. It was entirely up to her.

9 Q I would like to turn to Jean Stultz, please. At
10 what point in time did Jean Stultz become the office manager
11 in your Congressional staff?

12 A Oh, it must have been in the early part of January,
13 the early part of 1973, because Dorothy Corker had been my
14 AA, my Administrative Assistant and office manager in the
15 Congressional office and in January of 1973 she moved over to
16 the House District Committee as Chief of Staff and Jean Stultz
17 began to move into that set of duties that Dorothy had over
18 in that office.

19 Q Was she also in January of 1973 handling duties --

20 MR. WATKINS: Your Honor, I'm going to object. Mr.
21 Diggs indicated it was early '73. He couldn't place a date
22 and I object to Mr. Kotelly trying to pin him down to January
23 when he said he couldn't.

24 MR. KOTELLY: I misunderstood Mr. Diggs.

25 BY MR. KOTELLY:

001170

1 Q Was it in January of 1973 that Dorothy Corker left
2 your staff and went over to the committee that you were the
3 chairman of?

4 A Yes sir.

5 Q How long after that did you assign Dorothy Corker's
6 duties to Jean Stultz?

7 A Oh, I would say that those duties, most of those
8 duties were -- well, they had been in transition. I would
9 say that most of those duties were transferred pretty soon
10 after that particular point.

11 Q Now, "pretty soon" is relative. Could you give us
12 a little better idea of what you mean?

13 A Well, in the month of January then.

14 Q So in the month of January Jean Stultz started to
15 assume the duties of the office manager, understanding the
16 fact that Dorothy Corker was still in sort of a transition
17 period; is that correct?

18 A Yes, that's correct.

19 Q Was Jean Stultz also your personal secretary in
20 January of 1972?

21 A That's correct because Eileen Tillett, who had been
22 my personal secretary, left my employment at the end of Decem-
23 ber of 1972, I guess it was.

24 Q Were you satisfied with Jean Stultz' work when she
25 took over the additional duties as office manager?

001177

1 A Yes, yes.

2 Q Did she need a long time to start assuming these
3 duties and being able to handle them professionally?

4 A Well, she went through an orientation period. That
5 was a continuing operation because there were just so many
6 changes that were taking place in my life, congressionally
7 speaking, at that time.

8 Q We are talking about Mrs. Stultz' duties and respon-
9 sibilities and whether she was able to assume them.

10 A She was able to -- she was satisfactorily making
11 the transition, yes sir.

12 Q Now, Jean Stultz in January of 1973, was she sub-
13 mitting recommendations to you for the payroll of the staff
14 members on your personal staff?

15 A Yes.

16 Q That was one of her functions?

17 A That's correct.

18 Q She was also handling your bank accounts; is that
19 correct?

20 A She was handling my financial affairs, that's
21 correct.

22 Q All right. Was she handling the balancing of your
23 checkbook or the writing of your checks?

24 A Well, she was handling my financial affairs. I don't
25 know about balancing checkbooks and all that but she had charge

001178

1 of that particular function, yes.

2 Q Would she write the checks and give them to you for
3 your signature?

4 A Most of the time.

5 Q Do you remember any time that you authorized Jean
6 Stultz to sign your name for you?

7 A On a check?

8 Q On a check.

9 A No. That was -- I think in most instances, if not
10 every instance, any check out of that account would be signed
11 by me personally.

12 Q Did you have in that period of time, 1973 through
13 the end of '76, any additional checking accounts other than
14 the House Sergeant at Arms Account?

15 A No sir.

16 Q That was your only account then?

17 A Yes sir.

18 Q In that period of 1973 through the end of 1976.

19 Let's go to the beginning of 1976, if you can, and
20 try to recollect that time period. Was anyone other than
21 Jean Stultz handling your financial matters?

22 A At the beginning of 1976?

23 Q Yes, 1973, let's say, to the end of 1975.

24 THE COURT: What is your question?

25 The end of '75 or the beginning of '76?

001179

1 MR. KOTELLY: Either way, Your Honor, December 1st
2 of '75, January 1st of '76. I don't think there is any dis-
3 tinction as to that day but I'm trying to focus your time
4 frame from January of '73 to the end of 1975.

5 MR. POVICH: What is the question, Mr. Kotelly?

6 BY MR. KOTELLY:

7 Q The question was, was Jean Stultz the only person
8 who was handling your financial matters?

9 A As far as I can recollect sitting here, Mr. Kotelly,
10 yes sir.

11 Q Now, in 1976 was the year that Jean Stultz actually
12 left your employment at the end of August, correct?

13 A That's correct, yes sir.

14 Q During those first eight months of 1976 had anyone
15 else assumed the duties of handling your financial matters
16 besides Jean Stultz?

17 A The first eight months, I am not quite sure because
18 Lorraine Westbrook came into the picture and I'm not quite
19 sure whether during that period that you are talking about
20 whether Westbrook began to handle any of this business. I just
21 don't remember.

22 Q Now during the period that Jean Stultz was handling
23 your financial matters did you meet with her at least once
24 a month to discuss which bills were to be paid and which bills
25 were to be ignored?

001180

1 A I met with Jean Stultz at least once a month to go
2 over these matters, yes sir.

3 Q Would Jean Stultz give you a piece of paper listing
4 all your creditors and the amounts due each month?

5 A As I recall that was the procedure that she followed
6 from her predecessor.

7 Q And you discussed with Jean Stultz based on this
8 sheet of paper which creditors to pay and which ones to ignore?

9 A Our discussions revolved around the list of creditors
10 that she had outlined, a schedule of accounts payable.

11 Q Did Jean Stultz ever talk to you in terms of a
12 special account?

13 A Talk to me in terms of a special account?

14 Q Did she ever use that term?

15 A That expression was used, yes, yes.

16 Q Did you know what Jean Stultz meant when she talked
17 about that?

18 A Of course I knew what she meant.

19 Q What did she mean?

20 A She referred to bills that she was paying from her
21 salary on a personal basis and on the basis of Congressional-
22 related expenses that she was paying.

23 Q The special account, did it refer to bills or to money
24 that was available to pay those bills?

25 A It referred to monies, I believe, but it was -- it

001181

1 generally just referred to those transactions period.

2 Q Did Jean Stultz tell you each month how much money
3 that she had available to pay your bills?

4 A Each month during what period, Mr. Kotelly?

5 Q During the period of time she was handling your
6 financial matters.

7 A Well, during what particular period? There are
8 differences.

9 Q Well, what are the differences?

10 A Well, you tell me the period and I will tell you.
11 I will be more definitive.

12 Q The beginning of 1973 through March of 1976.

13 A In that period -- well, in the beginning of 1973
14 and '73, as I have already testified, she paid for the picture.
15 She paid I believe a telephone bill for the Detroit --

16 Q That's not my question, Mr. Diggs.

17 A That's the only way I can answer you, sir, unless
18 you are going to get specific about the period in question.
19 I will have to divide it up that way because we are talking --

20 Q Mr. Diggs, let me ask the question.

21 THE COURT: Not both of you at once, and besides,
22 I told you gentlemen at the bench that we would recess around
23 5:00 o'clock. It is now 5:05 and I want to let the jury go at
24 this time. We will resume tomorrow morning at 9:30.

25 The Court thinks you have heard enough today. I
want you to be sure to understand what you are hearing.

001182

1 Sometimes we all get a little bit tired toward the end of the
2 day.

3 So we will recess at this time until 9:30. Remember
4 what I previously told you. Don't discuss the case among
5 yourselves. Don't let anybody talk to you about it and don't
6 talk to anybody about it. You are excused until 9:30 tomorrow
7 morning.

8 (Jury excused.)

9 Gentlemen, we don't have any preliminaries tomorrow
10 so we will get started promptly.

11 (Whereupon, at 5:10 o'clock p.m. the above-
12 entitled matter was recessed, to reconvene at
13 9:30 o'clock a.m. on October 5, 1978.)

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001183

1 UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF COLUMBIA

4 UNITED STATES OF AMERICA]

5 vs.] Criminal No. 78-142

6 CHARLES C. DIGGS, JR.,]

7 Defendant.]

9 TRANSCRIPT OF PROCEEDINGS

10 Washington, D. C.

11 October 5, 1978

13 The above-entitled matter came on for further
14 hearing at 9:30 o'clock a.m. in open court before:

15 HONORABLE OLIVER GASCH
16 UNITED STATES DISTRICT JUDGE.

17 APPEARANCES:

18 ON BEHALF OF THE GOVERNMENT:

19 JOHN KOTELLY, ESQUIRE
ERIC MARCY, ESQUIRE.

20 ON BEHALF OF THE DEFENDANT:

21 DAVID POVICH, ESQUIRE
ROBERT WATKINS, ESQUIRE
BERNARD CARL, ESQUIRE.

-00-

JUDITH B. MOORE, CSR
Official Court Reporter

001184

PROCEEDINGS

THE CLERK: Criminal Case No. 78-142, Case of United States versus Charles Diggs. For the Government Mr. John Kotelly and Mr. Eric Marcy. For the Defendant Mr. David Povich, Mr. Robert Watkins and Mr. Bernard Carl.

THE CLERK: Are we ready to proceed, Mr. Povich?

MR. POVICH: Yes.

THE COURT: All right. Bring in the jury.

(Whereupon, the jury returned to the courtroom.)

THE COURT: Good morning, ladies and gentlemen.

Counsel may proceed.

THE CLERK: Mr. Diggs, will you retake the stand?

Your Honor, the witness has been previously sworn.

THE COURT: Yes sir.

Whereupon,

CHARLES C. DIGGS, JR.

defendant herein, resumed the witness stand by and in his own behalf, and having been previously sworn was further examined and testified as follows:

CROSS EXAMINATION (Resumed)

BY MR. KOTELLY:

Q Mr. Diggs, when we recessed yesterday we were just beginning or I was just beginning to question you about the special account of Jean Stultz. You indicated yesterday, is it correct, that the special account was the monies from her

001185

own personal account that were available to spend on your expenses; is that correct?

A Mr. Kotelly, the special account was a reference to a list of items. It did not represent any special account in any other sense of the word.

Q Right. I'm not suggesting that it was a special checking account or anything. What I'm asking you, though, is the special account referred to money, did it not, money that would be available to pay for expenses on your behalf?

A No. It was a broader reference than that. I don't recall how the term special account came about. It was used in reference to Congressional bills and my personal bills.

Q Wouldn't Mrs. Stultz ask you, "Shall I pay certain bills out of the special account"?

A We went over the entire accounts payable when we got together about once a month. There was a listing of all accounts and accounts that I paid, accounts that she paid, accounts that were related to Congressional matters and accounts that related to my personal matters.

Q Mr. Diggs, my question was didn't Jean Stultz say to you on occasion, "Shouldn't I pay this bill out of the special account"?

A She may have used that reference from time to time but it had a general meaning. It was not a specific meaning.

Q Well, even in the general meaning did it mean the

001186

1 monies that were available to spend for your expenses?

2 A It meant, as I have stated, Mr. Kotelly. It meant
3 it was a general reference to the process of our going over
4 accounts both personal and Congressional that I would be paying
5 and that she would be paying.

6 Q Each month during this period of time that Jean Stultz
7 was paying for your expenses did Jean Stultz at the beginning
8 of the month when you would sit down and go over your bills
9 tell you how much was available to you out of her salary? .

10 A We talked about this in a general fashion because I
11 don't know whether she could say each month what was available.
12 It was not done on that kind of a basis.

13 Q You would go over the expenses, tell Jean Stultz which
14 bills to pay and which bills not to pay; is that correct?

15 A Well, she would ask me because we would have a list
16 of accounts payable both personal and Congressional, some bills
17 that I would be paying out of my own salary and my own account,
18 some bills that she would be paying. We would go over that
19 account and there would be a mutual discussion about it.

20 I did not prioritize these items based upon my own
21 sole judgment. She would sometimes -- she would ask me. Other
22 times she would make her own suggestions because she is the
23 one that was dealing with the creditors.

24 Q Would you tell her which bills that she should pay?

25 A It wasn't --

001187

1 Q Is the answer yes or no?

2 Did you tell her which bills to pay?

3 A I told her on some occasions which bills to pay,
4 yes sir. That's correct. And she told me which bills to pay.

5 Q But it was your decision as to whether to pay them
6 or not; isn't that true?

7 A In the final analysis I made such decisions and she
8 made some decisions.

9 Q If she made a recommendation to pay certain bills and
10 there were other priorities you felt should be paid you would
11 make that decision; is that correct?

12 A Now you are talking about the process that actually
13 happened.

14 Q Is that correct or incorrect?

15 A The process you just described is how it happened,
16 that is correct.

17 Q So then you would tell Jean Stultz whether she should
18 pay a bill either out of your checking account or out of her
19 own personal funds?

20 A And she would tell me what, by the same token, she
21 would tell me.

22 Q Tell you what?

23 A She would tell me about her priorities, about what
24 bills that were pressing her as a result of contacts that
25 were being made to the office to her specifically by these

001188

1 creditors because I was not talking to these creditors. She
2 was the one that was talking to them.

3 Q We are talking about your creditors, correct?

4 A That's correct.

5 Q She would tell you which of your creditors was pressing
6 her and based on that would make recommendations?

7 A That is correct, but by "your creditors" we are
8 talking about not only the personal creditors but creditors
9 that were pressing concerning bills that were congressionally-
10 related because there wasn't enough money available to cover
11 all those particular matters.

12 Q But they were pressing Congressman Diggs, not the
13 House of Representatives; isn't that correct?

14 A Well, the bills were in my name in both instances,
15 that's correct.

16 Q And they were bills incurred by you, not by the House
17 of Representatives. You were the one who made the decisions
18 that certain expenses should be incurred; did you not?

19 A I would say generally.

20 Q There were other expenses that were incurred in the
21 general course of running your district offices; is that cor-
22 rect?

23 A That's correct. I did not incur all of the expenses.
24 Many expenses were incurred by other people.

25 Q Other people than your staff?

001189

1 A Well, yes. Bills could be incurred in the district
2 office, for example.

3 Q By your staff?

4 A By the staff. They could be incurred in Washington
5 by the staff.

6 Q I asked you other than the staff. You are saying
7 -- you are referring to expenses incurred by your staff?

8 A My staff, that is correct.

9 Q Who were acting on your behalf?

10 A That is correct.

11 Q Now, you testified yesterday about the portrait that
12 was presented to the District of Columbia Committee and you
13 indicated that that portrait cost about \$2500, correct?

14 A That is correct.

15 Q Now, did you ask Dorothy Corker who had been with
16 you a long period of time as to whether she herself could pay
17 for this portrait?

18 A As best as I can reconstruct that conversation I asked
19 -- she came to me saying that it was time --

20 Q Mr. Diggs, my question was did you ask Dorothy Corker
21 whether she could pay for that portrait, yes or no? Did you
22 or did you not ask her?

23 A Whether she could personally pay for it?

24 Q Yes.

25 A No, I did not ask her.

001190

1 Q Did you ask any civic group whether they could raise
2 the funds for this portrait to donate it on your behalf?

3 A No, I did not.

4 Q The fact that you had become Chairman of the District
5 of Columbia Committee was a great pride to many people; was it
6 not?

7 A Yes, it was.

8 Q But you did not seek their assistance in presenting
9 this portrait of you to hand in the committee offices or chambers
10 there were at the House of Representatives?

11 A No, I did not seek any such assistance.

12 Q At the time that you talked to Jean Stultz about
13 paying for this portrait did you believe that she was financially
14 independent?

15 A Well, she came to me as a result of a conversation.

16 Q I ask you, sir, did you consider that Jean Stultz
17 was financially independent?

18 A That's all my question is.

19 Q You have to reframe your question, Mr. Kotelly, be-
20 cause I do not understand it in that context.

21 Q At the time that you discussed Jean Stultz paying
22 this \$2500 for your portrait to hand in the House of Representa-
23 tives did you think she was wealthy?

24 A No. I don't know what her financial condition was,
25 Mr. Kotelly.

001191

1 Q Did you have any impression at all that she came from
2 great wealth?

3 A I knew nothing about Jean Stultz' assets or liabilities.

5 Q Did she ever mention to you that she had a family to
6 support or were you aware that she had a family to support?

7 A I was aware that she had two grown daughters.

9 Q Do you have any knowledge as to whether she had to
support in any way these two children?

10 A I had no personal knowledge of her obligations in
11 that regard.

12 Q You did not consider it unusual for an employee of
13 yours to spend \$2500 for a portrait of yourself to hand in
14 the District of Columbia Committee?

15 A It was an unusual gesture and without question her
16 willingness to do it I considered unique.

17 Q Did you try to dissuade her in any way from spending
18 that kind of money on a donation to the House of Representatives
19 on your behalf?

A No, I did not try to persuade her.

Q And you didn't try to pay for this portrait out of
the funds that you received from the Salute for Congressman
Diggs' fund raiser?

A I did not attempt to provide the funds in that
fashion, I didn't.

001192

1 Q Now, in addition to paying for that portrait during
2 those months of November and December of 1973 and the early
3 months of 1974 Jean Stultz paid for other expenses relating to
4 the House of Representatives expenditures; is that correct?

5 A From time to time, that is correct.

6 Q From time to time or every month?

7 A I am not aware that she paid for expenses in 1973
8 and '74 on a month-to-month basis.

9 Q You went over the bills each month; did you not?

10 A That's right.

11 Q The first part of November of 1973 there are two
12 exhibits in evidence that were cashiers checks, one to J.
13 Daniel Clipper and the other to Michigan Bell Telephone.

14 A Daniel Clipper was the portrait office; that's cor-
15 rect.

16 Q Michigan Bell was an obligation for telephone ex-
17 penses in Detroit, Michigan, correct?

18 A In Detroit, Michigan, in my district office.

19 Q Correct?

20 A That's correct.

21 Q Nobody is disputing that sir.

22 Didn't you tell Jean Stultz to pay that \$200 to
23 Michigan Bell Telephone?

24 A Yes.

25 Q You told her?

001193

A Yes.

Q This was not volunteered on her behalf that, "Anything else that I can pay for?"

A Well, you said I told her to pay it. She expressed a willingness to pay it. She expressed a willingness to pay it. I asked her to pay it is a better way to put it.

Q In early December of 1973 there was a cashiers check to Barnett's Caterers and also payment of monies to Gandel's Liquors that were paid for out of Jean Stultz' salary. Did you tell her to pay those expenses?

A I did not tell her to pay it. I asked her to pay it. I asked her if she would help out on that occasion because she had the money to do so.

Q Were you asking any of your other staffers to help you out by making these payments during that period of time?

A No, I did not.

Q Jean Stultz was the only one?

A Yes sir.

Q And you had no idea as to what her financial condition was at that time?

A No, no. I had no idea.

Q In early January of 1974 Jean Stultz purchased a cashiers check for J. Daniel Clipper for that portrait for \$1270?

A Yes sir.

001194

Q Did you ask her to make that second payment on your
2 behalf?

A I asked her if she was willing to help out in connection with that expense of a portrait and that was done in two payments. One payment was done on or about the fall of '73 and the rest of it was paid in January of '74, as I can best recall.

Q In early February of 1974 Jean Stultz purchased a cashiers check made payable to the Sergeant at Arms for your checking account and it was deposited in your checking account, \$734. Did you ask her to do that?

A I do not recall that particular item.

Q Was Jean Stultz in the habit of putting money into your checking account without you knowing about it?

A I do not recall that particular item, Mr. Kotelly.

Q In March of 1974, the early part of March, Jean Stultz purchased money orders and cashiers checks in the amount of \$1430 for Detroit Edison, for David Ramage for the house restaurant and One-Stop Lock. Did you ask her to make those payments for you?

A All of those payments came out of the same process that I have described, namely going over the bills that were on a list and making a determination as to how these bills would be paid.

Q And she just voluntarily said, "Let me pay \$1430 of

001195

1 your bills for the month of March of 1974"?

2 A She expressed a willingness to do so; that's correct.

3 Q Did you ever question this practice of hers to be
4 giving you that much money?

5 A Question the practice?

6 Q Yes.

7 Didn't you think there was anything improper about
8 one of your employees giving you half of her salary?

9 A I do not consider it improper, Mr. Kotelly, and I
10 don't know whether your reference to half her salary repre-
11 sents the actual fact.

12 Q Would you like me to show you her checks and for you
13 to add them up and then show you the money orders?

14 A I can't look at her checks and make that kind of a
15 determination.

16 Q In March of 1974 I indicated to you there were \$1430
17 in cashiers checks and money orders.

18 If the Court will indulge me one moment I will show
19 them to you.

20 Congressman Diggs, I show you Government Exhibits
21 46E, 46F, 45A and 45B and ask you to look at these four docu-
22 ments, looking at the date, the payee and the amount of money.

23 Have you had an opportunity to look at those?

24 A Yes sir.

25 Q The dates on those four documents, can you read them

001196

1. on the copies there?

2. A This is a check made payable to House Restaurant for
3. \$500.

4. Q The date?

5. A On the 6th of March of 1974.

6. Q I would ask you to look at the other three documents
7. also, please, and ask you as to the date. Are they all the
8. same date on those four?

9. A March 6, 1974, for a check to House Majority which
10. is the printer and the service agent for the democratic members
11. of the House for \$900 and this looks like March the 6th, as
12. best I can see, a check made payable to Detroit Edison. I can't
13. quite make out the amount.

14. Q Does it appear to be \$13.59?

15. A I can't really quite make it out.

16. Q Further assistance to you may be in the bottom
17. corner which also reflects the amount of money.

18. A \$13.59. This is a check made payable to the One-Stop
19. Lock Company and I'm not quite sure -- I can't quite read this,
20. frankly.

Q Can you see the date on it?

22. A It's on the 6th of March, 1974.

Q Does it appear to be around \$17, again maybe if you
21. look in the right-hand corner?

22. A Yes, it looks approximately that amount.

001197

1 Q I would ask you if you could just mentally add up the
2 sums of those four documents. Do they appear to be about \$1430?

3 A A little over \$1430, that's correct, that particular
4 month.

5 Q Now, the payments of those documents was on March
6 the 6th, 1974, according to the documents, correct?

7 A That's correct.

8 Q And you from your knowledge of the payment of salaries
9 at the House of Representatives, the payment that Jean Stultz
10 would have received immediately before that would have been
11 some time at the end of February of that year, correct?

12 A All members -- all employees are paid at the end of
13 the month; that's correct.

14 Q I would ask you to look at the top check on Govern-
15 ment's Exhibit 6C and the top check on Government's Exhibit
16 3C. Those are in evidence and it is stipulated that those
17 were the checks for Jean Stultz that were deposited in her
18 checking account.

19 A Yes. I see the checks. Yes sir.

20 Q Can you total up the amount of those two checks, the
21 top two checks that are both -- first of all what date are on
22 those checks?

23 A The Exhibit 6C, February 28, 1974; \$863.29 made payable
24 to Jean Stultz and you said the top -- all right. The top on
25 -- that's Exhibit 6C that I just read.

001198

On Exhibit 3C the top check, dated February the 28,

1974, is for \$1270.68 made payable to Jean Stultz.

Q So would the total be slightly more than about

\$2100 for that particular month?

A Eight and six, that is the net of her check?

Q That is correct, her take-home pay.

A Her take-home pay?

Q And it's slightly over \$2100; is that correct?

A It adds up to approximately that amount net after the deductions were made for income tax and for her retirement and insurance and savings bonds that she was taking out and any other deductions; that's correct. That's her net pay.

Q So is it not correct to say that for those paychecks that she spent more than half of her pay on bills relating to your expenses?

A Well, it indicates that she received that amount during the month of February and these checks indicate that these checks were purchased in the amount indicated and I assume that these checks were purchased by her?

Q They have been received in evidence for that purpose; that's correct.

A That's correct. That's correct. These checks, all of which are related to my congressional representation, represent payment that she made from her checking account presumably or with her funds for these four items that particular month.

001199

Q She voluntarily made these payments; is that your testimony?

A Oh, yes. There is no question about it being voluntarily made.

Q So that she voluntarily paid over \$1400 for your expenses out of her salary of \$2100 for that month take-home pay?

A She voluntarily paid that amount of money out of her net salary for that month for House Restaurant for \$500 which could have covered any number of things. I very seldom use it myself personally so it must have been a reception of some type. House Majority, the \$900 check, the majority and minority has a person in charge of providing Congressional services, printing, things of that type and that would reflect an account there. I don't know over what period of time. The other check, the Detroit Edison check is for the light bill at my district office in Detroit and the One-Stop Lock Company check bill that she paid was again for the district office in Detroit; that's correct.

Q Did Jean Stultz personally benefit from the payment of any of those four either cashiers checks or money orders?

A You would have to ask Jean Stultz that, Mr. Kotelly.

Q You know how those expenses were incurred. They were incurred on your behalf.

A They were incurred on behalf of my official

001200

1 representation in which all of my employees are involved.

2 Q But did she benefit from the payment of those four
3 expenses?

4 A I do not know whether she directly benefited from
5 these checks.

6 Q Is there any question as to the payment to One-Stop
7 Lock as to whether there was a benefit to Jean Stultz from
8 paying that expense for broken locks at your district office?

9 A I do not know whether this directly benefited Jean
10 Stultz. It directly took care of repairing a lock or replacing
11 a lock on the district office in Detroit. That's all I can
12 say.

13 Q Can you think of any way that Jean Stultz would be
14 benefited by repairing a lock on your district office in
15 Detroit, Michigan?

16 A Jean Stultz was at that time the chief administrative
17 officer and to the extent that she had responsibility for the
18 district offices I'm sure she felt that it benefited her in
19 that -- could benefit her in that sense of the word that it
20 provided security for an office over which she had responsibilit

21 Q You consider that a benefit to Jean Stultz?

22 A In that sense of the word.

23 Q The payment of the light bill to Detroit Edison, do
24 you consider that in any way a benefit to Jean Stultz that she
25 paid -- that the payment was made? The lights at the district

001201

1 office, did that benefit Jean Stultz who worked her in
2 Washington?

3 A Not in a direct fashion, no.

4 Q The payment to David Ramage, the House Majority,
5 which is the printer, did Jean Stultz benefit personally from
6 payment of that bill?

7 A No.

8 Q The House Restaurant, assuming that it was for some
9 reception or function, do you know if Jean Stultz attended
10 that reception?

11 A I don't know what this figure represents, House
12 Restaurant. No one can make a bill out the House Restaurant
13 unless it is a member of Congress. Often times we have groups
14 come up, individuals come up that have receptions on the Hill.
15 The House Restaurant caters these affairs and the bill is sent
16 to the Congressman and it's up to the Congressman to get reim-
17 bursement or seek reimbursement from those individuals. So
18 I cannot look at the House Restaurant payment for the House
19 Restaurant in this form, looking at this check, and make a
20 judgment as to what it was used for. It certainly was not
21 used for any meals for me.

22 Q That would take a lot of meals, wouldn't it, Congress-
23 man?

24 My question is -- well, in your answer you said that
25 it's up to the Congressman to see that he gets the money from

001202

whatever group ran up that bill; is that correct?

2 A As it relates to the House Restaurant.

3 Q Right.

4 A That's correct.

5 Q Did you try to find, you know, some group that would
6 be responsible to pay that had caused these expenses to be
7 incurred?

8 A I would have to, Mr. Kotelly, see an invoice from
9 House Restaurant that would indicate in some fashion the time
10 that this expenditure was made and then try to relate it to
11 whatever the circumstances was at that time. I don't know
12 whether this represented one transaction or several transactions
13 I just can't tell you.

14 Q But at least it is clear from the fact that Jean
15 Stultz paid for that cashiers check to the House Restaurant
16 that she and not some other group paid for one or more bills
17 that caused that money to be incurred or expenses to be in-
18 curred?

19 A It shows that she paid for it at that instant but
20 beyond that it doesn't show anything.

Q I would like to show you Government's Exhibits 46B
and 46C and ask you to look at the dates on those documents.

THE COURT: 46C and what?

THE WITNESS: 46C, Your Honor, and 46B.

THE COURT: Thank you.

001203

THE WITNESS: 46C is a check dated January the 4,

1974, made payable to J. Daniel Clipper for \$1270. J. Daniel Clipper I specifically remember is the artist that did the portrait and this was the balance due on that picture, that portrait of some \$2400.

BY MR. KOTELLY:

Q I'm sorry, Congressman Diggs. The cashiers check to Daniel Clipper is in what amount?

A It's for \$1270 even.

Q Let me take back this document so we don't confuse things. I didn't realize I had given you that one cashiers check, but let me ask you about that one.

A It can be confusing, Mr. Kotelly.

Q I don't want to confuse you, sir.

The check would have been the salary check for Jean Stultz which would have immediately preceded that early January, 1974 payment, would have been some time in the middle or late December of 1973; is that correct?

A I don't know what the relationship is between her income and the payment of this in terms of the time element, whether she paid for it out of funds that she had at a particular time or what. I can't tell you that.

Q That was not what I was asking.

A Then reframe your question, sir.

Q My question was the check that would have preceded

001204

1 that cashiers check would have been a salary check some time
2 in late December, 1973?

3 A She was paid at the end of 1973 in the month of
4 December, yes. She received a check.

5 Q I would ask you to look at the top checks on 3B and
6 6B, please. I first ask you, these are treasury checks which
7 have been stipulated were paid to Jean Stultz and deposited
8 in her account.

9 A Yes sir.

10 Q I would ask you first of all to look at the dates of
11 those two documents, the top ones.

12 A On Exhibit 3B the top checks, December the 20, 1973,
13 the check is for \$1270.86 and it is a salary check so that
14 represented the net amount of her salary by that particular
15 check.

16 Q And the other check?

17 A Exhibit 6B dated December 20, 1973, is for \$859.95
18 made payable to Jean Stultz and that is marked as a salary check
19 which represents her salary by reason of that check for the
20 month of December.

2 Q Again for the month of December the total would be
.. slightly over \$2100 take-home pay; is that correct?

3 A Take-home pay, that would be the net amount after
.. all of the deductions were taken out.

4 Q Finally I will show you 46A and 46B which are in

001205

1 evidence. These are cashiers checks from Riggs Bank. I would
2 ask you to look at the dates of those two documents.

3 A This is Government's Exhibit 46B dated the 2nd of

4 November, 1973, made payable to Michigan Bell Telephone Company
5 for \$250.

6 Q And the other document is dated what, sir?

7 A The other document is 46A and I might add, Mr. Kotelly,
8 that the telephone number in question that this was designed
9 to cover, I believe, is on here.

10 Q I don't think there is any dispute that it relates to
11 a district office telephone bill.

12 A Yes sir. The Exhibit 46A is a check made payable to
13 Daniel Clipper, the portrait artist, for a thousand dollars
14 and that's November the 2nd, 1973, and that represented the
15 first payment presumably with respect to the portrait which
16 Jean Stultz ultimately paid off in January.

17 Q The total of those two cashiers checks purchased
18 November 2nd of 1973 is \$1250; is that correct?

19 A Yes sir, yes sir.

Q The salary check of Jean Stultz that would have
immediately preceded November the 2nd would have been the end
of October of 1973; is that correct?

A Jean Stultz was paid at the end of each month.

Q I show you Government Exhibits 3A and 6A and ask you
to look at the top check on each of those two pages and ask

001206

1 you these are checks which have been stipulated that were paid
2 to Jean Stultz as salary and deposited in her checking account
3 at the Riggs Bank.

4 A Yes sir.

5 Q I would ask you to look at those checks. First of
6 all, what are the dates on the top checks of each of those
7 two pages?

8 A The date, October 31, 1973. It is a check made
9 payable to Jean Stultz, \$1270.86 and it was a salary check
10 that represented her net salary out of that check for the
11 month of October.

12 The next check you presented here, Exhibits 6A,
13 represents a check made payable -- a salary check made payable
14 to Jean Stultz, as I mentioned, October 31, 1973, for \$871.28.

15 Q Again the total of those two checks is slightly over
16 \$2100 take-home pay for that month of October, '73?

17 A After deductions it would appear that this totals up
18 about a little over \$2,000 for that particular month, that's
19 correct.

20 Q You say after deductions. The salary check only
21 reflects the amount of money from the gross after deductions,
22 correct?

23 A Well, that's the point I'm making. You are talking
24 about a net pay, a net pay here, not a gross pay, and I think
25 that's a very important distinction because the deductions that

001207

1 we are talking about cover federal taxes, D.C. income taxes,
2 it covers a retirement that is directly beneficial and tied
3 into the salary of the employee. You are talking about insurance
4 standard insurance that is tied to her base pay and then an
5 optional insurance that one can take out and you are talking
6 about a savings bond and I know that Jean Stultz took out
7 savings bonds out of her paycheck every month which directly
8 benefited her.

9 Q Do you know how large that savings bond was each
10 month?

11 A I have never seen one of them. I don't know.

12 Q So you then don't really know how large; it could
13 have been just a \$25 savings bond?

14 A It could have been.

15 Q Which costs \$18.75?

16 A I don't know. It could have been that. That was
17 her own prerogative.

18 Q All right. Now, as far as the taxes that she had to
19 pay out of the gross salary she couldn't use that for her own
20 personal benefit at the time that she received her check, could
21 she? That's deducted by the Office of Finance?

22 A Well, taxes are deducted by the Office of Finance and
23 paid to the Federal Government for taxes so that obviously is
24 a benefit.

25 Q She can't use the money to pay for any expenses she

001208

1 might have, can she?

2 A The expense of her income tax, yes.

3 Q She can't use it for any of her living expenses on
4 her day-to-day living, you know, any financial debts that she
5 might incur?

6 A Well, I don't know what her options are under those
7 circumstances.

8 Q You know she has to pay taxes, don't you?

9 A She has to pay taxes but under what circumstances,
10 whether she didn't declare any dependents so she could draw more
11 or whether she could skip a month, she didn't have to elect to
12 have withholding taken out every month. All of this is under
13 her own control.

14 Q That has nothing to do though with what the take-home
15 pay is?

16 A Well, it certainly does because she has the option to
17 elect how she wants these taxes to be deducted or whether she
18 wants them at all as far as the District of Columbia, for
19 example, is concerned. She could -- I know she could completely
20 waive that and pay it off in a lump sum so she has all of these
21 elections.

22 Q Now, Congressman Diggs, I have showed you a number
23 of cashiers checks and money orders and showed you a number of
24 salary checks to Jean Stultz.

25 A Yes sir.

001209

Q I know you have testified that you don't know for a fact as to where the money came from that Jean Stultz used to pay for your expenses, the ones that I have just showed you in cashiers checks and money orders. Is that your testimony?

A Mr. Kotelly, I have said in this courtroom and I repeat now that Mrs. Stultz made available to me her salary, part of her salary to pay these expenses, all of these expenses that I have.

Q I misunderstood you.

A That is reflected in these individual items. I have already made that statement in this courtroom.

Q I misunderstood you, Mr. Diggs. I'm sorry. Let me ask the question now.

If you understood that the money was coming from her salary that she was paying for these various money orders and cashiers checks for your expenses didn't you question the large amount of money that she was paying? You have \$1400 being paid in one month; you have \$1250 being paid in another month; you have got another \$1200 that third month from a woman who is taking home \$2100.

Didn't you question that at all, the amount of those monies?

A No, I did not question, Mr. Kotelly, and Mrs. Stultz did not question it, which is more important.

Q That's all I'm asking. That is for the jury to

001210

1 decide.

2 Mr. Diggs, did you have any other employee on your
3 staff paying for your personal expenses, personal?

4 A Personal expenses?

5 Q Personal expenses.

6 A No sir.

7 Q Did you ever have Dorothy Corker when she was working
8 on your staff and when she was alive paying for your personal
9 expenses?

10 A By Dorothy Corker you are talking about the late
11 Dorothy Corker?

12 Q Yes.

13 A No, she did not.

14 Q She had been with you for a long period of time; had
15 she not?

16 A She came to Washington with me in January of 1955 and
17 stayed until she died in 1974.

18 Q So approximately 19 years that she was with you?

19 A That's correct.

20 Q During that time she never volunteered to pay for
21 any of your personal expenses?

22 A No sir.

23 Q You mentioned on your direct testimony that you were
24 having financial difficulties in 1973. Do you recall testifyin-
25 to that on direct?

001211

1 A I had financial difficulties in 1973, '74, '75 and
2 I have financial difficulties right now, Mr. Kotelly.

3 Q Fine. The financial difficulties that you had in
4 1973, were these relating to personal debts and expenditures?

5 A They were related to expenses that were ordinary
6 expenses, that were extraordinary because 1973 was an extremely
7 active year for me in many ways that generated a great deal of
8 extraordinary expenses.

9 Q Now, in 1973 do you recall what your gross income
10 was?

11 A I think as a member of Congress in 1973 I think we
12 were getting \$42,500 gross pay.

13 Q Gross pay is all I'm asking you about. Do you recall
14 that year, 1973, how much income you received from the House
15 of Diggs?

16 A In 1973 I received no income or little income from
17 the House of Diggs.

18 MR. KOTELLY: Your Honor, I would ask this be marked
19 -- I believe we are at 84 -- for identification.

20 THE CLERK: Government's Exhibit 84 marked for identi-
21 fication.

22 (Whereupon, Government's Exhibit
23 84 was marked for identification.

24 BY MR. KOTELLY:

25 Q Mr. Diggs, I show you Government Exhibit 84 for

001212

1 identification and I ask you to look at the top portion of
2 that document and I would ask you if that helps to refresh
3 your recollection as to whether you received any gross income
4 from the House of Diggs in 1973?

5 A This is a Government Exhibit 84, Wage and Tax
6 Statement, from the House of Diggs and this is a copy of my
7 Wage and Tax Statement for that particular time.

8 Q Right. Does it refresh your recollection as to the
9 fact that you received a gross income from the House of Diggs
10 of over \$17,000 for that 1973.

11 A It reflects that there was income -- the gross income
12 was \$17,055.50 and then it goes on to indicate the taxes that
13 were withheld from that.

14 Q I'm only talking about gross.

15 A That's reflected here in the Wage and Tax Statement
16 for the year 1973. I don't read these things well because I
17 have never filled out one of these matters but you are talking
18 gross income?

19 Q That's all.

20 A And my net income was only about 56 per cent of my
21 gross income, so if it was seventeen-five then you are talking
22 about maybe \$9,000 or somewhere like that that I actually
23 received.

24 Q Your wife was also working during 1973 as well as
25 later years; is that not correct?

001213

A My wife is employed.

Q In 1973 where was she employed?

MR. POVICH: Objection, Your Honor.

THE COURT: You may come to the bench.

(At the bench:)

MR. POVICH: What is the relevancy of that?

THE COURT: Don't ask questions of him.

MR. POVICH: I'm sorry. I object on the grounds of relevancy.

THE COURT: I suppose if she had an income she could be asked to pay some of his expenses as well as this woman who worked for him.

MR. KOTELLY: That's correct. I didn't think it was sensitive as to where she works. If it was sensitive I wouldn't ask it.

MR. POVICH: The whole grounds for inquiry --

MR. KOTELLY: This man is claiming financial difficulties. I think the jury should have some knowledge as to what kind of gross income he was getting each year.

MR. POVICH: I object, Your Honor.

MR. KOTELLY: It is a way to evaluate as to whether this whole thing is believable or unbelievable.

THE COURT: You can ask him the question.

(In open Court:)

BY MR. KOTELLY:

001214

1 p Q Mr. Diggs, where did your wife work in 1973?

2 A My wife has been employed by the Department of State
3 as a career foreign service officer since I think 1971.

4 Q Government's Exhibit 84 for identification, would
5 that refresh your recollection as to her salary during that
6 year, 1973, and that's the gross salary I'm asking about?

7 A Her salary as reflected in this earnings statement,
8 her gross salary was \$16,757.64 out of which \$3,167.41 was
9 withheld for Federal income tax, giving her a net of about
10 \$13,000 at that time.

11 Q Does that appear to be accurate as to what her gross
12 salary was?

13 A Well, this is an earnings statement, sir, from the
14 Department of State and I would assume that it authenticates her
15 net income at that time from that source.

16 Q So is it accurate to say that your gross income for
17 congressional salary, for House of Diggs salary and your wife's
18 salary is about \$76,000 gross?

19 A I'd have to add up those figures.

20 Q You have the three earnings statements before you,
21 sir.

22 A It would appear to be somewhere in that neighborhood
23 from a gross standpoint but net income is the key to a person's
24 earning capacity.

25 Q You talked about unusual expenses that you had in

001215

1973. You redecorated your home in that year through Woodward
2 & Lothrop; did you not?

3 A 1973?

4 Q Yes sir.

5 A I believe so.

6 Q You believe so or do you know so?

7 A I don't recall the year that the home was decorated
8 because that went on over a period of time. It may have been
9 all in one year; it may not have been.

10 MR. KOTELLY: Court will indulge me one moment.

11 MR. POVICH: Your Honor, could we go to the bench,
12 please?

13 (At the bench:)

14 MR. POVICH: Your Honor, I'm going to object. We
15 are getting far afield of the question in this case as to how
16 much money he owed other creditors that this woman did not pay
17 for. I don't think we can go into his financial situation as
18 to who he owed and how much money he owed and what his situation
19 was with other people unrelated to this case. It is just an
20 attempt to embarrass him. It is prejudicial. It is not rele-
21 vant. It is not probative. He has gone far enough now. He has
22 indicated what his total source of income is and he has indicated
23 that he has had some bills.

24 THE COURT: I am inclined to agree with that, Mr.
25 Kotelly. I don't want to drag out this case.

001216

1 MR. KOTELLY: I am not going to but if I could make

2 one representation to the Court --

3 THE COURT: All right.

4 MR. KOTELLY: In August of 1973 Mr. Diggs charged
5 over \$20,000 at Woodward & Lothrop for redecorating his home.

6 I think that is quite significant to the question of how he
7 incurred all these great debts and whether or not it was
8 voluntary on Jean Stultz to pay for his expenses.

9 MR. POVICH: Then Your Honor, we have to get into
10 the whole issue of refinancing homes, forfeitures and every-
11 thing as to funds and I don't want to have to chase all these
12 rabbits every time he puts up an expense to prove where the
13 heck the money came from. We have serious problems. This man
14 had homes refinanced.

15 THE COURT: Let me ask you this question. Does your
16 evidence indicate he has paid that \$20,000?

17 MR. KOTELLY: He did it several years later, yes.

18 THE COURT: Does that have anything to do with his
19 '73 picture?

20 MR. KOTELLY: We are talking about incurring debts.

21 MR. POVICH: It doesn't contradict anything that he
22 said with respect to incurring debts. He said he was in great
23 debt and he was.

24 MR. KOTELLY: I'm inquiring about only one substantial
25 debt that he incurred that had nothing to do with his congressional

001217

representation or representation of minority groups or his interest in Africa or anything else.

MR. POVICH: It has nothing to do with this case, Your Honor.

THE COURT: Well, it may for the reason that he was asking these employees to pay his bills, congressional and personal, and there is some evidence of that, just as it may be some evidence that he was financially embarrassed.

MR. POVICH: Your Honor, these were bills -- if Mrs. Stultz was paying them, she was aware of these bills. I mean I don't see how this is probative.

THE COURT: Whether in fact she did it voluntarily or whether she did it under pressure.

MR. POVICH: How does a bill from Woodward & Lothrop which was not paid off until several years later as a result of refinancing a home have anything to do with whether or not she was being pressured in 1973? We are really getting far afield.

MR. KOTELLY: Your Honor, I submit this is one of the creditors dunning her all the time.

MR. POVICH: She never testified to that, Your Honor. There is no testimony that was a particular bill that ever gave her any problem. She never said she handled that bill, she paid any money for that bill; had nothing to do with anything she ever did for the Congressman. Now it is being dragged into

001218

1 this case.

2 The probity is really minuscule and the prejudice,
3 Your Honor, is just incredible. Now we have to go back and
4 chase down how he paid all these bills, when they were paid,
5 under what circumstances they were paid and it is certainly
6 speculative at this point as to what effect, if any, it had
7 on Jean Stultz. He never asked her that.

8 Did he ever ask her? Did she pay those bills or was
9 she forced to pay these bills, because the Congressman was in
10 such financial condition? In fact, when I asked her about his
11 financial condition she said she didn't know.

12 MR. KOTELLY: That's true. She didn't know his source
13 of income.

14 MR. POVICH: How is this relevant if she didn't
15 know?

16 MR. KOTELLY: It is an expense, an expense incurred,
17 a debt right in the very time period when Jean Stultz is volun-
18 tarily supposed to have been paying all this money.

19 MR. POVICH: She said she didn't know anything about
20 his financial condition.

21 MR. KOTELLY: She knew his debts, Your Honor.

22 MR. POVICH: If she didn't know about it, Your Honor,
23 I can't see how it is relevant. It's just being dragged in to
24 embarrass him.

25 THE COURT: How many expenses are you going into?

001219

2 MR. KOTELLY: Just this one because it is so sub-
3 stantial and unusual.

4 MR. WATKINS: Your Honor, may I be heard?

5 What this will require, it seems to me, for this
6 to be fair after Mr. Kotelly puts this in to try and go back
7 and reconstruct all of the Congressman's bills and debts in
8 1973. That's the only way we can do this. We are at the
9 eleventh hour at this trial. It would be unfair for this
10 evidence to go in without us having an opportunity to do that
11 and I would think that that is not something the Court would
12 allow.

13 Now, if Mr. Kotelly puts it in we are going to have
14 to go out, get an accountant and gather up all his checks and
15 start sitting down figuring up what his bills were and how
16 they were paid. I think that is the only way we can rebut it.
17 If Mr. Kotelly puts that in we are put at a severe and unfair
18 disadvantage, I think on an issue that is really not in the
19 case. For that reason I think it shouldn't be allowed.

20 THE COURT: The only basis on which I would consider
21 it relevant and germane is that the defense has created the
22 impression that he ran up these bills because of his extraordi-
23 nary representation of constituents and that kind of thing.

24 That is out; this should be out. I think we should try it
25 solely on the question of whether he called upon his staff to
26 pay his bills or whether they did it voluntarily and of their

001220

own free will.

2 MR. POVICH: Your Honor, if it should be out let's
3 not proceed with it further, especially where Mrs. Stultz has
4 not indicated that had in any way affected her judgment in
5 this case. When I asked her specifically if she was aware of
6 his financial condition she told me in no uncertain terms no.
7 Now, I don't see how we can now drag this in.

8 THE COURT: Wait a minute. She did testify that each
9 month creditors were harassing the Congressman. She was the
10 buffer. She received the complaints. Each month she took up
11 with him what could be paid. To that extent she knew his finan-
12 cial picture. She didn't know his overall financial picture.

13 MR. WATKINS: Yes, that's correct.

14 MR. POVICH: But she did not indicate this bill was
15 a particular problem to him or that she ever dealt with this
16 bill.

17 THE COURT: She didn't indicate anyone was a particu-
18 lar problem. She did not mention any particular bill except
19 she said creditors were harassing him each month threatening
20 suit.

21 MR. POVICH: Fine.

22 THE COURT: So from that extent she knew his financial
23 picture. Nobody asked her and I don't think it was germane to
the issue who were the principal creditors who were making the
most noise.

001221

1 MR. POVICH: Your Honor, an outstanding bill of that
2 size under collateral situations in this case is so prejudicial
3 that it is just like telling them they don't pay their taxes
4 or he hasn't paid his taxes or anything else. It would just
5 absolutely turn this whole case around on whether he pays his
6 bills or not and that's not what the case is about.

7 THE COURT: The case is about his having his bills
8 paid by his staff. That's what it is about.

9 MR. POVICH: This is not one of them, Your Honor.
10 This is not one of them, not one of them at all. If it had
11 been any payment with respect to this bill I would say fine,
12 go ahead. But this has nothing to do with this.

13 MR. KOTELLY: Except for the timing, Your Honor.

14 THE COURT: Let me ask you this: When did the Con-
15 gressman make any payments on this bill?

16 MR. KOTELLY: He incurred -- he purchased the items
17 in August of '73. It was several years later before he made
18 payments on any of it.

19 THE COURT: I think under that circumstance I would
20 say that that is not an issue in this case since it wasn't paid
21 during this period.

22 MR. KOTELLY: Your Honor, if I could say one more thing.
23 because of the timing of the incurrence of this debt we submit
24 it is very relevant to whether Jean Stultz, knowing about Woodie'
debt along with all the other debts would voluntarily start

001222

1 paying out of her own money knowing this man is going out and
2 charging \$20-some thousand dollars in expenses to redecorate
3 his house. This is just a frivolous expenditure that didn't
4 have to be made yet this man is making it out.

5 THE COURT: I don't think we can pass on whether his
6 expenditures were frivolous or otherwise. They may well have
7 been frivolous but we are not trying him on whether he was a
8 good business manager. We are not trying him on whether he
9 had all these interests outside of the 13th District and the
10 District of Columbia Committee and Africa. That's not an issue
11 in the case. The issue is solely whether he borrowed money or
12 at least allowed his staff to pay these debts.

13 MR. POVICH: Thank you, Your Honor.

14 THE COURT: All right.

15 (In open Court:)

16 BY MR. KOTELLY:

17 Q Mr. Diggs, you have indicated your gross income in
18 1973 for you and your wife was around \$76,000. Do you recall
19 what your gross income was in 1974?

20 A No sir, I do not recall.

21 MR. KOTELLY: I ask this be marked Government's
22 Exhibit 85 for identification.

23 THE CLERK: Government's Exhibit Number 85 marked for
24 identification.

25 (Whereupon, Government's Exhibit
26 001223 85 was marked for identification

BY MR. KOTELLY:

Q Congressman Diggs, in 1974, of course, you did receive a congressional salary. Would that have been around \$42,500?

A The congressional salary is steady at that time.

Q I would show you Government's Exhibit 85 for identification and ask you if this would refresh your recollection as to any salary you may have received from the House of Diggs for that year?

A It shows a net income -- you have to excuse me, Mr. Kotelly. I don't fill out these forms and I don't really know about them.

Well, after the income tax was taken out of some \$3800 and then the Social Security and other things I can't quite make out what the net income of this is from this check, sir.

Q Let me see if I can assist you, sir, because that is not a great copy.

I would ask you to look at column ten. Do you have difficulty reading that?

A Well, column ten appears to be the gross income, Mr. Kotelly.

Q Could you tell us then, please, what is the gross income, recognizing that that is gross and not net?

A It would appear to be -- if this is the column --

001224

1 it's \$14,850. In my tax bracket that comes out to about 7,000.

2 MR. KOTELLY: I ask this be marked Government's

3 Exhibit Number 86 for identification.

4 THE CLERK: Government's Exhibit 86 marked for identi-
5 fication.

6 (Whereupon, Government Exhibit
7 86 was marked for identification.

8 BY MR. KOTELLY:

9 Q Mr. Diggs, I show you Government's 86 for identifica-
10 tion. I would ask you just to look at the middle document and
11 ask you if that helps refresh your recollection as to the
12 amount of salary for your wife during 1974?

13 A This Exhibit, Wage and Tax Statement for 1974 for my
14 wife J. Hall Diggs, indicates that the salary, presumably a
15 gross salary, is \$18,532.40 and Federal withholding out of that
16 was \$3,624.13, so she had a net income there that was like
17 about \$14,000.

18 Q Would it be correct that the total for the gross
19 income from the House of Representatives, the House of Diggs
20 and from your wife's gross income the total is \$75,000?

21 A Mr. Kotelly, I'm going to deal in terms of net in-
22 come because gross income --

23 Q I'm asking you a question, sir.

24 A -- because gross income is grossly misleading.

25 Q I'm asking questions regarding gross income. I'm

001225

1 sure your attorney can ask you any other questions he wishes
2 to. Please answer my questions.

3 A Well, from a gross income standpoint it would appear
4 to add up somewhere in that general neighborhood.

5 Q Thank you, sir.

6 Turning to 1975 I would ask you if you have a recol-
7 lection as to your total gross income for you and your wife
8 for that year?

9 A No sir, I do not.

10 MR. KOTELLY: I ask this be marked Government's
11 Exhibit 87 for identification.

12 THE CLERK: Government's Exhibit 87 marked for iden-
13 tification.

14 (Whereupon, Government's Exhibit
15 87 was marked for identification.

16 BY MR. KOTELLY:

17 Q Mr. Diggs, I show you Government's Exhibit 87 for
18 identification and ask you if you recognize that signature at
19 the bottom of that document?

20 A My signature is at the bottom of this document and it
21 was signed the 15th of December of 1976. There is another
22 signature on here, the Alexander Graham Company, were certified
23 public accountants that prepared the tax form.

24 Q Would that document refresh your recollection as to
25 your gross income in 1975 for you and your wife?

001226

1 A Well, you have got two sets of figures here. One is
2 the gross figures and the other is what appears to be the
3 net figures.

4 Q Again, Mr. Diggs, I'm only asking you for the gross
5 figures. Does that refresh your recollection as to your gross
6 income?

7 A I'm sorry. I don't read these forms well because
8 I have never filled out an income tax form. They have always
9 been filled out by someone else.

10 Q You are quite lucky.

11 A But it would appear that this would be \$71,164.

12 MR. POVICH: Objection, Your Honor.

13 MR. KOTELLY: If I might assist Mr. Diggs?

14 THE COURT: Yes.

15 BY MR. KOTELLY:

16 Q Would this figure in column nine in any way assist
17 you as to the gross income?

18 A The figure in column nine, whatever that is, \$66,859.

19 Q Does that appear to be gross income from salaries?

20 A It says -- number nine, it says "Wages, salaries,
21 tips and other employee compensation", which I presume is the
22 gross figure.

23 Q Does that appear to be accurate as to what your gross
24 income was for that year?

25 A If that line represents gross income then that's what

001227

1 it is and it looks like \$20,000 coming out of that for taxes
2 and otherwise. So we paid an income tax on much less than
3 that.

4 Q I was merely asking you as to gross income.

5 A Yes sir.

6 Q The last year I will ask you about is 1976. Do
7 you have a recollection as to your gross income for you and
8 your wife as to that year?

9 A No sir.

10 MR. KOTELLY: I ask this be marked Government's
11 Exhibit 88 for identification.

12 THE CLERK: Government's 88 marked for identification.
13 (Whereupon, Government's Exhibit
14 88 was marked for identification.

15 BY MR. KOTELLY:

16 Q Mr. Diggs, I show you what has been marked Government's
17 Exhibit 88 for identification and ask you if that would refresh
18 your recollection as to your gross salary and your wife's
19 gross salary in 1976?

20 A This Exhibit 88 is a Wage and Tax Statement, 1976,
21 for Charles C. Diggs, Jr. Federal Income Tax withheld \$12,171.60
22 wages, \$44,600.

23 Q That's your gross?

24 A And the state and local taxes withheld \$1367.68.

25 Q Mr. Diggs, I'm only asking you about your gross salary,

001228

please.

A Then it appears, sir, for Charles C. Diggs, Jr. to be \$44,600 gross.

Q And for Janet Diggs what is her gross salary?

A J. H. Diggs it says \$4,515.16 Federal Income Tax withheld; wages, \$22,999.60 gross; and \$895.05 FICA income employee tax withheld. It says a total net wage apparently it's \$15,300.

Q Again, Mr. Diggs, I'm asking you about gross wages, sir.

A Yes.

Q Could you give us the total gross wage for you and your wife in 1976? I'm asking you gross, not net, gross.

A Yes sir. It would appear to be about \$59,000, \$60,000, thereabouts, yes sir.

Q Thank you, sir.

Mr. Diggs, you indicated that when Jean Stultz first started paying expenses that they were related to the House of Representatives primarily; is that correct, at the beginning?

A I can remember the portrait bill, yes sir, and we have in this colloquy, we have covered two other items, the telephone bill and another bill. Those were congressionally-related in that generic sense.

Q You indicated at some later time that you asked Jean Stultz if she could help you pay your own personal bills;

001229

1 is that correct?

2 A There came a time when I had that discussion with her
3 and she indicated she was willing to help.

4 Q The discussion you had with her, was it you who
5 initiated the discussion as to whether she would pay your per-
6 sonal expenses?

7 A Well, Jean Stultz was dealing with my personal bills
8 and all of my other personal matters. She was dealing with
9 my whole financial picture. I think it came out of a discus-
10 sion that we had which we continually had about my financial
11 affairs. It came out of a discussion which indicated just how
12 bad off I was financially.

13 Q Were you the one who initiated the discussion as to
14 whether she would pay your personal bills?

15 A I don't know who spoke first in that conversation,
16 sir.

17 Q If you don't know, just please say so.

18 A Yes sir.

19 Q Now, Mr. Diggs, during this conversation did she seem
20 eager to pay these financial bills for you?

21 A I don't understand what you mean by "eager".

22 Q Did she give you any resistance, say, "Gee, I don't
23 know whether I can do that or not," or anything like that that
24 would cause you to think the opposite.

25 A I don't recall any such reaction.

001230

1 Q She just was very neutral about it?

2 A I just don't recall what the reaction was. The only
3 thing that I can recall was she expressed a willingness to
4 help me out. It was just as simple as that.

5 Q Did you consider these payments by Jean Stultz on
6 your behalf as gifts to you?

7 A It was not discussed in that fashion, Mr. Kotelly.
8 We didn't talk about gifts or loans or anything like that.
9 She just indicated that she was willing to help me out and that
10 was it.

11 Q Did you consider it a loan?

12 A I considered it her willingness to help me out,
13 period.

14 We didn't use expressions like that. We didn't have
15 any conversation like that where we talked about whether it
16 was going to be a gift or a loan or anything like that.

17 Q Mr. Diggs, was there any discussion regarding her
18 payments out of her salary check as to whether she expected you
19 at some date to pay her back?

20 A She did not so express herself.

21 Q Did she ever indicate to you that you would have to
22 pay any interest on the loan that she was paying out of her
23 salary?

24 A No sir.

25 Q So then you don't believe that that was a loan as far

001231

as the monies coming out of her salary to pay your expenses?

A I can merely say that the conversation was exactly the way I said it was.

Q Could you under any circumstance consider that as a loan?

A Consider it a loan?

Q Yes.

A I did not consider it a loan at that time.

Q Then you must have considered it a gift. What else could it have been?

A Well, Mrs. Stultz is the one to ask that question, the way I see it.

Q You had no concern regarding whether or not that was a gift from Jean Stultz?

A She had no concern at that time.

Q I'm asking about your concern.

A She had no concern and I had no concern at that time.

Q Now, as a member of Congress you pass legislation and vote on legislation relating to tax matters; do you not?

A Yes, I do.

Q And you are aware that there is a requirement for a gift tax of gifts over \$3,000?

A I know that there is such a thing as a gift tax.

Q Did you ever advise Jean Stultz that she was going to have to pay a gift tax for the money that she was paying for

001232

your expenses?

2 A That subject never came up during the conversation.

3 That was merely about my particular financial situation that
4 she knew about and she wanted to help me out and she was willing
5 to help me out.

6 Q Did you tell Jean Stultz to pay for your expenses
7 by buying cashiers checks and money orders? Yes or no; did
8 you?

9 A No.

10 Q You never told her that?

11 A No sir.

12 Q Did you ever tell Jean Stultz not to keep records
13 and that you were going to make a good politician out of her?

14 A No. I never made that expression.

15 Q That's not the fact then?

16 A No. She kept records. There are records all over
17 this place.

18 Q That's not what I'm asking you. I'm asking you did
19 you tell her not to keep records?

20 A I did not tell her not to keep records. I presume
21 that's why she kept records.

22 Q Did you ever ask her to make sure she kept records
23 of all of the payments she was making on your behalf?

24 A No sir, I did not.

25 Q Were you aware that she was buying cashiers checks and

001233

money orders to pay for your expenses?

A I knew she was paying for my expenses and I knew that -- I knew the form it took, cashiers checks, money orders, checks written on her personal account on some occasion.

Q So that you knew that that was one of the ways that she was paying for your expenses was by buying cashiers checks and money orders?

A One of the ways, that's correct.

Q Did you also have knowledge that she was paying for it out of her personal checking account?

A I know that she was paying -- that she was writing checks on occasions under those circumstances.

Q As far as the payment of your office expenses, besides Jean Stultz, Felix Matlock and Ofield Dukes did any other employee on your staff pay for office expenses out of their salary?

A I know that Jean Stultz paid for those expenses.

I know that Felix Matlock paid for office expenses and I know that Ofield Dukes paid for office expenses.

Q I'm asking you if anyone else did.

A I do not recall anyone else in that sense of the word.

Q Did you consider at any time having someone in your staff in Detroit who was an attorney pay for office expenses out of his salary?

A No sir.

001234

1 Q You never considered that fact?

2 A No sir, not at all.

3 Q You never had any discussions with Jean Stultz about
4 having this attorney pay for office expenses?

5 A I never had any such discussions.

6 Q Did you have discussions with Jean Stultz that Felix
7 Matlock should be the particular person to pay for the office
8 expenses in Detroit?

9 A I remember that discussion.

10 Q And the fact that Felix Matlock was picked, was that
11 because he was a loyal employee and long-time employee of yours?

12 A No. It was because Mr. Matlock was the senior em-
13 ployee in the Detroit office. He was acquainted with the
14 office expenses and it would just appear logical that was the
15 person. The other people in the office generally did not have
16 that kind of experience to handle it.

17 Q During the period of time that Felix Matlock was
18 paying for your office expenses, which would have been -- let's
19 just look at the period of time in '75 through the end of 1976
20 -- there were other persons in the Detroit office who had more
21 job responsibilities and duties who had a supervisory position
22 as to Felix Matlock; were there not?

23 A Well, there were other people that played other roles,
24 that's correct. I have a staff in both of my district offices,
25 that's correct.

001235

1 Q You had an employee named Cessandra Fisher; did you
2 not?

3 A Yes, I did.

4 Q Was she in charge of the Detroit office or offices?

5 A No, she was not in charge of the office.

6 Q Was Felix Matlock in charge of the office or offices
7 in Detroit?

8 A Mr. Matlock was in charge. Mr. Matlock's experience
9 and roles in the Congressional office was always in a supervisory
10 capacity.

11 Q Did he supervise Cessandra Fisher?

12 A I think they were working in separate offices, if I'm
13 correct. There may have been some overlapping but I'm not
14 certain.

15 Q Did you put anyone in the Detroit office who was
16 above Felix Matlock and who would supervise Mr. Matlock at
17 any time between mid-'75 and 1976?

18 A No. Felix Matlock had a direct relationship with
19 me because of the length of time that he had been associated
20 with me. There were times when he went through other people in
21 Washington, for example, who didn't have to talk directly to
22 me but Felix Matlock was sort of an independent agent in that
23 sense of the word.

24 Q You were aware, were you not, that in mid-75 to the
25 end of '76 time period that Felix Matlock was buying money

001236

1 orders and cashiers checks and paying for these expenses?

2 A I was aware that Mr. Matlock was paying office
3 expenses for the district office. I wasn't particularly aware
4 of the instruments that he was using.

5 Q On occasion weren't you given money orders or cashiers
6 checks purchased by Felix Matlock in which you endorsed them
7 and had them to pay for some of your office expenses?

8 A There may have been some occasions but they -- that
9 was not the common way of doing business, the common practice
10 of Mr. Matlock paying for these expenses.

11 Q What was the common way that Mr. Matlock paid these
12 expenses?

13 A Well, as I recall, originally all of these matters
14 were paid in Washington.

15 Q Not by Mr. Matlock?

16 A Well, anything that Mr. Matlock -- all bills, all of
17 the bills in the district office when they arrived they were
18 forwarded to Washington and then subsequent to that time Mr.
19 Matlock would be informed about the amount and he would send the
20 money up, as I understand it, made out to the creditor and then
21 there came a time --

22 Q What kind of instrument though would he send the
23 money to Washington? He wouldn't send any cash, would he?

24 A No. It was not cash. That's correct.

25 Q Do you remember personal checks coming from Felix

00123,

1 Matlock in the name of the creditor that was sent to Washington
2 to pay bills?

3 A No, I never saw any of those instruments, Mr. Kotelly.
4 This was all handled between Mr. Matlock and the person who
5 was handling these matters in the Washington office. I had
6 no contact with that at all.

7 Q Well, you indicated that the money orders and cashiers
8 checks were not the normal way that Mr. Matlock paid the ex-
9 penses and I'm trying to find out what were the normal ways.

10 A Well, the original process involved him sending the
11 bill to Washington and then subsequently sending the money to
12 Washington to pay these official or district expenses and then
13 there came a time, because that process involved sending it to
14 Washington and sending the money back because the creditors
15 were down in Detroit, then there came a time when he was in-
16 structed by Mrs. Stultz when the bills came to pay them right
17 there in Detroit because they were all Detroit bills related to
18 the district office and he was in the district office and that's
19 how it happened.

20 Q My question to you was what was the normal way he
21 paid them? What kind of instrument would he use?

22 A Well, I never saw any. I very seldom saw it. I can
23 just merely say that he probably paid for it in check form or
24 money order.

25 Q Are you speculating? Are you guessing?

001238

1 A I'm just merely saying I have no direct personal
2 knowledge as to all of the instruments that he used in each one
3 of these transactions because you are talking about several
4 transactions a month.

5 Q I'm not talking about any transactions and I --

6 A I very seldom came in contact with this kind of
7 operation.

8 Q Mr. Diggs, if you could answer the questions, if you
9 know, and if you don't know then indicate that, I think we would
10 have less problems.

11 As far as Felix Matlock paying bills did you tell each
12 month Jean Stultz which bills you wanted Mr. Matlock to pay?

13 A No sir.

14 Q Did Jean Stultz have conversations with you as to
15 the outstanding bills at the district office and the fact that
16 they needed to be paid?

17 A That was rarely the case. She dealt directly with Mr.
18 Matlock and whatever she evaluated the legitimacy of a bill to
19 be then she directed Mr. Matlock to pay it.

20 Q Isn't it a fact that you were the one who decided which
21 bills Mr. Matlock should pay at the district office and which
22 bills he should not pay?

23 A No. I do not enter into the relationship between Mr.
24 Matlock and Mrs. Stultz when Mrs. Stultz was there.

25 Q There was frequent fluctuations in Mr. Matlock's

001239

1 salary from that period of mid-1975 to the end of 1976; was
2 there not?

3 A Well, I don't know. I'd have to see the records on
4 that.

5 Q You did sign the payroll authorization form each
6 month; did you not?

7 A Oh, yes, yes.

8 Q I will show you from March of 1975 through the end
9 of January 1 of '77, Government's Exhibits 7K through 7R. I
10 ask you to look at each of them and ask you if you can identify
11 them and recognize them as payroll authorization forms that you
12 signed on behalf of Felix Matlock?

13 A Exhibit 7K is the payroll authorization form for
14 Felix Matlock, effective date March, 1975, and it is signed by
15 me.

16 Q Just look at all of them and see if there are any
17 there that you do not recognize as being payroll authorization
18 forms that you signed.

19 A All but one appear to be my signature.

20 Q Which one does not appear to be your signature?

21 A They were all typed; that is Felix Matlock's name
22 was typed in all of these which indicates that the form was
23 prepared by someone else and that someone else would be Jean
24 Stultz during that period and I signed it.

25 Q Which one do you think that you did not sign?

001240

1 A Well here is one which is made out to Mr. Matlock

2 which is not typed.

3 Q What is the exhibit number on that, sir?

4 A Sir, this is Exhibit Number 7R. It is not typed.

5 It is filled in. It's printed.

6 Q The effective date on that document?

7 A The effective date is the first of January of 1977.

8 Q Now, that was a time period when Randall Robinson
9 was your Administrative Assistant and Jean Stultz was no longer
10 working for you; is that correct?

11 A That's correct, sir.

12 Q I would ask you then to --

13 A I'm not sure about the signature here, frankly.

14 Q I would ask you to look at the payroll authorization
15 forms in front of you.

16 A Yes sir.

17 Q The first one has the effective date of July, 1975;
18 is that correct?

19 A Yes sir.

20 Q And it shows a gross annual salary of \$14,500?

21 A Yes sir.

22 Q The next payroll authorization form is effective date
23 August 1, 1975, for gross annual salary of \$25,300; is that
24 correct?

25 A There was a salary adjustment made in August of 1975.

001241

1 I might add that there was a salary adjustment made in March,
2 the first one, because there are three things that this form
3 is designed to accomplish, Mr. Kotelly. One is the appointment;
4 one is the salary adjustment; and one is the termination.

5 Q Salary adjustment up or down, correct?

6 A That's true.

7 Q You don't know whether that was an upward adjustment
8 or downward adjustment?

9 A I could not tell on this form, no sir, but on the
10 first of March, 1975, the gentleman had a salary adjustment
11 and his gross annual salary was for that particular month
12 \$14,500 and that -- well, there is another figure here.

13 Q I'm only concerned with gross.

14 A Yes sir.

15 Q Since you raised the question that the first document
16 which was effective in March showed a salary adjustment let
17 me just show you the month preceding, which is 7J, which is in
18 evidence and ask you whether you can tell whether Mr. Matlock's
19 salary increased or decreased in March?

20 A Well, March 1st, 1975, salary adjustment is \$15,678.83
21 and the next month it went down to fourteen-five.

22 Q It was a decrease; was it not?

23 A It was a decrease for that particular month. I
24 emphasize this reflects the monthly pay.

25 Q That's correct. Now, are there any payroll

001242

1 authorization forms between April and August of 1975?

2 MR. POVICH: Your Honor, I don't wish to interrupt
3 but there is a list of these numbers on one piece of paper and
4 the witness could see the date of the change and the amount of
5 the change instead of having to go through each one of the
6 payroll authorizations. It is a Government exhibit and it is
7 all itemized.

8 MR. KOTELLY: Your Honor, these are the documents
9 this man signed and sent to the Office of Finance. These are
10 the best evidence he should rely on in looking at as to what
11 was going on with these authorization forms.

12 THE COURT: Counsel is simply suggesting a way that
13 might save a little time. We are all interested in saving as
14 much time as we can; however, if you feel the documents signed
15 by the witness should be shown him you may do so.

16 MR. KOTELLY: Thank you, Your Honor.

17 BY MR. KOTELLY:

18 Q Are there any payroll authorization forms, and the
19 Government's Exhibit numbers will run chronologically as to date
20 -- between April '75 and August of '75?

21 A Let me first of all say, Mr. Kotelly, that the February
22 1st one that you handed me is not my signature on it.

23 Q All right.

24 A Now, back to what is your question again, please?

25 Q Between March of '75 and August of '75 are there any

001243

1 payroll authorization forms?

2 A No sir. It goes -- according to what you have
3 handed me?

4 Q Yes sir.

5 A Exhibit 7K is March 1st and Exhibit 7L salary ad-
6 justment is August the 1st, 1975, yes sir.

7 Q So if you have all the payroll authorization forms
8 that would reflect a constant salary of \$14,500 between March
9 1, '75 and the end of July of '75?

10 A Well, all I can say is that I have in my hand here
11 the March 1st payroll authorization form showing a salary
12 adjustment and the next is August 1, 1975.

13 Now I can't explain, you know, what happens between
14 those months. Anything could happen. You may not even have
15 the forms here; I don't know.

16 Q Assuming you have been handed all of the payroll
17 authorization forms relating to Felix Matlock would that not
18 reflect then that there was no change in Mr. Matlock's salary
19 from March 1, 1975, through the end of July of 1975?

20 A I cannot tell what this reflects, Mr. Kotelly.

21 Q Based on the assumption.

22 A Unless I either saw the forms in question or a list
23 as defense counsel has just suggested.

24 Q Mr. Diggs, you have all the payroll authorization
25 forms relating to Mr. Matlock for the period in time.

001244

1 A Well, if it's on that assumption then --

2 Q That's what I ask you.

3 A All right. On that assumption then between March
4 the 1st and August the 1st there are no forms and the presump-
5 tion is that there were no changes in the salary because these
6 are payroll authorization forms. They do not have to be made
7 out each month, only made out for appointments, salary adjust-
8 ments or terminations, yes sir.

9 Q Now, August, effective August 1, 1975, Mr. Matlock's
10 salary will be \$25,300; is that correct?

11 A Yes sir. That's what's on this form.

12 Q Did Jean Stultz talk to you about why Mr. Matlock's
13 salary should be raised to \$25,300?

14 A I would not remember, Mr. Kotelly, a conversation
15 on or about that time over three years ago.

16 Q August of 1975 you testified on direct you started to
17 incur some large new expenses; is that not correct?

18 A Well, I had started to incur expenses or had expenses
19 at that particular time but you asked me if I had a conversa-
20 tion specifically with her in connection with this matter at
21 this particular time and I just don't recall such a conversa-
22 tion.

23 Q Wouldn't it have been your normal practice?

24 A But I can merely say that adjustments in salaries and
25 appointments or terminations were in each instance signed by me

001245

1 and presumed to have been discussed with me.

2 Q Signed by you and you were the only one authorized
3 to make those decisions; isn't that correct?

4 A I am the person whose signature is required by the
5 House Finance Office in order to effectuate any of the action
6 on these forms and these forms, as I indicated, have all been
7 signed by me with the exception of the February 1, 1975, form
8 and that you handed me, sir, and the one on the 1st of January,
9 1977.

10 Q Okay. Now, would it have been your normal practice
11 to have discussed salary changes with Jean Stultz?

12 A Yes sir.

13 Q Would it have been your normal practice to ask her
14 why is Felix Matlock receiving \$25,300 effective August 1, 1975?

15 A It was our normal office practice to discuss changes
16 in the payroll period.

17 Q Isn't it a fact that you would have been aware that
18 the increase in salary was for the purpose of paying district
19 office expenses?

20 A Well, I have said that Felix Matlock paid the district
21 office expenses, yes.

22 Q So the increase --

23 A Yes.

24 Q So the increase that would have been effective August
25 1, 1975, was for that purpose and that purpose alone?

001246

1 A Well, I can merely say that Felix Matlock paid the
2 office expenses out of his salary; that's correct.

3 Q September 1, 1975, is there a payroll authorization
4 form effective that date where Mr. Matlock's annual salary is
5 \$35,500?

6 A That is so reflected in this form, yes sir.

7 Q Do you remember discussing with Mrs. Stultz the
8 fact that Felix Matlock would be receiving that large a salary?

9 A I do not remember the specific discussion but I
10 repeat, Mr. Matlock paid office expenses out of his salary.

11 THE COURT: What was that date?

12 MR. KOTELLY: Effective September 1, 1975, Your Honor.

13 THE WITNESS: Yes sir.

14 BY MR. KOTELLY:

15 Q Mr. Diggs, were you not concerned with the overall
16 salaries of your employees to make sure that they remained
17 within the limits prescribed by Congress?

18 A Well, they had to remain within the limits prescribed
19 by Congress.

20 Q Did you discuss with Mrs. Stultz as to whose salary
21 should be increased and whose salary should be decreased in
22 order to juggle your figures to stay within your maximum?

23 A We had discussions concerning salary adjustments.

24 Q You were not concerned about staying within your
25 maximum?

001247

1 A Well, one had to be concerned about that. That was
2 a requirement and the only requirement.

3 Q Mr. Diggs, isn't it a fact that you would try to use
4 every penny each month of your clerk hire allowance to pay your
5 employees in their salaries?

6 A I don't know whether I used every cent of the clerk
7 hire every month or whether I used every cent of any allowance
8 every month.

9 Q Do you recall months during the period of let's say
10 July of '75 and the end of 1976 where you returned monies to
11 the United States Treasury for unused Clerk Hire Allowance?

12 A I don't recall offhand, Mr. Kotelly, but I'm sure
13 their records would so reflect.

14 Q Would that have been unusual if you returned funds
15 to the Treasury out of the Clerk Hire Allowance?

16 A I don't think it would be unusual, no sir.

17 Q You testified earlier on cross examination regarding
18 the salary for George Johnson and that his salary would be
19 based on what monies were available; did you not?

20 A That may have happened at a given month or a given
21 period but it was not something that occurred on a monthly
22 basis.

THE COURT: Ten minute recess.

(Recess period)

(Jury not present.)

001248

1 THE COURT: Counsel, come to the bench, please.

2 (At the bench:)

3 THE COURT: How much more of this do you have?

4 MR. KOTELLY: I can only estimate about an hour.

5 THE COURT: I don't think you have to go into every
6 one of these transactions. You can dissipate the force and
7 effect of what you have shown by this.

8 Now, it isn't up to me to give you any strategy
9 suggestions but I am concerned about the utilization of time.

10 MR. KOTELLY: I realize that, Your Honor, but I have
11 had numerous discussions with Mr. Silbert and Mr. Caputi and
12 they feel what I'm doing is essential and that I should progress
13 the same way that I have been.

14 THE COURT: Well, I'm in charge of Courtroom 21, as
15 you well know.

16 MR. KOTELLY: I am not suggesting they are running
17 this.

18 THE COURT: I'm not going to have this thing dragged
19 out any more than necessary.

20 MR. KOTELLY: I'm not trying to, Your Honor. I'm not
21 being repetitious, I don't think. I think I'm just following
22 through every area.

23 THE COURT: You can be overly meticulous too.

24 MR. KOTELLY: I didn't realize that I was trying to
25 be overly meticulous, Your Honor.

001249

1 THE COURT: Well --

2 MR. KOTELLY: I will try to move it along as quickly

3 as I can.

4 THE COURT: All right. You know how I feel about it.

5 MR. KOTELLY: Yes, Your Honor.

6 (In open Court:)

7 (Whereupon, the jury returned to the courtroom.)

8 CROSS EXAMINATION (Resumed)

9 BY MR. KOTELLY:

10 Q Congressman Diggs, asking you again to look at those
11 payroll authorization forms for Mr. Matlock --

12 A Yes sir.

13 Q Is it correct that the payroll authorization effective
14 October 1, 1975, Mr. Matlock's annual salary is \$21,479.16?

15 A What date was that, sir?

16 Q Effective October 1, 1975.

17 A Yes sir.

18 Q The next payroll authorization form effective November
19 1st is \$30,000; is that correct?

20 A February is. It says 15,000.

21 Q I'm asking about November, 1975.

22 MR. POVICH: Your Honor, this is the problem we have.

23 He is reading from the summary and he is asking the witness
24 to look at the individual papers. Now, I think if he's going
25 to question him from that document the witness ought to have

001250

the benefit of it too.

MR. KOTELLY: I don't mind giving him a copy of it but I'm asking questions regarding the payroll authorization forms, Your Honor.

THE COURT: You may proceed but let's move along as best we can.

THE WITNESS: You are asking me to compare?

BY MR. KOTELLY:

Q No comparison. I'm just asking you.

A November the 1st, 1975, yes sir.

Q Gross income \$30,000?

A November, I'm sorry. Gross annual salary for the month of November of 1975 was \$30,000 gross, that's correct.

Q January of '76, January 1, the gross annual salary is \$25,000, correct?

A For the month of January of 1976 it was \$25,000.

Q And effective March 1, 1976, the gross annual salary is \$37,000?

A For the month of March his salary was calculated at that gross annual salary.

Q \$37,000?

A \$37,000, yes sir.

Q Did you question Mrs. Stultz regarding the payment of Felix Matlock of a gross annual salary of \$37,000?

A No sir.

001251

1 Q You knew at the time, did you not, that that money
2 was not merely Mr. Matlock's salary but it also included pay-
3 ment for office expenses?

4 A I knew it was Mr. Matlock's salary, sir.

5 Q Are you saying that you had no knowledge that Mr.
6 Matlock was paying for office expenses out of his salary?

7 A I have already stated, sir, that Mr. Matlock was, in
8 fact, paying office expenses out of his salary, yes sir.

9 Q My question previously, sir, was when you were paying
10 Mr. Matlock and submitted those payroll authorization forms
11 reflecting \$37,000 of the annual salary for Felix Matlock, that
12 you knew that that not only included Mr. Matlock's take-home
13 salary to keep but it also included what he had to pay out of
14 his salary for district office expenses?

15 A Mr. Matlock was paying district office expenses.

16 Q And you knew that it was coming out --

17 A Out of his salary.

18 Q And out of his salary that was based on the fact that
19 you had submitted payroll authorization forms reflecting that
20 Mr. Matlock's salary was \$37,000?

21 A Mr. Matlock was paying office expenses out of his
22 salary for that particular month.

23 Q And months following that?

24 A Well, whatever particular month.

25 Q Every month from August of 1975 until the end of

001252

1 December of 1976?

2 A Well, I don't remember the exact period you are talking
3 about but he paid office expenses out of his monthly salary
4 and in those months he paid off office expenses, whatever those
5 months were.

6 Q You were not aware that it was every month?

7 A I was not aware that it was every month. There may
8 have been some months when he didn't. I don't remember.

9 Q You did not have discussions with Jean Stultz each
10 month regarding payment by Felix Matlock out of his salary?

11 A No sir, no sir.

12 Q In the end of August of 1976, Mrs. Stultz left your
13 employment. After that did you have personal contact during
14 the month of October, November, December, did you have personal
15 contacts with Felix Matlock and tell him what expenses he should
16 pay out of his salary?

17 A I had personal contacts with Felix Matlock during
18 that period as I did in previous periods.

19 Q Would you mind answering my whole question? I asked
20 you did you have contact with him for the purpose of telling
21 him to pay district office expenses?

22 A He continued to pay district office expenses.

23 Q Not at your direction?

24 A Let's see. That was after Jean Stultz left?

25 Q Yes sir. September, October, November, December of

001253

1 1976.

2 A '76?

3 Q Yes sir.

4 A After she left I know he continued to pay office
5 expenses, Mr. Kotelly, but I don't recall when we sat down or
6 when we talked about it or anything like that. I can't remember
7 that.

8 Q Were there occasions when you would sit down and talk
9 with Felix Matlock about what expenses he should pay?

10 A There may have been when I came back to Detroit, yes
11 sir, because all the bills were down there.

12 Q Were you aware as to how much money that Felix Matlock
13 had available from his salary during those months after Jean
14 Stultz left?

15 A No sir, I did not know that.

16 Q You weren't concerned with how much money Mr. Matlock
17 had available to him to pay for office expenses?

18 A Mr. Matlock paid the office expenses out of his
19 salary and it just sort of continued after she left.

20 Q Your testimony is that it was not at your direction?

21 A Well, he continued paying office expenses out of his
22 salary after Jean Stultz left until, as far as I can recall,
23 until the end of that year because beginning in January of '77
24 it ceased.

Q But is it your testimony though that you did not tell

001254

Mr. Matlock specific payments each month that he should be
making?

A The bills came in, sir, to the district office. Mr. Matlock had the bills. He knew what the expenses were and he just proceeded to pay them out of his salary period. Wasn't any discussion necessary.

Q Did you have a promise to make payments to Maxine Young?

A Sir?

Q Did you have a promise to make payments to Maxine Young? You do know who Maxine Young is; do you not?

A Maxine Young is former state representative and now a Wayne County Commissioner in the City of Detroit.

Q There was some type of a testimonial or fund raiser probably, was a testimonial for Maxine Young in which you purchased some space in a brochure that was published for that occasion; is that not true?

A I don't remember specifically but it could be. I was a supporter of hers and she is a supporter of mine. We have known each other a long period, yes.

Q Isn't it a fact you told Mr. Matlock to pay Maxine Young a hundred dollars as part payment for that advertisement in the testimonial brochure?

A Well, I think that the request for my participating in that brochure program, as you refer to it, came into the

001255

office and Mr. Matlock -- it was turned over to Mr. Matlock and he asked me whether or not I wanted us to make that kind of a contribution and I would have said yes to that.

Q During that period of time after Jean Stultz left you had bills at the House Recording Studio; is that not true?

A Yes sir.

Q Those bills would have come to your Congressional office in Washington; would they not?

A The recording studio, yes sir. I think those bills did come directly to the Washington office.

Q There was no reason to send those to the Detroit office, was there?

A No sir, no sir.

Q If Mr. Matlock paid any bills for the House Recording Studio wouldn't that have been at your direction?

A If the bill came in to the Washington office and if it were given to me, under those circumstances it could have happened that way.

Q What other way could it have happened?

A Well, it could have come into the office and somebody else could have sent it down there or something. I don't know.

Q Who had the authority to tell Felix Matlock what bills to pay and what bills not to pay after Jean Stultz left?

A Well, after Jean Stultz left she was replaced by Randall Robinson who was the Administrative Assistant over both

001256

1 offices in Washington and in Detroit.

2 Q Is it your testimony that it was Randall Robinson
3 who would have told Felix Matlock to pay a House Recording
4 Studio bill out of his salary?

5 A No, I didn't say that. I merely said Randall Robinson
6 was in charge of the office and had supervision over the
7 district offices in the City of Detroit.

8 Q What I'm asking you about is who told Felix Matlock
9 to pay bills for the House Recording Studio?

10 A I don't know precisely.

11 I can merely say that Felix Matlock paid the bill as
12 reflected in the records that you have.

13 Q Bills from WJLB during those last four months of
14 1976 would have been sent to Ofield Dukes; would they not?

15 A I'm not sure about that. I would say that most of
16 them were, yes sir.

17 Q Do you recall telling Felix Matlock to pay WJLB bills
18 during that four-month period after Jean Stultz left?

19 A I know that he paid these bills. I don't recall a
20 specific conversation telling him to pay it.

21 Q Is it your testimony that Felix Matlock would pay
22 these bills on his own during that period of September through
23 the end of December of 1976?

24 Is that your testimony?

25 A Not in every instance.

001257

1 Q Would you say in a great majority of instances?

2 A I just don't remember, Mr. Kotelly. I really don't.

3 Q The bills --

4 A I know that he paid the bills. That's all, and that's
5 all I can tell you.

6 Q The bills that Felix Matlock was paying, were they
7 all out of his salary?

8 A Yes sir, all out of his salary as far as bills re-
9 lating to the office expenses of my Congressional office is
10 concerned, that's correct. Yes sir.

11 Q Did you ever send a personal check of yours to Felix
12 Matlock for the purpose of paying -- for Mr. Matlock to pay
13 district office expenses by purchasing money orders or cashiers
14 checks?

15 A I just don't remember, sir. I don't remember.

16 Q Have you looked at your checking accounts in prepara-
17 tion for your testimony here at trial?

18 A Looked at my checking account?

19 Q Yes sir.

20 A No sir, not looking for any particular items or
anything like that.

21 Q Would it be likely that you would have sent a personal
check to Felix Matlock, to Mr. Matlock personally for Mr. Matlock
22 to then convert either to cashiers checks or money orders or
23 cash to pay an office expense?

001258

1 A I can't answer that question. I don't know.

2 Q Was that your practice to do it that way?

3 A I don't recall -- I didn't have any special practices,

4 Most of my bills are paid by check and I did pay some of the
5 office expenses down in Detroit from time to time myself,
6 personally.

7 Q Surely, but by check, correct?

8 A By check, by cash sometimes. We had a petty cash
9 fund to cover expenses such as parking fees and things like
10 that. There were other sorts of things that I paid out of
11 my pocket many a time.

12 Q What sort of things do you consider petty cash?

13 A Well, we had a little petty cash fund. I think it
14 was a hundred dollars maybe, somewhere in that neighborhood,
15 to reimburse people for parking and things like that, maybe
16 getting some coffee for the office, things like that.

17 Q Did you ever pay any office expenses by paying cash
18 directly to the person who had the obligation or who you owed
19 money to for office expenses?

20 A I may have.

21 Q Do you recall any?

22 A I don't recall specifically. I can merely recall
23 that I have paid office expenses for the district offices out
24 of my own personal funds many times because of the limitations.

25 Q Right, but when you say out of your personal funds

001259

1 are you referring to your checking account that you mailed
2 checks or sent checks to pay for offices?

3 A I can merely say --

4 MR. POVICH: Your Honor, he has answered this question
5 about three different ways now, three different times. He said
6 checks; he said cash.

7 MR. KOTELLY: I'm trying to find out exactly which
8 way that was the majority and the circumstances of the minority,
9 Your Honor.

10 MR. POVICH: I think he has exhausted his recollection
11 on the matter, Your Honor.

12 THE COURT: It would seem so, Mr. Kotelly.

13 MR. KOTELLY: Your Honor, if I could just ask one
14 question to tie this together.

15 THE COURT: One.

16 BY MR. KOTELLY:

17 Q Mr. Diggs, can you recall paying any office expense
18 of let's say over \$200 in cash?

19 A I cannot recall.

20 Q Thank you, sir.

21 Now, you testified about Ofield Dukes. Regarding Mr.
22 Dukes did you specifically have conversations with him as to
23 if there were any expenses incurred by him how they were to
24 be handled?

A I'm sure that there was some conversation at some

001260

1 point.

2 Q Did you advise Mr. Dukes if he had any expenses that
3 he should just submit the expenses to your office in Washington?

4 A Well, he submitted his expenses in that fashion so
5 I assume it came out of some kind of conversation on that
6 particular subject in that way.

7 Q Were you advised by Jean Stultz that there were
8 bills being submitted by Mr. Dukes and that they were to be
9 paid for out of his salary?

10 A I don't recall any specific conversation with Jean
11 Stultz about that. I know I can merely say that Mr. Dukes
12 paid expenses related to his representation of me out of the
13 salary that was paid to him.

14 Q Was your arrangement with Mr. Dukes that he would pay
15 the expense first and then be reimbursed or that he would re-
16 ceive the money in advance and then out of that money pay for
17 the expenses?

18 A Mr. Kotelly, there wasn't any arrangement. That word
19 has a certain connotation. Now, Mr. Dukes paid the expenses
20 that were related to his official representation, period.

21 Q And Mr. Dukes was the man that you looked to to coordinate
22 your communications and media concerns?

23 A That was one of his functions, yes sir.

24 Q In that context Mr. Dukes had duties relating to the
25 programming on WJLB radio?

001261

1 A He had some functions relating to that particular
2 activity, yes sir.

3 Q And he had functions relating to your receiving some
4 media coverage or press coverage in the Michigan Chronicle?

5 A Yes sir. He was a former assistant editor of that
6 newspaper, yes sir.

7 Q His duties also involved the television program in
8 Detroit that was recorded at the House Recording Studio?

9 A Yes sir. He was a producer listed on the credits
10 as producer of the program.

11 Q Now, did you have discussions with Mr. Dukes that he
12 should pay out of his salary for let's say the recording at the
13 House Recording Studio for the television program?

14 A I know that Mr. Dukes did pay some of the expenses
15 relating to House Recording out of his salary, that's correct.

16 Q Did you specifically ask him to do that?

17 A I know that he paid it.

18 Q That's not what I asked, sir. Did you specifically
19 ask him to pay it?

20 A I may have. I don't remember.

21 Q Did you specifically ask Mr. Dukes to pay bills for
22 advertising at the Michigan Chronicle in order that those bills
23 would be taken care of?

24 A Well, he paid those expenses.

25 Q That's not what I asked, sir. Did you ask him to pay

001262

for it?

A There may have been some occasions when it came out of a conversation that we had, period. I don't remember any specific instructions to him in connection with a specific transaction, no sir.

Q Regarding advertisements in the Michigan Chronicle were you also aware of advertisements by the House of Diggs in that same newspaper?

A Yes, I was aware of that.

Q And would you receive weekly the Michigan Chronicle?

A Yes sir. I still do. I have a subscription to it.

Q In looking at the newspaper would you notice ads of the House of Diggs at the time that the House of Diggs was still a single entity?

A Yes. I have seen the House of Diggs ad in the Michigan Chronicle, yes sir.

Q Have you also seen ads for the Diggs team or the Diggs mobile van in the Michigan Chronicle?

A Yes, I remember those very vividly.

Q As far as bills for advertising in the Michigan Chronicle for advertisements for the House of Diggs, who was to pay those?

A The House of Diggs.

Q After the merger with the Stenson Funeral Home who was to pay for the advertisements that the House of Diggs may

001263

have had, debts already incurred?

A Well, the Diggs/Stenson or the successor organization to the original House of Diggs.

Q They were going to take over all obligations of the House of Diggs?

A Well, the merger -- they bought the assets of the House of Diggs and therefore any bills that came after the merger were their obligation to pay.

Q I was talking about bills before, that were incurred before the merger. How were they to be paid after the merger?

A After the merger?

Q Yes sir.

A Well, they bought the assets and the liabilities of the House of Diggs.

Q So Diggs/Stenson then should have paid for any House of Diggs bills that had been incurred prior to the merger; is that your testimony?

A If there are any such bills that were pending then that -- then the bills, they had all of the bills. They took the bills. They took the whole file. They had -- everything was turned over to them.

Q Now, did you have conversations with Jean Stultz regarding the payment of a House of Diggs bill at the Michigan Chronicle sometime shortly after the merger in 1975?

A I don't remember any such conversation. I don't

001264

remember any such conversation.

Q Do you recall directing Ofield Dukes or having Jean Stultz direct Ofield Dukes to pay a Michigan Chronicle ad that had been run for the House of Diggs?

A I do not recall any such conversation.

Q Also in late 1975 did you have conversations with Jean Stultz regarding any House of Diggs bills at WJLB that the Stenson Funeral people would not pay for because they had been incurred prior to the merger?

A All I can remember is that the bills that were incurred were turned over. There may have been some discussion about it. I don't remember anything specific about that.

Q Do you remember a specific bill?

A I didn't have any obligation.

Q You personally did not have any?

A Well, I didn't have any obligation to pay House of Diggs bills after the merger.

Q Did Jean Stultz talk to you about some problems with a House of Diggs bill?

A No, no. We didn't talk about House of Diggs bills.

Q I would show you what has been marked Government's Exhibits 58 and 57A which have been identified and testified to by Mr. Dukes as having both been sent together to Jean Stultz and ask you to look at it.

A Yes sir.

001265

1 Q I ask you if you remember receiving that memo and
2 that attached bill from Jean Stultz with the inquiry that's
3 on the memo?

4 A I don't remember receiving the memorandum.

5 It's got in writing on it -- it says, "Mr. Diggs,
6 shouldn't this bill go to HOD?"

7 Q "HOD" is House of Diggs?

8 A Is House of Diggs. That's what it says on here. But
9 I don't remember the memorandum or -- and it is a question, so
10 there is no answer to it.

11 Q Do you recall telling Mrs. Stultz to find out about
12 that bill from WJLB?

13 A I do not recall this. I don't recall the memorandum
14 and as I said, this is a question with no answer and I do not
15 have the answer.

16 Q Do you remember Mrs. Stultz telling you that Diggs/
17 Stenson would not pay for that particular bill because it had
18 been incurred before the merger?

19 A I do not recall that, sir.

20 Q Do you remember telling Mrs. Stultz to have Mr. Dukes
- pay that bill?

21 A I do not recall that either.

Q Do you have any explanation as to why Ofield Dukes
would pay a bill for the House of Diggs radio show on WJLB?

A I have no such explanation.

001266

1 Q Thank you, sir.

2 MR. POVICH: Your Honor, I would like to ask that
3 last question and answer be stricken. There was testimony in
4 this case from Ofield Dukes as to why that was paid. I think
5 it is improper to turn around and ask him --

6 THE COURT: Overruled.

7 BY MR. KOTELLY:

8 Q During that period of time, October through the end
9 of December of 1975, there were also bills that were being
10 incurred by you as a Congressman for different radio shows on
11 WJLB; is that correct?

12 A Would you give me the period again, Mr. Kotelly?

13 Q October, 1975 through the end of December, 1975, a
14 radio program that was different from the House of Diggs program.

15 A Yes sir. We started a program called "The Congressman
16 Speaks".

17 Q Did you have discussions with Mr. Dukes as to how
18 those bills were to be paid?

19 A Mr. Dukes assumed payment for those bills. It was
20 a public service program that actually came out of a suggestion
21 that he made.

22 Q Did you seek to have the radio station broadcast your
23 tape free as a public service?

24 A I don't know. Mr. Dukes handled all of that so I
25 really don't know.

001267

1 Q Did you seek to have a sponsor pay for this "Congress-
2 man Speaks" radio program on WJLB?

3 A Mr. Dukes handled all of that, sir. I just don't
4 know.

5 Q Did you have any conversations with Mr. Dukes that
6 Felix Matlock should pay out of his salary WJLB bills during
7 that period of time from October, 1975 through the end of
8 December of 1975?

9 A I don't recall any such discussion frankly.

10 Q Now, you testified that Mr. Dukes was incurring some
11 expenses and would pay for these expenses out of his salary,
12 correct?

13 A Mr. Dukes?

14 Q Yes.

15 A Yes, that's correct.

16 Q And that some time around February or March of 1976
17 did Mr. Dukes have conversation with you that he wished to stop
18 that arrangement?

19 A I just don't recall such a conversation.

20 Q After March of 1976 do you recall Mr. Dukes paying
21 for any expenses either relating to the Michigan Chronicle,
22 WJLB or the house recording studio?

23 A I do not so recall, sir.

24 Q Do you recall that Mr. Dukes stopped making those
25 payments for those three organizations in 1976?

001268

1 A If Mr. Dukes ceased paying any of these bills, I don't
2 remember when he ceased paying them.

3 Q Well, did he cease at some point in time?

4 A I just don't know. I don't know whether that went
5 on the entire period of his employment by me. I just don't
6 know.

7 Q Did you ever have to make arrangements that someone
8 else would be paying for those particular bills, either Michigan
9 Chronicle or WJLB or the House Recording Studio, during 1976?

10 A My best recollection, sir, is that Ofield Dukes was
11 handling the whole operation and that's all I can remember.

12 Q When during the period of time of 1975, do you recall
13 on occasion receiving payroll authorization forms from Jean
14 Stultz to increase the salary of Ofield Dukes?

15 A I don't recall receiving such forms but these forms
16 would indicate that I signed it and authorized it, yes sir.

17 Q Were any of the payroll authorization forms that you
18 submitted, were they of any concern to you as far as the amount
19 of money that was being paid to Ofield Dukes?

20 A Well, I signed authorizing Mr. Dukes to be paid that
month whatever the gross salary was.

Q Based on what, based on the services he was performing?

A Based on the submission of the form in question. I
haven't seen the form.

Q Do you remember what Mr. Dukes' normal salary was in
001269

1974-1975?

2 A I don't recall specifically. I think it was about
3 a thousand a month, something in there.

4 Q Twelve thousand a year?

5 A Something like that, yes sir.

6 Q I show you Government's Exhibits 10M, 10N, 100, 10P.

7 A Yes sir.

8 Q I ask you first to look at the signature on each of
9 those and ask you if you signed those payroll authorization
10 forms for Ofield Dukes?

11 A 10M, 10N, and 100 appear to be my signature. 10P is
12 not my signature.

13 Q 10P is what date, sir?

14 A That is February the 1st, 1976.

15 Q Now, on the first three documents will you tell us
16 what the effective date in annual salary is for Mr. Dukes?

17 A This is a payroll authorization form, Government's
18 Exhibit 10M, Ofield Dukes, effective date August 1, 1975, salary
adjustment \$12,000.

19 Q Which you have indicated was his normal salary?

20 A As I can best recall it was his salary for that
particular month.

21 Q Fine. The next payroll authorization I believe is
12N.

22 A 12N, yes sir.

001270

Q The effective date and the salary, gross annual
salary for that payroll authorization form?

A The effective date is November 1, 1975, and that month -- he was paid on an annual basis but that month he was paid \$37,300, that is on an annual basis, one-twelfth of that amount in other words, for that month.

Q Correct. Now, Congressman Diggs --

THE COURT: What was that month?

THE WITNESS: November 1st, Your Honor, of 1975.

BY MR. KOTELLY:

Q So that month, Congressman Diggs, the salary was increased, was it not, so that Mr. Dukes could pay office expenses?

A Well, this reflects that his salary was one-twelfth of \$37,300 for that particular month, yes sir.

Q Mr. Diggs, wasn't that in order to enable Ofield Dukes to either pay bills or to reimburse him for previously-paid bills by Mr. Dukes?

A Well, I have stated that Mr. Dukes did pay bills relating to his responsibility for his official representation.

Q Is there any question in your mind that that payroll authorization form was submitted for the purpose of either giving Mr. Dukes money to pay a bill or to reimburse him for a paid bill?

A I could not correlate this salary with any expenditures, Mr. Kotelly.

001271

Q Are you saying that that payroll authorization form
2 would reflect what you had determined would be Mr. Dukes' salary
3 for himself?

A Well, it reflects what Mr. Dukes got that particular
4 month.

Q You submitted that form?

A And I have stated and I repeat that he did pay ex-
8 penses relating to his official representation of me, yes sir.

Q Mr. Diggs, is there any doubt in your mind that that
10 payroll authorization form 12, I believe we are at N, am I
11 correct?

A 10N, yes sir.

Q That that payroll authorization form was submitted
14 to the Office of Finance for the purpose of enabling Mr. Dukes
15 to pay for office expenses?

A There is no doubt in my mind that this form was submitted
17 to the Office of Finance to pay Mr. Dukes this amount of money
18 that month.

Q For the payment of office expenses in addition to his
20 salary?

A It was submitted to pay Mr. Dukes that amount of
2 money that month, Mr. Kotelly.

That's all this form is for.

Q Is there any doubt in your mind that when you submitted
2 that form to the Office of Finance that the purpose wasn't

001272

1 to pay Mr. Dukes a salary plus for him to pay office expenses?

2 MR. WATKINS: Objection, Your Honor.

3 THE COURT: The question has been asked several times
4 but it hasn't been answered. Can you answer it, Mr. Diggs?

5 THE WITNESS: Well, Your Honor, I paid the gentleman
6 that amount of money that particular month. I don't know what
7 the gentleman is trying to -- it sounds like he is trying to
8 correlate the amount of his salary to some expenditures that
9 he may have incurred for that particular month and I have
10 stated that this is what I paid him that month and I further
11 stated that Mr. Dukes paid expenses relating to his official
12 representation of me on a standard basis period.

13 BY MR. KOTELLY:

14 Q (And you have testified that Mr. Dukes' salary was
15 \$12,000 a year or \$1,000 a month?

16 A Well, salary -- his services for the month that you
17 showed me, what was it, for August of 1975, was \$12,000 or
18 one-twelfth of that amount.

19 Q That was your recollection as you testified even
20 before you were shown those payroll authorization forms; was it
21 not?

22 A That was my recollection of Mr. Dukes' salary when
23 he began his employment by me, yes sir.

24 Q And that \$1,000 a month gross was intended by you
25 to be compensation for Mr. Dukes for his personal services to

001273

you as a Congressman?

A That was his beginning salary, yes sir.

Q Now, the payroll authorization form that I have been asking you about, 10N, is more than double the normal \$1,000 a month gross that you have testified that Mr. Dukes received.

A Well --

Q More than double, is it not?

A Yes, yes.

Q Do you recall doubling Mr. Dukes' salary for what he was to have himself personally for his services to you as a Congressman?

A I authorized the payment of Mr. Dukes in both instances and, you know, the reason for it could be related to any number of things. Maybe he had more expenses that month; I don't know.

Q Then it was related to expenses; was it not?

A I said he paid expenses. I said that. I have said that.

MR. WATKINS: I object, Your Honor. If he would please let the witness answer the question, he's been doing this constantly.

THE COURT: I think the question has been asked and answered and you can make argument on it but you don't need to argue with the witness.

BY MR. KOTELLY:

001274

1 Q During the times that you submitted payroll authorization forms for Ofield Dukes and for Felix Matlock during periods of time when they were to pay monies for district office expense, the amount of money shown on the payroll authorization form was not intended to be pure salary for their personal benefit; is that correct?

7 THE COURT: I think he has answered that. It is
8 repetitious.

9 MR. KOTELLY: I am asking a general question.

10 THE COURT: He has answered that for both those
11 people. Let's get on to something else.

12 BY MR. KOTELLY:

13 Q Now, Mr. Diggs, regarding the payments that were
14 being made by Jean Stultz out of her salary you have indicated
15 that that began with the portrait that she indicated she would
16 buy or pay for?

17 A That's my best recollection, yes sir.

18 Q And that was some time in the fall of 1973; is that
19 correct?

20 A That's my best recollection, yes sir.

21 Q You have seen the two cashiers checks, one dated
22 November 2nd of '73 and January 2nd or 3rd of 1974 to J. Daniel
23 Clipper and you have indicated that those reflect the times
24 that she made the payments; is that correct?

25 A Yes sir.

001275

1 Q In October of 1973 Jean Stultz was your office manager,
2 correct?

3 A She went through several changes. October, '73 doesn't
4 quite -- you say October of 1973?

5 Q Yes. She was already your office manager?

6 A Yes, that's correct.

7 Q I believe your testimony was yesterday that Jean
8 Stultz became office manager some time in January of '73 when
9 Dorothy Corker went over to the District of Columbia Committee?

10 A Somewhere in that period, yes sir.

11 Q And she assumed the role of office manager as well as
12 your personal secretary and her responsibilities were that of
13 the office manager although she had to sort of learn the ropes;
14 is that correct?

15 MR. POVICH: Your Honor, this is repetitious.

16 THE COURT: Get on to the new point. Get on to some-
17 thing you haven't already elicited testimony on.

18 BY MR. KOTELLY:

19 Q Jean Stultz had duties of an office manager in January
20 of 1973, correct?

21 A On or about that time, yes sir.

22 Q Did her responsibilities change after she became office
23 manager in January of 1973?

24 A Well, they broadened, yes, considerably.

25 Q After she became office manager did she change any

001276

1 further?

2 A She broadened.

3 Q In what way?

4 A Well, she took in broader responsibilities. It gave
5 her, for example, supervision over the offices in Detroit.

6 Q That was her duty when she became the office manager,
7 correct?

8 A That was one of her duties, yes sir.

9 Q What I'm asking, and maybe I'm not making it clear,
10 once Jean Stultz was made the office manager, whenever that was,
11 whether it was January or February, 1973?

12 A Yes sir.

13 Q Did she then assume any additional responsibilities
14 over and above the ones that she had in January or February of
15 1973 when she became the office manager? That's my question,
16 in later months?

17 A Somehow I'm not understanding your question, Mr.
18 Kotelly.

19 Q Let me try and rephrase it, then.

20 In January or February, 1973, she was the office
21 manager.

22 A Yes sir.

23 Q She was also your personal secretary?

24 A Yes sir.

25 Q She handled your financial matters?

001277

1 A Yes sir.

2 Q She was also, as you testified, the focal point in
3 your staff office for District of Columbia Committee matters?

4 A Yes sir.

5 Q Correct?

6 A Yes sir.

7 Q She kept your appointment books?

8 A Yes, yes.

9 Q This was all in January or February of 1973?

10 A Thereabouts, yes.

11 Q Can you think of any other major responsibilities
12 that Jean Stultz had in January or February of 1973 or have I
13 named most of the major ones?

14 A Well, you have certainly named major ones and that's
15 enough right there.

16 Q Fine. I'm asking though are there any other major ones
17 I have omitted?

18 A Well, my responsibility in connection with the African
19 Subcommittee, she had links and responsibilities relating to
20 that particular activity.

Q That was in January or February of '73, correct?

A January, February of '73, yes sir.

Q Any other major ones I have omitted? I don't want to
be unfair.

A Well, that was an election year. Coleman Young's

001278

1 announcement had been made and I was heavily involved in elect-
2 ing the first black mayor of Detroit, so she had some responsi-
3 bilities pertaining to that in Detroit over and above just
4 her normal supervision of the district offices for congressional
5 purposes.

6 Q In January and February of '73?

7 A I would say so.

8 Q Fine. Any other major responsibilities at that time?

9 A None that I can just recall off the top of my head.

10 Q Now, after January or February of 1973, let's say
11 March, April, May, June, July, etcetera, did Jean Stultz receive
12 any new major responsibilities in your office?

13 A I just don't remember, Mr. Kotelly. You have covered
14 some very, very major areas there.

15 Q I intended to.

16 I'm asking you can you remember any new major respon-
17 sibilities?

18 MR. POVICH: Your Honor, that question has been
19 asked. Obviously Mr. Kotelly has a particular one in mind. Why
20 doesn't he just ask the witness.

21 MR. KOTELLY: I want to make certain that I'm giving
22 the witness a fair chance to answer, Your Honor.

23 THE COURT: Let's assume he has answered all he can
24 recall so pass on to the next part of your question.

25 BY MR. KOTELLY:

001279

Q You have testified earlier that Dorothy Corker recommended to you that Jean Stultz receive a raise. Do you recall that testimony on direct?

A Yes, that's right. Dorothy Corker was making those decisions in those days.

Q And Dorothy Corker was on your District of Columbia Committee?

A Well, she went on the Committee in January of '73 when I became Chairman of the House District Committee, that's correct.

She was their Chief of Staff.

Q She was authorized to make recommendations to you regarding the salary of persons on the staff at the District of Columbia Committee?

A Yes.

Q And Jean Stultz made recommendations to you regarding salaries for the staff on your Congressional staff?

A Not at that particular time. There were residuals of Dorothy Corker's responsibility, original responsibility in my congressional office that carried over and there just wasn't much that happened in my congressional office at that time that Dorothy didn't know something about. My recollection is that she continued to pass judgment on matters of that type.

Q For how long a period of time did she continue to make recommendations to you regarding the payroll of your staff,

001280

1 your personal staff?

2 A I don't recall specifically how long that took place.

3 We were in the process of many changes at that time and I just
4 don't remember.

5 Q Was it a year, more than a year?

6 A I just don't remember, Mr. Kotelly.

7 Q Now, at what point in time did Dorothy Corker recom-
8 mend this raise for Jean Stultz, if you know?

9 A Recommend which raise, Mr. Kotelly?

10 Q The raise that you testified about that was recom-
11 mended by Dorothy Corker.

12 MR. POVICH: What point in time?

13 BY MR. KOTELLY:

14 Q I'm asking you, sir. You testified yesterday that
15 Dorothy Corker recommended a raise for Jean Stultz and I'm
16 asking you when was that?

17 MR. POVICH: Your Honor, there was testimony con-
18 cerning two different -- I can think of at least two.

19 THE COURT: Suppose you rephrase your question.

20 BY MR. KOTELLY:

21 Q Around the time that you had conversations with
22 Dorothy Corker about the payment of \$2500 for this portrait
23 was Dorothy Corker also having conversations with you about
24 raising Jean Stultz' salary?

25 A That's correct.

001281

Q Was it before or after the mention of Jean Stultz

being able to pay the \$2500?

A I don't recall the sequence in that context, Mr.

Kotelly. Miss Corker had identified Jean Stultz as the potential office manager. Once she moved more into the District operation and I just don't recall whether that recommendation came before the other discussion about paying the portrait or not.

Jean Stultz paid for the portrait out of her salary, period.

Q Isn't it a fact, Mr. Diggs, that the increase in her salary was for the purpose to enable her to pay for that portrait?

A Mr. Kotelly, Mrs. Stultz paid for the portrait out of her salary.

Q Wasn't the increase in her salary that was recommended by Dorothy Corker for the purpose of enabling Jean Stultz to pay for that portrait?

A I know that she paid for it out of her salary. I know that Dorothy Corker made a recommendation about an increase in her salary. That was concurred in by me and that's what happened.

Q The salary that you were paying to Jean Stultz each month after she went to work for you, was that intended to pay her for the services that she was rendering to you as a

001282

1 Congressman?

2 A Yes sir.

3 Q Is it your testimony there was no intention on your
4 part to ever give her any monies for the purpose of assisting
5 her in paying your bills?

6 A Mr. Kotelly, I have said that Mrs. Stultz paid bills
7 out of her salary.

8 Q That's not my question, sir.

9 My question is isn't it a fact that her salary at
10 times was increased or made large enough so that she could pay
11 your bills?

12 A I authorized the salary for -- signed the salary form
13 for Mrs. Stultz and she paid my bills. Those are two separate
14 propositions.

15 Q And I'm asking you isn't it a fact that they were
16 connected?

17 A The only thing I can tell you is that I authorized
18 the payment of the bill or the payment of her salary and she
19 authorized the payment of any bills out of her salary in connec-
20 tion with the transactions that have been discussed here.

21 Q Are you denying that her salary was inflated and in-
22 creased for the purpose of paying your bills?

23 MR. KOTELLY: I'm asking simply if he denies it.

24 MR. POVICH: I think this is repetitious. I thought
25 he went into it yesterday and we had moved on to other witness-

001283

1 MR. KOTELLY: I barely started with Jean Stultz
2 yesterday, Your Honor, barely started with her.

3 THE COURT: Can you answer that question?

4 THE WITNESS: Sir, Your Honor, I can say I am not
5 denying. I say positively that Jean Stultz paid bills out of
6 her salary for my personal expenses and for congressional
7 representation of me in my official capacity.

8 BY MR. KOTELLY:

9 Q Mr. Diggs, if you are not denying you increased her
10 salary for the purpose of paying bills you are admitting that
11 you increased her salary.

12 THE COURT: Don't argue with the witness. You can
13 draw whatever conclusions you wish to in your argument to the
14 jury but you don't have to argue with the jury.

15 MR. KOTELLY: I'm sorry, Your Honor.

16 THE COURT: All right.

17 BY MR. KOTELLY:

18 Q Mr. Diggs, I show you Government's Exhibit 75 which
19 is a chart that was prepared by the FBI agent, James Reed, and
20 ask you if you have had an opportunity to previously look at
this document and are familiar with it?

21 A Well, I'm not familiar with it, sir. I know --

22 Q Have you looked at it before?

23 A I looked at it, not in an analytical way because a
matter like this would be turned over to my lawyers.

001284

Q Did you hear Agent Reed's testimony yesterday regarding that chart?

A I was here at the time he testified, yes sir.

Q And you know from having looked at it and hearing the testimony that that chart, Government's Exhibit 75, reflects the payroll information for Jean Stultz, correct?

A Well, it says, "Payroll Analysis, Jean Stultz, October, 1972 through August of 1976."

Q Thank you.

I would ask you to look at the fourth column for September, 1973 and October, 1973.

A The fourth column, sir?

Q Yes, total gross annual salary.

A October, 1973, her gross was \$33,670.80 on an annualized basis.

Q And the month before?

A And the gross --

MR. POVICH: Excuse me. What is the exhibit number you are on?

THE WITNESS: 75.

BY MR. KOTELLY:

Q You have indicated in October of '73 that the total annual salary reflects \$33,000-some-odd, correct?

A That was -- the one-twelfth of that was the gross amount that she received or which was accredited to her account

001285

that month. The net was 2122.14, according to this.

Q Correct. I'm only asking about the gross annual

period.

The month before October, 1973 is September, 1973.

A Yes sir.

Q What is the figure in the fourth column for the total annual gross salary figure right above the 33,000 you just read?

A 1-12, \$14,000, which is 1100-some-odd dollars.

Q The fourth figure is the total gross annual salary.

A But that, sir, is the rate of pay and I think that's important to --

MR. KOTELLY: Your Honor, I would ask the witness not to argue with me and for the Court to instruct him not to argue.

THE COURT: Can you answer the question from the exhibit?

THE WITNESS: I can read the figure, sir.

BY MR. KOTELLY:

Q I am asking that, please.

A 14,000 dollars, yes sir.

Q Can you explain any changes in responsibilities that Jean Stultz had that would have caused her salary to jump from \$14,000 to \$33,000 as reflected on the payroll authorization forms?

001286

1 A Well, she was expanding in her responsibilities at
2 that time. She was in an expansion pattern, that's correct.

3 Q And you authorized more than double her salary; is
4 that correct?

5 A I signed her authorization form, yes sir, for that
6 particular month.

7 Q October of 1973 is the date that the 33,000 figure
8 was achieved; is that correct?

9 A Her annualized salary for that particular month was
10 at that level, yes sir.

11 Q In order to be totally fair so we can talk to you
12 about the total monthly gross, that would be \$2800 according
13 to the chart for that figure?

14 A That was the gross pay for that particular month.

15 Q The salary check for Jean Stultz for the month of
16 October, 1973, the increase would have been reflected at the
17 end of October according to your testimony earlier.

18 A Each employee is paid at the end of the month, yes
19 sir.

20 Q And you testified that November 2, 1973, was the pay-
21 ment of \$1250 both to J.P. Daniel Clipper for the portrait and
22 \$250 for Michigan Bell; is that correct?

23 A Well, I'm recalling the exhibits that you submitted
24 and I concurred in that explanation, yes sir.

25 THE COURT: I think while you are pausing we will

001287

send the jury to lunch. We have two sequestered juries and we should remember that they want to eat.

Ladies and gentlemen, this is a good time to recess for your lunch. Be back at two o'clock. Don't discuss the case among yourselves; don't let anybody talk to you about it; and don't talk to anybody about it.

All right.

(Whereupon, the jury left the courtroom.)

THE COURT: You may step down, Mr. Diggs.

Counsel, come to the bench, please.

(At the bench:)

THE COURT: Now, I'm going to tell you to stop this repetition. You are not going to get this man, who is an intelligent witness, to agree with your theory of the case but you have got a basis for arguing your case to the jury. So argue your case to the jury; don't argue it with the witness.

MR. KOTELLY: Yes, Your Honor.

THE COURT: I have tried to tell you that several times. Now, how much more have you got?

MR. KOTELLY: I am nearing the end. I would imagine about 20 minutes.

THE COURT: Well, let's look over your additional stuff and don't let's put in any repetition because you have got the basis for your argument and you don't have to argue with the witness.

001288

2 All right.

3 (In open Court:)

4 THE COURT: Court will recess until two o'clock.

5 (Whereupon, at 12:25 o'clock p.m. the above-entitled
6 matter was recessed for lunch.)

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AFTERNOON SESSION

THE COURT: Do either of you have any matters you want to bring to my attention at this time?

MR. KOTELLY: No, Your Honor.

MR. WATKINS: No, Your Honor.

THE COURT: All right. Bring in the jury.

(Whereupon, the jury returned to the courtroom.)

THE COURT: Mr. Diggs, would you resume the stand, please.

Whereupon,

CHARLES C. DIGGS, JR.

defendant herein, resumed the witness stand, and having been previously sworn was further examined and testified as follows:

CROSS EXAMINATION (Resumed)

BY MR. KOTELLY:

Q Mr. Diggs, Randall Robinson became a member of your personal staff in August of 1976; is that correct?

A Yes, that's correct.

Q Did he become the Administrative Assistant as soon as he joined your staff?

A That is correct.

Q What was Jean Stultz' position in that month of August of 1976, which would have been her last month with you?

A I think -- well, she was not Administrative Assistant.

It was a transitional period and she was not Administrative

001290

1 Assistant. I can merely say she was not Administrative
2 Assistant but she was the senior person in the office other
3 than Mr. Robinson.

4 Q Prior to Mr. Robinson's coming there did you use the
5 term "Administrative Assistant" or "Office Manager" inter-
6 changeably for Jean Stultz?

7 A Yes, that's correct.

8 Q She was at all times prior to Mr. Robinson's coming
9 on board your senior person in your office; is that correct?

10 A When she moved into that position she became the
11 number one person; that's correct.

12 Q She was the number one person up until the time that
13 Randall Robinson came in August of 1976?

14 A That's correct.

15 Q Now, Congressman Diggs, did you ever receive any
16 blank money orders from Felix Matlock?

17 THE COURT: Have we been into that?

18 MR. KOTELLY: Not at all, Your Honor.

19 THE WITNESS: I don't remember offhand, Mr. Kotelly.

20 BY MR. KOTELLY:

21 Q Do you recall some time in September of 1976 talking
22 to Felix Matlock about paying \$100 by money order to Maxine
23 Young and also for him to give you some blank money orders so
24 that you could pay expenses?

25 A We could have had that discussion. I don't remember

001291

1 that discussion in that kind of detail.

2 Q If Felix Matlock had given you money orders you would
3 have known that it was from his inflated salary; would you not?

4 A If he had given me money orders I would have known
5 that he would have given me money orders.

6 Q But if you had told him to give you the money orders
7 to pay expenses you would have known that the money orders
8 had come from monies in his salary; would you not?

9 A I could have assumed that or I could have assumed
10 that he could have gotten the money from some other source.

11 Q Congressman Diggs, I show you Government's Exhibit
12 48E, F, F1 and F2 and ask you to look at these four documents
13 and ask you if your signature appears on each of those docu-
14 ments?

15 A Yes. They appear to be my signature. That's correct.

16 Q Do you remember giving those four money orders to
17 Ruth Rox to cash in September of 1976?

18 A I don't remember specifically but this is my signa-
19 ture and --

20 Q I'm asking if you do have a recollection of the
21 occurrence and the event?

22 A I don't have a specific recollection of this occur-
23 rence but it would appear that this is correct.

24 Q The only reason that you say it appears to be correct
25 is because your signature appears on those four money orders?

001292

2 A Because my signature is on these money orders and
3 because I recognize my writing in the name of Ruth Rox, her
4 address, as the payee of these money orders, yes.

5 Q Since you do not have any direct recollection of those
6 money orders is it correct to assume then that you do not know
7 what, if anything, you would have done with any money Ruth
8 Rox would have given you?

9 A No, I do not. I can simply say that this is September
10 of 1976, a presidential election year, just before the election.
11 There may have been expenses in connection with that and/or
12 office expenses or anything. I don't remember, but I do know
13 that that date is just before the presidential election.

14 Q But your answer is you do not remember what particularl
15 you did with any cash you may have received?

16 A Not especially. This shows that I -- it has my sig-
17 nature on it and my writing on it and it's quite obvious that
18 that transaction took place, yes.

19 Q I show you Government's Exhibit 480 and ask you if
20 you recall Felix Matlock giving that money order to you in
21 blank and your filling it out and giving it to Lorraine
22 McDaniels Westbrook?

23 A Well, this is certainly my signature on the purchasing
24 side. The remainder of the money order is printed in ink but
25 not by me.

26 Q Do you recall receiving a blank money order from

001293

1 : Felix Matlock which you filled out and gave to Lorraine
2 : McDaniels Westbrook?

3 : A I do not recall, sir, no.

4 : What's the date of this?

5 : Q No date appearing on it. It should have been some-
6 : where around November, 1976.

7 : A Yes, it looks like November of '76.

8 : I do not remember that but that is my signature,
9 : yes sir.

10 : Q Fine.

11 : Congressman Diggs, there are a number of allowances
12 : that the House of Representatives earmarks certain monies for
13 : during this period of 1973 through the end of 1976, various
14 : allowances being Clerk Hire Allowance, District Office Expense
15 : Allowance, District Leasing, District Telephone, Washington
16 : office telephone, and there were probably a few others in
17 : addition to that, leasing of equipment and stationery allow-
18 : ances, correct?

19 : A That's correct.

20 : Q Of those allowances would checks be made out from the
21 : Office of Finance, made out in your name and sent to you, to
22 : your knowledge?

23 : A Both allowances that were paid by Treasury check were
24 : made out to me as an individual. There were other allowances
25 : that constituted accounts against which you could get credit

001294

and therefore no, it was not a cash kind of a transaction.

2 Q There were also allowances where the Office of
3 Finance would send the check directly to the creditor; is that
4 not true?

5 A That's correct. The District Lease, for example,
6 for the offices, those checks went direct to the landlord or
7 in the case of the van it went direct to the person from whom
8 we have leased it.

9 Q Regarding the allowance for District Office expenses
10 would those checks be made out personally to you?

11 A All checks for the District Office Allowance in that
12 context are made out to the member.

13 Q In each quarter you could claim up to a maximum of
14 \$500 during the period 1975-1976 for reimbursement or for
15 payment for District Office expenses; is that correct?

16 A It was for reimbursement of any expenditures up to
17 that amount for office expenses. There came a time when it
18 was said not office expenses but expenses outside of the
19 District of Columbia. I don't recall where the line of demarca-
20 tion came, but that was the process, \$2,000 for the office
21 expense for the entire year to cover all of these expenses
22 or any and all expenses. That was as far as the Government
23 went at that particular time.

24 Q Did you set up a special checking account to handle
25 District office expenses?

001295

1 A No sir.

2 Q You made no attempt to segregate the funds that you
3 received from vouchers for District Office reimbursements?

4 A No special account was set up for that particular
5 purpose.

6 Q At the time?

7 A It was a reimbursement check, Mr. Kotelly, so there-
8 fore it was not something that one would normally set up some
9 separate account for.

10 Q Reimbursement?

11 A Reimbursement to the member for expenses that he
12 incurred and paid for.

13 Q And each time that you submitted a voucher for a
14 particular quarter it was because you had expended personal
15 funds up to the maximum of \$500 and were asking for a reimbur-
16 sement?

17 A It was reimbursement for expenses for that particular
18 office; that's correct.

19 Q And that was your practice during 1975-1976?

20 A Yes. That was the congressional practice.

Q I'm asking about your practice, sir.

A Well, it was an institutional practice. Every member
of Congress got the same thing.

Q I'm asking was that your practice?

A My practice, yes, yes.

001296

1 Q Thank you, sir.

2 Now, Congressman Diggs, when you decided to place
3 or increase the salaries of Felix Matlock and Ofield Dukes
4 for the purpose of paying office expenses did you tell anyone
5 at the Office of Finance that these payroll authorization forms
6 that you were submitting included an inflated amount of money
7 that was reflected on those payroll authorization forms?

8 A All that was required, Mr. Kotelly, and is still
9 required in the payroll authorization form -- there are three
10 types of actions. One is the appointment; one is the salary
11 adjustment; and one is termination. That's all that is re-
12 quired.

13 Q I'm asking you did you tell anyone at the Office of
14 Finance what you were actually doing in inflating salaries for
15 the purpose of having Mr. Dukes and Mr. Matlock pay office
16 expenses?

17 A That's all --

18 Q Yes or no, sir. Did you tell anyone at the Office
19 of Finance?

20 A I did not tell anybody and the word "inflation"
21 "inflated salary" is in your context. I don't accept it.

22 Q It was not inflated?

23 A I do not accept that terminology.

24 Q You did increase the salary with the knowledge that
25 the employee was not going to be able to personally benefit

001297

1 from the monies that he was receiving each month in his payroll
2 check?

3 A Mr. Kotelly, I have said and I repeat that I paid
4 those salaries according to the stipulations that I just indi-
5 cated.

6 Q There is a House Committee on Administration in the
7 House of Representatives; is that correct?

8 A That's correct.

9 Q And the Committee on Administration passes on
10 questions as to whether there are proper expenditures asked
11 for by a member of Congress; do they not?

12 A They pass on many questions. They pass on many
13 questions.

14 Q Including the question as to how monies should be
15 used to pay for office expenses and other allowances, correct?

16 A No, not in all cases, no. There may be some cases
17 but not in all cases.

18 Q Congressman Diggs, did you talk to any member or staff
19 person at the House Committee on Administration regarding your
20 practice of having Mr. Matlock and Mr. Dukes pay for office
expenses out of their salary?

22 A I did not talk to House Administration concerning
23 Mr. Matlock about anything.

24 Q Or Mr. Dukes?

25 A Or Mr. Dukes.

001298

Q There is a Committee on Standards of Official Conduct
2 which is also referred to as the Ethics Committee, correct?

A Yes sir.

Q And you are familiar with the members of that
5 Committee back in the time period '73 to the end of '76?

A I know that there was such a Committee operative
7 at that time and still is.

Q Did you at any time discuss with any member or
9 person on the staff of the Committee on Standards of Official
10 Conduct about the question of having Mr. Matlock and Mr. Dukes
11 pay for office expenses out of their salary?

A I did not speak to the Committee about that particu-
13 lar matter, no.

Q Now, the Committee on Standards of Official Conduct
15 from time to time issue advisory opinions; do they not?

A I suppose they do.

Q You don't know?

A Well, I suppose they do, you know. That's -- that
19 would be expected.

Q Have you ever received "Dear Colleague" letters from
21 the Committee, Ethics Committee regarding advisory opinions?

A Well, "Dear Colleague" letters are sent to all members
23 of the Congress and I presume that I could have received such
25 a communication from that particular source.

Q Could have or would have?

001299

1 A Well, a "Dear Colleague" is sent to all members of
2 the House so any "Dear Colleague" whether it comes from that
3 Committee or comes from a member trying to get you to support
4 a piece of legislation, a "Dear Colleague" is a traditional
5 form of sending a communication to all members of the House.

6 They are not individually addressed. They are not
7 even in envelopes. They are just sent out on a mimeographed
8 form.

9 Q Would you consider it important to read an advisory
10 opinion from the Ethics Committee if one was sent to you?

11 A The mail that comes into the office, Mr. Kotelly,
12 once it is received by the receptionist is turned over to the
13 Administrative Assistant and they make a distribution and that's
14 the only mail that I see is mail that is put on my desk. If
15 they put that kind of communication on my desk I would have
16 received it. If they didn't, I would not have.

17 Q Do you read the Congressional Record that is published
18 by the House of Representatives?

19 A Sometimes.

20 Q And in the Congressional Record are speeches on the
21 floor of the House, assertions that may be made by members of
22 Congress; is that correct?

23 A That is correct, plus articles and other extraneous
24 material that can be placed in there.

25 MR. KOTELLY: Your Honor, I have Congressional Record

001300

1 Volume Number 119, Part 18, pages 22479 to 23744, 93rd Congress,
2 First Session, June 30, 1973, to July 12, 1973. I would ask
3 that the next exhibit number be marked on page 23693. If
4 we could maybe later substitute a xerox of this page without
5 putting an actual sticker on this page, because this comes
6 from the Library of the D.C. Bar.

7 THE COURT: Any objection, counsel, to substitute
8 a xerox copy for the bound page?

9 THE CLERK: Government's Exhibit 89 marked for
10 identification.

11 (Whereupon, Government's Exhibit
12 89 was marked for identifica-
13 tion.)

14 MR. KOTELLY: I'm sorry, Your Honor, 23691 at the
15 bottom and the following page is 23692.

16 THE COURT: Did you show it to counsel?

17 MR. KOTELLY: Yes sir.

18 THE COURT: All right.

19 MR. POVICH: May we approach the bench, Your Honor?

20 THE COURT: Yes.

21 (At the bench:)

22 MR. POVICH: Your Honor, this is an advisory opinion
23 of the House Committee on Ethics which is published in the
24 Congressional Record on July 12, 1973.

25 THE COURT: July 12, '73?

001301

1 MR. POVICH: Yes, and I don't know what use the
2 Government plans on making of it but before they do it I would
3 like to know what the proffer is with respect to it.

4 MR. KOTELLY: Fine. Your Honor, this advisory
5 opinion which was in the Congressional Record on July the 12,
6 1973, just a few short months before as a matter of fact
7 around the same time that George Johnson was put on salary
8 but also at the time just shortly before Jean Stultz'
9 salary was increased, Mr. Matlock's salary was increased and
10 also Mr. Dukes' salary was increased, the advisory opinion
11 reflects that the Clerk Hire Allowances are to be rendered for
12 personal services of the staff member and that the member of
13 Congress should not enter into any agreements where the staff
14 member pays out of his salary any monies or any benefits
15 directly to the member of Congress or on his behalf.

16 I would submit that I am allowed to question Mr.
17 Diggs regarding his knowledge of that advisory opinion since
18 there has been brought up by the defense the issue as to common
19 understanding by having put on Victor Fisher, that even if Mr.
20 Diggs is not knowledgeable of this advisory opinion that we
21 should be allowed to introduce it into evidence as an official
22 document for the basis of showing what the common understanding
23 was.

24 We have heard testimony about common practices. I
25 think common understanding includes an advisory opinion that

001302

1 this is inappropriate. We have to rebut the testimony that
2 Your Honor allowed yesterday through Victor Fisher.

3 MR. CARL: Your Honor, I think the Government doesn't
4 show the defendant was aware of that particular document.

5 THE COURT: The only way to tell about that is to
6 ask him?

7 MR. CARL: The problem, Your Honor, is that it
8 suggests because it is an official document that that is a rule
9 of conduct of the House. It is not. It is an advisory
10 opinion and the Committee is allowed only to issue advisory
11 opinions concerning the general propriety of conduct and viola-
12 tion of an advisory opinion is not a violation of the House
13 Committee regulations.

14 THE COURT: I understand it is not a violation of
15 the law. Just maybe some evidence that would be germane to
16 the ultimate issue.

17 MR. POVICH: Your Honor, I think the initial inquiry
18 should be whether or not he saw that opinion.

19 MR. WATKINS: And if he hasn't I think that should
20 bring the issue to an end.

21 MR. KOTELLY: Your Honor, if that argument holds,
22 any person who has not read a criminal statute --

23 MR. CARL: Your Honor, it is not a rule of conduct.

24 MR. KOTELLY: This is an advisory opinion as to what
25 the regulations of the House of Representatives mean when they

001303

say that the Clerk Hire Allowance is for compensation for the discharge of official duties.

MR. CARL: Your Honor, that is not accurate. It is the advice of the Committee on the general propriety of the conduct of a member of the House. It does not say it is an interpretation of regulations of the House Administration Committee. It does not say it is an interpretation of the statute. It does not make it clear it is even an interpretation in the official sense of the House Rules.

It is advice to the member of Congress as to general propriety of the conduct of his office.

THE COURT: I think it is proper. I will allow it.

MR. KOTELLY: Thank you, Your Honor.

THE COURT: All right.

MR. WATKINS: Your Honor, are you going to allow him to inquire if he knows of this?

THE COURT: First question, yes. But I will allow it to be brought in. It's an official document of the House.

MR. POVICH: But Your Honor --

THE COURT: I have ruled. I may be wrong, but I have ruled.

(In open Court:)

MR. CARL: Your Honor, may I approach the bench a moment?

THE COURT: I have ruled on this matter, Mr. Carl.

001304

1 BY MR. KOTELLY:

2 Q Mr. Diggs, I show you a copy of the Congressional
3 Record dated July 12, 1973, page 23691 at the bottom and the
4 next portion here. Would you quickly look at that?

5 A I have looked.

6 Q Look at it yourself, sir. I'm not asking you to
7 read it out loud.

8 A There are several things on this page.

9 Q Let me point it out to you again, sir.

10 Beginning with this heading to there, following
11 page first column and that is all.

12 A All right. I have read it.

13 Q Mr. Diggs, what I have just shown to you purports to
14 be an advisory opinion of the Ethics Committee. Do you recall
15 having read that advisory opinion in the Congressional Record
16 around July of 1973?

17 A No sir, I do not.

18 Q Do you recall having received an advisory opinion
19 from the Ethics Committee which has identical language to what
20 was inserted in the Congressional Record around that time?

21 A No sir, I do not.

22 Q Mr. Diggs, did you have any conversations with your
23 colleagues or any member of your staff regarding the advisory
24 opinion of the Ethics Committee regarding their opinion as to
25 the proper use of the Clerk Hire Allowance?

001305

1 A I recall no such conversation.

2 Q At the time that you put or you had Mr. Matlock
3 and Mr. Dukes paying for your expenses out of their salaries
4 did you talk to any lawyer about whether that was proper or
5 improper?

6 A No sir, I did not.

7 Q Did you talk to anyone at all about whether your
8 having Mr. Dukes and Mr. Matlock pay for office expenses was
9 a proper way of handling the payment of office expenses?

10 A No sir, I did not.

11 MR. KOTELLY: I have no further questions of this
12 witness, Your Honor.

13 THE COURT: Mr. Povich?

14 MR. POVICH: Would Your Honor indulge me for a minute?

15 THE COURT: Certainly.

16 MR. POVICH: I have no further questions.

17 THE COURT: All right. You may step down, Mr. Diggs.

18 (Witness excused.)

001306

CERTIFICATE OF COURT REPORTERS

2 I do hereby certify that the foregoing transcript
3 of proceedings before the Honorable Oliver Gasch, United
4 States District Judge, and heard on the dates aforesaid,
5 is a true and complete transcript of the said proceedings
6 as requested. 1


Regis Griffey,
Official Reporter

Judith B. Moore
Judith B. Moore,
Official Reporter

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