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Volume 1

IN THE MATTER OF REPRESENTATIVE GEORGE V. HANSEN

REPORT

OF THE

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT
HOUSE OF REPRESENTATIVES

JULY 19, 1984.—Referred to the House Calendar and ordered to be printed

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COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

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Mr. STOKES, from the Committee on Standards of Official Conduct, submitted the following

REPORT

The House Committee on Standards of Official Conduct submits this Report to the House of Representatives to summarize its proceedings in the Committee's investigation of Representative George V. Hansen in support of its recommendation, pursuant to Article I, Section 5, Clause 2 of the United States Constitution and Rules 14, 16, and 17 of the Committee's Rules, that Representative Hansen be reprimanded by the House.

A. PROCEDURAL HISTORY

On April 7, 1983, Representative George V. Hansen of Idaho was indicted by a federal grand jury in the United States District Court for the District of Columbia charging four counts of filing statements in violation of 18 U.S.C. § 1001 based on his financial disclosure statements under the Ethics In Government Act ("EIGA"). After the Congressman's motions to dismiss the indictment were denied and such denial was affirmed on appeal, a trial began in March, 1984. On April 2, 1984, after a 10-day trial, the jury in the case returned a verdict of guilty on all four counts.*

Following the verdict, pursuant to Rule 14 of the Committee's rules, the Committee commenced a preliminary inquiry into whether any of the offenses for which Congressman Hansen was convicted constituted a violation over which the Committee had jurisdiction under House Rule X, cl. 4(e)(1) of the Rules of the House of Representatives. The Committee advised Congressman Hansen of its action by letter dated April 4, 1984. On April 5, 1984 the committee appointed Special Counsel, who immediately commenced review of the full trial transcript and exhibits, the pre- and post-trial motions and memoranda, as well as correspondence and sub-

*The transcript of trial proceedings is contained in Part 2 of [illegible] report.

missions from Congressman Hansen's counsel. In addition, Special Counsel met with respondent's counsel on a number of occasions and engaged in numerous telephone conversations respecting various aspects of the case, the Committee's procedure, and the scope of the preliminary inquiry.

On April 18, 1984, Special Counsel contacted counsel to Congressman Hansen to advise them that, pursuant to Rule 11(a)(2)(A) of the Committee Rules, the Congressman would have the right to present a written or oral statement with respect to the subject matter of the preliminary inquiry and requesting that counsel designate relevant portions of the trial transcript as the Committee's record in the matter.

On May 17, 1984, Congressman Hansen appeared personally before the Committee to give a sworn statement and respond to questions from Members and Special Counsel. During the May 17 hearing, the Congressman's counsel also was given an opportunity to address the Committee and respond to inquiries. At this same time, counsel for respondent and Special Counsel stipulated that the trial transcript and exhibits obtained by the Committee would be considered true and accurate copies so that the Committee need not await certification of the trial transcript to make it part of the Committee record. Following this hearing, Special Counsel prepared a report upon completion of the preliminary inquiry which was submitted to the Committee on June 12, 1984.

On June 14, 1984, the Committee, after consideration of Special Counsel's report and the record of the entire case, adopted by a vote of 10–0 a resolution as follows:

> Pursuant to Rule 14 of the Committee's Rules, the Committee, having reviewed the evidence relating to the conviction of Representative George V. Hansen in the United States District Court for the District of Columbia for offenses of violating Section 1001 of Title 18 of the United States Code; and upon consideration of the Report of Special Counsel Upon Completion of Preliminary Inquiry filed June 12, 1984 and all relevant evidence, including the exhibits and record herein, now determines that the evidence of his failure to file a complete disclosure constitutes violations of rules over which the Committee is given jurisdiction under Clause 4(e) of Rule X of the rules of the House of Representatives, including House Rule XLIV, XLIII cls. 1, 4, 7, and it is hereby:
>
> *Resolved,* That the Committee shall proceed promptly to hold a disciplinary hearing for the sole purpose of determining what sanction to recommend that the House of Representatives impose on Representative Hansen for these offenses and violations; and that it be further
>
> *Resolved,* That Representative Hansen and his counsel shall be promptly advised of this action and informed of the Member's rights pursuant to the Rules of this Committee, and that it be further
>
> *Resolved,* That the Special Counsel's report in this matter be made public after service upon Representative Hansen and his counsel.

Congressman Hansen and his counsel were advised that day of the Committee's action, and a disciplinary hearing was scheduled for June 20, 1984 at 10:00 A.M. Pursuant to Committee Rules 14, 16, 17, the sole purpose for the disciplinary hearing was to determine what sanction, if any, to recommend to the House. On June 15, 1984 counsel for Congressman Hansen requested that the Committee reconsider its June 14, 1984 Resolution, reopen its proceedings and take additional testimony including testimony from staff. By letter dated June 19, 1984 the Committee denied that request. Special Counsel submitted their recommendation, as required by Rule 16, as to the sanction the Committee should recommend to the House. On June 20, 1984 the Committee held a disciplinary hearing and heard both from Congressman Hansen and his counsel. Special Counsel was also heard on the recommendation, and the questioning by Members of the Committee was directed to both sides. By a vote of 11 to 1, the Committee passed the following resolution:

> *Resolved,* That after consideration of the original trial evidence in federal court, the Committee finds that Representative George V. Hansen is in violation of Rule XLIV and recommends that he be reprimanded.

B. BRIEF SUMMARY OF CASE

As described in detail in Special Counsel's Report on the Completion of the Preliminary Inquiry, Congressman Hansen's indictment and conviction for filing false statements were based on the financial disclosure forms required under the Ethics in Government Act ("EIGA"). The transactions involved were a loan of $50,000 by a Dallas bank to Mrs. Hansen, the pay-off of that loan by Nelson Bunker Hunt, Mrs. Hansen's receipt of $87,000 from a silver commodities transaction, and loans of $135,000 to the Congressman from three Virginia men.

Congressman Hansen did not deny failing to report the financial transactions involved in the indictment. Rather, he contended that he justifiably relied on the advice of counsel and the House Select Committee on Ethics in determining not to report these transactions. It is the Committee's view that the legal advice defense was not supported by the evidence at trial or upon review of the facts.

As more extensively discussed in the Special Counsel's report, to rely on advice of counsel (and the analogous reliance on advice from the Committee), the advice must be sought in good faith, all material facts must be given to the attorney and the person seeking advice must then follow the advice given.

The Committee concluded that the Congressman failed all three tests in requesting the advice with prejudice toward nondisclosure, in not following that advice by keeping the Committee "totally advised" of the facts, as instructed by his attorney, and by failing to tell his attorneys material facts on which they based their advice.

At the June 20 hearing both Congressman Hansen and his attorney asserted that the correspondence from the House Select Committee on Ethics, including a June 15, 1978 draft letter to Congressman Hansen which was never finalized, supported his defense and might even cause him to file for a new trial. Putting aside the fact

that the correspondence was ruled to be beyond the court's reach because of the Speech and Debate Clause, the Committee's view and that of Congressman Hansen's is totally opposite. The Committee concluded that Congressman Hansen's witnesses at trial and Congressman Hansen at the Committee implied that the House Ethics Committee never responded to the Congressman's request for advice. The letters which were found indicate that the Select Committee on Ethics and its staff gave the Congressman and/or his attorneys advice that the Congressman's filings were incomplete. Despite Congressman Hansen's recent assertions to the contrary, the evidence contemporaneous with the letters in question clearly indicate that the Congressman himself or his attorney was aware of the contents of the letters. This conclusion results from the fact that the Congressman's attorney called the staff to argue about the contents of the correspondence and from the fact that a staff memorandum written at the time confirms the fact that the letter was sent and received. The Congressman's attempt to explain why he continued not to file complete financial statements does not conform with the actual evidence which was uncovered.

C. RECOMMENDATION

The Committee took two separate and independent actions in this matter. On June 14, it unanimously found that Congressman Hansen's conduct violated House of Representatives Rules governing standards of conduct. These related to financial disclosure, failing to reflect creditably on the House and others. A week later, on June 20, the Committee then voted 11 to 1 to recommend that Congressman Hansen be reprimanded for his violations of House Rule XLIV. The recommendation of discipline was predicated on Rule XLIV, the financial disclosure rule, because that was the basis of his conviction. The adoption of this report by the House shall constitute such a reprimand.

Accordingly, the Committee recommends that the House adopt a resolution in the following form:

HOUSE RESOLUTION

> *Resolved,* That the House of Representatives adopt the report by the Committee on Standards of Official Conduct dated July 19, 1984, in the matter of Representative George V. Hansen of Idaho.

This report was approved by the Committee on Standards of Official Conduct on June 28, 1984 by a vote of 9 yeas, 0 nays.

STATEMENT UNDER RULE XI CLAUSE 2 (l) (3) (A) OF THE RULES OF THE HOUSE OF REPRESENTATIVES

The Committee made no special oversight findings on this resolution.

APPENDICES

RELEVANT STANDARDS CONSIDERED

RULE XLIII

CODE OF OFFICIAL CONDUCT

There is hereby established by and for the House of Representatives the following code of conduct, to be known as the "Code of Official Conduct":

1. A Member, officer, or employee of the House of Representatives shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives.

2. A Member, officer, or employee of the House of Representatives shall adhere to the spirit and the letter of the Rules of the House of Representatives and to the rules of duly constituted committees thereof.

3. A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress.

4. A Member, officer, or employee of the House of Representatives shall not accept gifts (other than personal hospitality of an individual or with a fair market value of $35 or less) in any calendar year aggregating $100 or more in value, directly or indirectly, from any person (other than from a relative of his) having a direct interest in legislation before the Congress or who is a foreign national (or agent of a foreign national). Any person registered under the Federal Regulation of Lobbying Act of 1946 (or any successor statute), any officer or director of such registered person, and any person retained by such registered person for the purpose of influencing legislation before the Congress shall be deemed to have a direct interest in legislation before the Congress.

5. A Member, officer, or employee of the House of Representatives shall accept no honorarium for a speech, writing for publication, or other similar activity, from any person, organization, or corporation in excess of the usual and customary value for such services.

6. A Member of the House of Representatives shall keep his campaign funds separate from his personal funds. He shall convert no campaign funds to personal use in excess of reimbursement for legitimate and verifiable prior campaign expenditures and he shall expend no funds from his campaign account not attributable to bona fide campaign purposes.

7. A Member, officer, or employee of the House of Representatives shall treat as campaign contributions all proceeds from testimonial dinners or other fundraising events.

8. A Member, officer, or employee of the House of Representatives shall retain no one from his clerk hire allowance who does not perform duties commensurate with the compensation he receives.

9. A Member, officer, or employee of the House of Representatives shall not discharge or refuse to hire any individual, or otherwise discriminate against any individual with respect to compensa-

tion, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin.

10. A Member of the House of Representatives who has been convicted by a court of record for the commission of a crime for which a sentence of two or more years' imprisonment may be imposed should refrain from participation in the business of each committee of which he is a member and should refrain from voting on any question at a meeting of the House, or of the Committee of the Whole House, unless or until judicial or executive proceedings result in reinstatement of the presumption of his innocence or until he is reelected to the House after the date of such conviction.

11. A Member of the House of Representatives shall not authorize or otherwise allow a non-House individual, group or organization to use the words "Congress of the United States", "House of Representatives", "Official Business", or any combination of words thereof, on any letterhead or envelope.

As used in this Code of Official Conduct of the House of Representatives—(a) the terms "Member" and "Member of the House of Representatives" include the Resident Commissioner from Puerto Rico and each Delegate to the House; and (b) the term "officer or employee of the House of Representatives" means any individual whose compensation is disbursed by the Clerk of the House of Representatives.

For the purposes of clause 4 of this Code of Official Conduct—

(1) The term "relative" means, with respect to any Member, officer, or employee of the House of Representatives, an individual who is related as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the person reporting.

(2) The term "foreign national" means an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence.

RULE XLIV

FINANCIAL DISCLOSURE

(Effective July 1, 1977)

PART A—PROCEDURAL RULES AND DEFINITIONS

1. A copy of each report filed with the Clerk under this rule shall be sent by the Clerk on the same day that the report is filed with him to the Committee on Standards of Official Conduct. Before June 1, 1978, and by June 1 of each year thereafter, the Clerk shall compile all such reports sent to him by Members within the period beginning on January 1 and ending on April 30 of such year and have them printed as a House document, which document shall be made available to the public.

2. Reports filed under this rule shall be maintained by the Committee on Standards of Official Conduct and made available for public inspection at reasonable hours.

3. A copy of each report filed by a Member with the Clerk under this rule shall be sent by the Clerk to the secretary of state (or, if there is no office of secretary of state, the equivalent State officer) of the State represented by the Member on the same day that the report is filed with him.

4. As used in this rule:

(a) The term "Member" means any Member of the House of Representatives, a Delegate to the House of Representatives, or the Resident Commissioner in the House of Representatives.

(b) The term "relative" means, with respect to a person required to file a report under this rule, an individual who is related to the person as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the person reporting.

(c) The term "committee" means any committee (including any subcommittee thereof) of the House of Representatives, or any joint committee of Congress the expenses of which are paid from the contingent fund of the House of Representatives.

(d) The term "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, or the Virgin Islands.

(e) The term "honorarium" means, with respect to a person required to file a report under this rule, a payment of money or any thing of value to such person for an appearance, speech, or article, by the person; but there shall not be taken into account for purposes of part B any actual and necessary travel expenses incurred by such person to the extent that such expenses are paid or reimbursed by any other person, and the amount otherwise determined shall be reduced by the amount of any such expenses to the extent that they are not paid or reimbursed.

PART B—CONTENTS OF REPORTS

Members, officers, principal assistants to Members and officers, and professional staff members of committees shall not later than April 30, 1978, and by April 30 of each year thereafter, file with the Clerk a report disclosing certain financial information as provided in this part B. Each report shall contain the following:

1. List the source and amount of each of the following items received during the preceding calendar year: (a) Items of income (including honorariums) from a single source aggregating $100 or more. (b) Gifts (other than personal hospitality of an individual, any gift described in subparagraph (c) of this paragraph, or any gift with a fair market value of $35 or less) from a single source (other than from a relative of the person reporting) aggregating $100 or

more in value. (c) Any gift (other than personal hospitality of an individual or with a fair market value of $35 or less) of transportation, lodging, food, or entertainment from a single source (other than from a relative of the person reporting) aggregating $250 or more in value. (d) Reimbursements, directly or indirectly, from a single source for expenditures (other than from the United States Government) aggregating $250 or more.

2. The identity and category of value of any property held, directly or indirectly, in a trade or business or for investment or the production of income and which has a fair market value of at least $1,000 as of the close of the preceding calendar year.

3. The identity and category of value of each liability owed, directly or indirectly, which exceeds $2,500 as of the close of the preceding calendar year, excluding any mortgage which secures real property (a) in which the Member reporting or his spouse resides and which is situated in the district represented by the Member or in the Greater Washington, District of Columbia, metropolitan area, or (b) in the case of any other person reporting, is the principle residence of such person or his spouse.

4. The identity, date, and category of value of any transaction, directly or indirectly, in securities or commodities futures during the preceding calendar year and which transaction exceeds $1,000, excluding any gift to any tax-exempt organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

5. The identity, date, and category of value of any purchase or sale, directly or indirectly, of any interest in real property during the preceding calendar year and which exceeds $1,000 in value as of the date of such purchase or sale, excluding any real property (a) in which the Member reporting or his spouse resides and which is situated in the district represented by the Member or in the Greater Washington, District of Columbia, metropolitan area, or (b) in the case of any other person reporting, which is the principal place of residence of such person or his spouse.

For the purposes of paragraphs 2 through 5 of this part B, the person reporting need not specify the actual amount or value of each item required to be reported under such clauses, but such person shall indicate which of the following categories such amount or value is within:

(a) not more than $5,000,
(b) greater than $5,000, but not more than $15,000,
(c) greater than $15,000, but not more than $50,000,
(d) greater than $50,000, but not more than $100,000, or
(e) greater than $100,000.

Campaign receipts shall not be included in this report.

Each report shall also contain information listed in paragraphs 1 through 5 of this part B respecting the spouse of the person reporting which information relates to items under the constructive control of such person.

Any report to be filed under this part B not later than April 30, 1978, respecting the calendar year ending December 31, 1977, need not include items enumerated under paragraph 1 which are received prior to October 1, 1977, transactions under paragraph 4 or any capital gains reportable under subparagraph (a) of paragraph

1, or purchases or sales under paragraph 5 which occur prior to October 1, 1977.

RULE XLIV

FINANCIAL DISCLOSURE

(Effective January 15, 1979)

1. A copy of each report filed with the Clerk under Title I of the Ethics in Government Act of 1978 shall be sent by the Clerk within the seven-day period beginning the date on which the report is filed to the Committee on Standards of Official Conduct. By July 1 of each year, the Clerk shall compile all such reports sent to him by Members within the period beginning on January 1 and ending on May 15 of each year and have them printed as a House document, which document shall be made available to the public.

2. For the purposes of this rule, the provisions of Title I of the Ethics in Government Act of 1978 shall be deemed to be a rule of the House as it pertains to Members, officers, and employees of the House of Representatives.

The relevant provisions of Title I of the Ethics in Government Act of 1978 are as follows (Pub. L. 95-521):

TITLE I—LEGISLATIVE PERSONNEL FINANCIAL DISCLOSURE REQUIREMENTS

COVERAGE

SEC. 101. (a) Each Member in office on May 15 of a calendar year shall file on or before May 15 of that calendar year a report containing the information as described in section 102(a).

(b) Any individual who is an officer or employee of the legislative branch designated in subsection (e) during any calendar year and performs the duties of his position or office for a period in excess of sixty days in that calendar year shall file on or before May 15 of the succeeding year a report containing the information as described in section 102(a).

(c) Within thirty days of assuming the position of an officer or employee designated in subsection (e), an individual other than an individual employed in the legislative branch upon assuming such position shall file a report containing the information as described in section 102(b) unless the individual has left another position designated in subsection (e) within thirty days prior to assuming his new position. This subsection shall take effect on January 1, 1979.

(d) Within thirty days of becoming a candidate in a calendar year for any election for the office of Member, or on or before May 15 of that calendar year, whichever is later, but in no event later than seven days prior to the election, and on or before May 15 of each successive year the individual continues to be a candidate, an individual shall file a report containing the information as described in section 102(b).

(e) The officers and employees referred to in subsections (b) and (c) are—

(1) each officer or employee of the legislative branch who is compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS–16 of the General Schedule; and

(2) at least one principal assistant designated for purposes of this section by each Member who does not have an employee compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS–16 of the General Schedule.

For the purposes of this title, the legislative branch includes the Architect of the Capitol, the Botanic Gardens, the Congressional Budget Office, the Cost Accounting Standards Board, the General Accounting Office, the Government Printing Office, the Library of Congress, the Office of the Attending Physician, and the Office of Technology Assessment.

(f) Reasonable extensions of time for filing any report may be granted by the designated committee of the Senate with respect to those filing with the Secretary and by the designated committee of the House of Representatives with respect to those filing with the Clerk but in no event may the extension granted to a Member or candidate result in a required report being filed later than seven days prior to an election involving the Member or candidate. If the day on which a report is required to be filed falls on a weekend or holiday, the report may be filed on the next business day.

* * * * * * *

CONTENTS OF REPORTS

SEC. 102. (a) Each report filed pursuant to subsections (a) and (b) of section 101 shall include a full and complete statement with respect to the following:

(1)(A) The source, type, and amount or value of income (other than income referred to in subparagraph (B) from any source (other than from current employment by the United States Government), and the source, date, and amount of honoraria from any source, received during the preceding calendar year, aggregating $100 or more in value.

(B) The source and type of income which consists of dividends, interest, rent, and capital gains, received during the preceding calendar year which exceeds $100 in amount or value, and an indication of which of the following categories the amount or value of such item of income is within:

(i) not more than $1,000,
(ii) greater than $1,000 but not more than $2,500,
(iii) greater then $2,500 but not more $5,000,
(iv) greater than $5,000 but not more than $15,000,
(v) greater than $15,000 but not more than $50,000,
(vi) greater than $50,000 but not more than $100,000, or
(vii) greater than $100,000.

(2)(A) The identity of the source and a brief description of any gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any food, lodging, or entertainment received as personal hospitality of any individual

need not be reported, and any gift with a fair market value of $35 or less need not be aggregated for purposes of this subparagraph.

(B) The identity of the source, a brief description, and the value of all gifts other than transportation, lodging, food, or entertainment aggregating $100 or more in value received from any source other than a relative of the reporting individual during the preceding calendar year, except that any gift with a fair market value of $35 or less need not be aggregated for purposes of this subparagraph. A gift need not be so aggregated if in any unusual case, a publicly available request for a waiver is granted.

(C) The identity of the source and a brief description of reimbursements received from any source aggregating $250 or more in value and received during the preceding calendar year.

(3) The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which has a fair market value which exceeds $1,000 as of the close of the preceding calendar year, excluding any personal liability owed to the reporting individual by a relative or any deposits aggregating $5,000 or less in a personal savings account. For purposes of this paragraph, a personal savings account shall include any certificate of deposit or any other form of deposit in a bank, savings and loan association, credit union, or similar financial institution.

(4) The identity and category of value of the total liabilities owed to any creditor other than a relative which exceed $10,000 at any time during the preceding calendar year, excluding—

(A) any mortgage secured by real property which is a personal residence of the reporting individual or his spouse;

(B) any loan secured by a personal motor vehicle, household furniture, or appliances, which loan does not exceed the purchase price of the item which secures it.

With respect to revolving charge accounts, only those with an outstanding liability which exceeds $10,000 as of the close of the preceding calendar year need be reported under the paragraph.

(5) Except as provided in this paragraph, a brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeds $1,000—

(A) in real property, other than property used solely as a personal residence of the reporting individual or his spouse; or

(B) in stocks, bonds, commodities futures, and other forms of securities.

Reporting is not required under this paragraph of any transaction solely by and between the reporting individual, his spouse, or dependent children.

(6) The identity of all positions on or before the date of filing during the current calendar year as an officer, director, trust-

ee, partner, proprietor, representative, employee, or consultant of any corporation, company, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution other than the United States. This paragraph shall not require the reporting of positions held in any religious, social, fraternal, or political entity and positions solely of an honorary nature.

(7) A description of the date, parties to, and terms of any agreement or arrangement with respect to: (A) future employment; (B) a leave of absence during the period of the reporting individual's Government service; (C) continuation of payments by a former employer other than the United States Government; and (D) continuing participation in an employee welfare or benefit plan maintained by a former employer.

(b) Each report filed pursuant to subsections (c) and (d) of section 101 shall include a full and complete statement with respect to the information required by paragraphs (3), (4), (6), and (in the case of reports filed pursuant to subsection (c) of section 101) (7) of subsection (a), as of a date, specified in such report, which shall be not more than thirty-one days prior to the date of filing, and the information required by paragraph (1) of subsection (a) for the year of filing and the preceding calendar year.

(c)(1) The categories for reporting the amount or value of the items covered in paragraphs (3), (4) and (5) of subsection (a) are as follows:

(A) not more than $5,000;
(B) greater than $5,000 but not more than $15,000;
(C) greater than $15,000 but not more than $50,000;
(D) greater than $50,000 but not more than $100,000;
(E) greater than $100,000 but not more than $250,000; and
(F) greater than $250,000.

(2) For the purposes of paragraph (3) of subsection (a) if the current value of an interest in real property (or an interest in a real estate partnership) is not ascertainable without an appraisal, an individual may list (A) the date of purchase and the purchase date of the interest in the real property, or (B) the assessed value of the real property for tax purposes, adjusted to reflect the market value of the property used for the assessment if the assessed value is computed at less than 100 percent of such market value, but such individual shall include in his report a full and complete description of the method used to determine such assessed value, instead of specifying a category of value pursuant to paragraph (1) of this subsection. If the current value of any other item required to be reported under paragraph (3) of subsection (a) is not ascertainable without an appraisal, such individual may list the book value of a corporation whose stock is not publicly traded, the net worth of a business partnership, the equity value of an individually owned business, or with respect to other holdings, any recognized indication of value, but such individual shall include in his report a full and complete description of the method used in determining such value. In lieu of any value referred to in the preceding sentence, an individual may list the assessed value of the item for tax purposes, adjusted to reflect the market value of the item used for the assessment if the assessed value is computed at less than 100 percent of

such market value, but a full and complete description of the method used in determining such assessed value shall be included in the report.

(d)(1) Except as provided in the last sentence of this paragraph, each report shall also contain information listed in paragraphs (1) through (5) of subsection (a) respecting the spouse or dependent child of the reporting individual as follows:

(A) The source of items of earned income earned by a spouse from any person which exceed $1,000 and, with respect to a spouse or dependent child, all information required to be reported in subsection (a)(1)(B) with respect to income derived from any asset held by the spouse or dependent child and reported pursuant to paragraph (3). With respect to earned income, if the spouse is self-employed in business or a profession, only the nature of such business or profession need be reported.

(B) In the case of any gift which is not received totally independent of the spouse's relationship to the reporting individual, the identity of the source and a brief description of gifts of transportation, lodging, food, or entertainment or a brief description and the value of other gifts.

(C) In the case of any reimbursement which is not received totally independent of the spouse's relationship to the reporting individual, the identity of the source and a brief description of the reimbursement.

(D) In the case of items described in paragraphs (3) through (5), all information required to be reported under these paragraphs other than items (i) which the reporting individual certifies represent the spouse or dependent child's sole financial interest or responsibility and which the reporting individual has no knowledge of, (ii) which are not in any way, past or present, derived from the income, assests, or activities of the reporting individual, and (iii) from which the reporting individual neither derives, nor expects to derive, any financial or economic benefit.

Each report referred to in subsection (b) of this section shall, with respect to the spouse and dependent child of the reporting individual, only contain information listed in paragraphs (1), (3), and (4) of subsection (a), as specified in this paragraph.

(2) No report shall be required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation; or with respect to any income or obligations of an individual arising from the dissolution of his marriage or the permanent separation from his spouse.

(e)(1) Except as provided in paragraph (2), each reporting individual shall report the information required to be reported pursuant to subsections (a) and (b) of this section with respect to the holdings of and the income from a trust or other financial arrangement from which income is received by, or with respect to which a beneficial interest in principal or income is held by, such individual, his spouse, or any dependent child.

(2) A reporting individual need not report the holdings of or the source of income from any of the holdings of—

(A) any qualified blind trust (as defined in paragraph (3)); or
(B) a trust—

(i) which was not created directly by such individual, his spouse, or any dependent child, and

(ii) the holdings or sources of income of which such individual, his spouse, and any dependent child have no knowledge of,

but such individual shall report the category of the amount of income received by him, his spouse, or any dependent child from the trust under subsection (a)(1)(B) of this section.

(3) For purposes of this subsection, the term "qualified blind trust" includes any trust in which a reporting individual, his spouse, or any dependent child has a beneficial interest in the principal or income, and which meets the following requirements:

(A) The trustee of the trust is a financial institution, an attorney, a certified public accountant, or a broker, who (in the case of a financial institution or investment company, any officer or employee involved in the management or control of the trust who)—

(i) is independent of and unassociated with any interested party so that the trustee cannot be controlled or influenced in the administration of the trust by any interested party,

(ii) is or has not been an employee of any interested party, or any organization affiliated with any interested party and is not a partner of, or involved in any joint venture or other investment with, any interested party, and

(iii) is not a relative of any interested party.

(B) Any asset transferred to the trust by an interested party is free of any restriction with respect to its transfer or sale unless such restriction is expressly approved by the supervising ethics office of the reporting individual.

(C) The trust instrument which establishes the trust provides that—

(i) except to the extent provided in subparagraph (B) of this paragraph, the trustee in the exercise of his authority and discretion to manage and control the assets of the trust shall not consult or notify any interested party;

(ii) the trust shall not contain any asset the holding of which by an interested party is prohibited by any law or regulation;

(iii) the trustee shall promptly notify the reporting individual and his supervising ethics office when the holdings of any particular asset transferred to the trust by any interested party are disposed of or when the value of such holding is less than $1,000;

(iv) the trust tax return shall be prepared by the trustee or his designee, and such return and any information relating thereto (other than the trust income summarized in appropriate categories necessary to complete an interested party's tax return), shall not be disclosed to any interested party;

(v) an interested party shall not receive any report on the holdings and sources of income of the trust, except a

report at the end of each calendar quarter with respect to the total cash value of the interest of the interested party is the trust or the net income or loss of the trust or any reports necessary to enable the interested party to complete an individual tax return required by law or to provide the information required by subsection (a)(1)(B) of this section but such report shall not identify any asset or holding;

(vi) except for communications which solely consist of requests for distributions of cash or other unspecified assets of the trust, there shall be no direct or indirect communication between the trustee and an interested party with respect to the trust unless such communication is in writing and unless it relates only (I) to the general financial interest and needs of the interested party (including, but not limited to, an interest in maximizing income or long-term capital gain), (II) to the notification of the trustee of a law or regulation subsequently applicable to the reporting individual which prohibits the interested party from holding an asset, which notification directs that the asset not be held by the trust, or (III) to directions to the trustee to sell all of an asset initially placed in the trust by an interested party which in the determination of the reporting individual creates a conflict of interest or the appearance thereof due to the subsequent assumption of duties by the reporting individual (but nothing herein shall require any such direction); and

(vii) the interested parties shall make no effort to obtain information with respect to the holdings of the trust, including obtaining a copy of any trust tax return filed or any information relating thereto except as otherwise provided in this subsection.

(D) The proposed trust instrument and the proposed trustee is approved by the reporting individual's supervising ethics office. For purposes of this subsection "interested party" means a reporting individual, his spouse, and any dependent child if the reporting individual, his spouse, or dependent child has a beneficial interest in the principal or income of a qualified blind trust; "broker" has the meaning set forth in section 78 of title 15, United States Code; and "supervising ethics office" means the designated committee of the House of Representatives for those who file their reports required by this title with the Clerk and the designated committee of the Senate for those who file the reports required by this title with the Secretary.

(4) An asset placed in a trust by an interested party shall be considered a financial interest of the reporting individual, for the purposes of section 208 of title 18, United States Code, and any other conflict of interest statutes or regulations of the Federal Government, until such time as the reporting individual is notified by the trustee that such asset has been disposed of, or has a value of less than $1,000.

(5)(A) The reporting individual shall, within thirty days after a qualified blind trust is approved by his supervising ethics office, file with such office a copy of—

(i) the executed trust instrument of such trust (other than those provisions which relate to the testamentary disposition of the trust assets), and

(ii) a list of the assets which were transferred to such trust, including the category of value of each asset as determined under subsection (c)(1) of this section.

(B) The reporting individual shall, within thirty days of transferring an asset (other than cash) to a previously established qualified blind trust, notify his supervising ethics office of the identity of each such asset and the category of value of each asset as determined under subsection (c)(1) of this section.

(C) Within thirty days of the dissolution of a qualified blind trust, a reporting individual shall—

(i) notify his supervising ethics office of such dissolution, and

(ii) file with such office a copy of a list of the assets of the trust at the time of such dissolution and the category of value under subsection (c) of this subsection of each such asset.

(D) Documents filed under subparagraphs (A), (B), and (C) of this paragraph and the lists provided by the trustee of assets placed in the trust by an interested party which have been sold shall be made available to the public in the same manner as a report is made available under section 104, and the provisions of that section shall apply.

(E) A copy of each written communication with respect to the trust under paragraph (3)(C)(vi) shall be filed by the person initiating the communication with the reporting individual's supervising ethics office within five days of the date of the communication.

(6)(A) A trustee of a qualified blind trust shall not knowingly or negligently (i) disclose any information to an interested party with respect to such trust that may not be disclosed under paragraph (3) of this subsection; (ii) acquire any holding the ownership of which is prohibited by the trust instrument; (iii) solicit advice from any interested party with respect to such trust, which solicitation is prohibited by paragraph (3) of this subsection or the trust agreement; or (iv) fail to file any document required by this subsection.

(B) A reporting individual shall not knowingly or negligently (i) solicit or receive any information with respect to a qualified blind trust of which he is an interested party that may not be disclosed under paragraph (3)(C) of this subsection, or (ii) fail to file any document required by this subsection.

(C)(i) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who knowingly and willfully violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $5,000.

(ii) The Attorney General may bring a civil action in any appropriate United States District Court against any individual who negligently violates the provisions of subparagraph (A) or (B) of this paragraph. The court in which such action is brought may assess

against such individual a civil penalty in any amount not to exceed $1,000.

(7) Any trust which is in existence prior to the date of the enactment of this Act shall be considered a qualified blind trust if—

(A) the supervising ethics office determines that the trust was a good faith effort to establish a blind trust;

(B) the previous trust is amended or, if such trust instrument does not by its terms permit amendment, all parties to the trust instrument, including the reporting individual and the trustee, agree in writing that the trust shall be administered in accordance with the requirements of paragraph (3)(C) and a trustee is (or has been) appointed who meets the requirements of paragraph (3); and

(C) a copy of the trust instrument (except testamentary provisions), a list of the assets previously transferred to the trust by an interested party and the category of value of each such asset at the time it was placed in the trust, and a list of assets previously placed in the trust by an interested party which have been sold are filed and made available to the public as provided under paragraph (5) of this subsection.

(f) Political campaign funds, including campaign receipts and expenditures, need not be included in any report filed pursuant to this title.

FILING OF REPORTS; DUTIES OF CLERK AND SECRETARY

SEC. 103. (a) The reports required by section 101 of Representatives, Delegates to Congress, the Resident Commissioner from Puerto Rico, officers and employees of the House, candidates seeking election to the House and officers and employees of the Architect of the Capitol, the Botanic Gardens, the Congressional Budget Office, the Government Printing Office, and the Library of Congress shall be filed with the Clerk.

(b) The reports required by section 101 of Senators, officers and employees of the Senate, candidates seeking election to the Senate, and officers and employees of the General Accounting Office, the Cost Accounting Standards Board, the Office of Technology Assessment, and the Office of the Attending Physician shall be filed with the Secretary.

(c) A copy of each report filed by a Member or an individual who is a candidate for the office of Member shall be sent by the Clerk or Secretary, as the case may be, to the appropriate State officer as designated in accordance with section 316(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 439(a) of the State represented by the Member or in which the individual is a candidate, as the case may be, within the seven-day period beginning the day that the report is filed with the Clerk or Secretary.

(d)(1) A copy of each report filed under this title with the Clerk shall be sent by the Clerk to the designated committee of the House of Representatives within the seven-day period beginning the day that the report is filed.

(2) A copy of each report filed with the Secretary shall be sent by the Secretary to the designated committee of the Senate.

(e) In carrying out their responsibilities under this title, the Clerk and the Secretary shall avail themselves of the assistance of the Federal Election Commission. The Commission shall make available to the Clerk and the Secretary on a regular basis a complete list of names and addresses of all candidates registered with the Commission, and shall cooperate and coordinate its candidate information and notification program with the Clerk and the Secretary to the greatest extent possible.

(f) In order to carry out responsibilities under this title—

(1) the Clerk shall, after consultation with the designated committee of the House of Representatives, and

(2) the designated committee of the Senate shall develop reporting forms and may promulgate rules and regulations.

ACCESSIBILITY OF REPORTS

SEC. 104. (a) Except as provided in the second sentence of this subsection, within fifteen calendar days after a report is filed with the Clerk under this title, the Clerk shall make such report available for public inspection at reasonable hours. With respect to reports required to be filed by May 15 of any year, such reports shall be made available for public inspection within fifteen calendar days after May 15 of such year. A copy of any such report shall be provided by the Clerk to any person upon request.

(b) Except as provided in the second sentence of this subsection, within fifteen days after a report is filed with the Secretary under this title, the Secretary shall make such report available for public inspection at reasonable hours. With respect to reports required to be filed by May 15 of any year, such reports shall be made available for public inspection within fifteen calendar days after May 15 of such year. A copy of any such report shall be provided by the Secretary to any person upon request.

(c) Any person requesting a copy of a report may be required to pay a reasonable fee to cover the cost of reproduction or mailing of such report, excluding any salary of any employee involved in such reproduction or mailing. A copy of such report may be furnished without charge or at a reduced charge if it is determined by the Clerk or Secretary that waiver or reduction of the fee is in the public interest because furnishing the information may be considered as primarily benefiting the public.

(d) Any report filed under this title with the Clerk or Secretary shall be available to the public for a period of six years after receipt of the report. After such six-year period the report shall be destroyed unless needed in an ongoing investigation, except that in the case of an individual who filed the report pursuant to section 101(d) and was not subsequently elected, such reports shall be destroyed one year after the individual is no longer a candidate for election to the office of Member unless needed in an ongoing investigation.

(e)(1) It shall be unlawful for any person to obtain or use a report—

(A) for any unlawful purpose;

(B) for any commercial purpose other than by news and communications media for dissemination to the general public;

(C) for determining or establishing the credit rating of any individual; or

(D) for use, directly or indirectly, in the solicitation of money for any political, charitable, or other purpose.

(2) The Attorney General may bring a civil action against any person who obtains or uses a report for any purpose prohibited in paragraph (1). The court in which such action is brought may assess against such person a penalty in any amount not to exceed $5,000. Such remedy shall be in addition to any other remedy available under statutory or common law.

REVIEW AND COMPLIANCE PROCEDURES

SEC. 105. (a) The designated committee of the House of Representatives and the designated committee of the Senate shall establish procedures for the review of reports sent to them under section 103(d)(1) and section 103(d)(2) to determine whether the reports are filed in a timely manner, are complete, and are in proper form. In the event a determination is made that a report is not so filed, the appropriate committee shall so inform the reporting individual and direct him to take all necessary corrective action.

(b) In order to carry out their responsibilities under this title the designated committee of the House of Representatives and the designated committee of the Senate, have power, within their respective jurisdictions, to render any advisory opinion interpreting this title, in writing, to persons covered by this title. Notwithstanding any other provisions of law, the individual to whom a public advisory opinion is rendered in accordance with this subsection, and any other individual covered by this title who is involved in a fact situation which is indistinguishable in all material aspects, and who, after the issuance of the advisory opinion, acts in good faith in accordance with the provisions and findings of such advisory opinion shall not, as a result of such act, be subject to any sanction provided in this title.

FAILURE TO FILE OR FALSIFYING REPORTS

SEC. 106. The Attorney General may bring a civil action in any appropriate United States district court against any individual who knowingly and willfully falsifies or who knowingly and willfully fails to file or report any information that such individual is required to report pursuant to section 102. The court in which such action is brought may assess against such individual a civil penalty in any amount not to exceed $5,000. No action may be brought under this section against any individual with respect to a report filed by such individual in calendar year 1978 pursuant to section 101(d).

DEFINITIONS

SEC. 107. For the purpose of this title, the term—

(1) "income" means all income from whatever source derived including but not limited to the following items: compensation for services, including fees, commissions, and similar items; net and gross income derived from business; gains derived from

dealings in property; interest; rents; royalties; dividends; annuities; income from life insurance and endowment contracts; pensions; income from discharge of indebtedness; distributive share of partnership income; and income from an interest in an estate of trust;

(2) "relative" means an individual who is related to the reporting individual, as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or who is the grandfather or grandmother of the spouse of the reporting individual and shall be deemed to include the fiance or fiancee of the reporting individual;

(3) "gift" means a payment, advance, forbearance, rendering, or deposit of money or any thing of value, unless consideration of equal or greater value is received by the donor, but does not include—

(A) bequest and other forms of inheritance;

(B) suitable mementos of a function honoring the reporting individual;

(C) food, lodging, transportation, and entertainment provided by State and local governments, or political subdivisions thereof, by a foreign government within a foreign country, or by the United States Government;

(D) food and beverages consumed at banquets, receptions, or similar events;

(E) consumable products provided by home-State businesses to a Member's office for distribution; or

(F) communications to the offices of a reporting individual including subscriptions to newspapers and periodicals;

(4) "honoraria" has the meaning given such term in the Federal Election Campaign Act of 1971;

(5) "value" means a good faith estimate of the dollar value if the exact value is neither known nor easily obtainable by the reporting individual;

(6) "personal hospitality of any individual" means hospitality extended for a nonbusiness purpose by an individual, not a corporation or organization, at the personal residence of that individual or his family or on property or facilities owned by that individual or his family;

(7) "dependent child" means, when used with respect to any reporting individual, any individual who is a son, daughter, stepson, or stepdaughter and who—

(A) is unmarried and under age 21 and is living in the household of such reporting individual; or

(B) is a dependent of such reporting individual within the meaning of section 152 of the Internal Revenue Code of 1954;

(8) "reimbursement" means any payment or other thing of value received by the reporting individual, other than gifts, to cover travel-related expenses of such individual other than those which are—

(A) provided by the United States Government, the District of Columbia, or any State or political subdivision thereof:

(B) required to be reported by the reporting individual under section 7342 of title 5, United States Code; or

(C) required to be reported under section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434);

(9) "candidate" means an individual, other than a Member, who seeks nomination for election, or election, to the Congress whether or not such individual is elected, and for purposes of this paragraph, an individual shall be deemed to seek nomination for election, or election, (A) if he has taken the action necessary under the law of a State to qualify himself for nomination for election, or election, or (B) if he or his principal campaign committee has taken action to register or file campaign reports required by section 304(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a));

(10) "Clerk" means the Clerk of the House of Representatives;

(11) "Secretary" means the Secretary of the Senate;

(12) "Member" means a United States Senator, a Representative in Congress, a Delegate to Congress, or the Resident Commissioner from Puerto Rico;

(13) "election" means (A) a general, special, primary, or runoff election, or (B) a convention or caucus of a political party which has authority to nominate a candidate;

(14) "officer or employee of the House" means any individual, other than a Member, whose compensation is disbursed by the Clerk;

(15) "officer or employee of the Senate" means an individual, other than a Senator or the Vice-President, whose compensation is disbursed by the Secretary; and

(16) "designated committee of the House of Representatives and designated committee of the Senate" means the committee of the House or Senate, as the case may be, assigned responsibility for administering the reporting requirements of this title.

OTHER LAWS

SEC. 108. The provisions added by this title, and the regulations issued thereunder, shall supersede and preempt any State or local law with respect to financial disclosure by reason of candidacy for Federal office or employment by the United States Government.

GENERAL ACCOUNTING OFFICE STUDY

SEC. 109. (a) Before November 30, 1980, and regularly thereafter, the Comptroller General of the United States shall conduct a study to determine whether this title is being carried out effectively and whether timely and accurate reports are being filed by individuals subject to this title.

(b) Within thirty days after completion of the study, the Comptroller General shall transmit a report to each House of Congress containing a detailed statement of his findings and conclusions, to-

gether with his recommendations for such legislative and administrative actions as he deems appropriate. The first such study shall include the Comptroller General's findings and recommendations on the feasibility and potential need for a requirement that systematic random audits be conducted of financial disclosure reports filed under this title, including a thorough discussion of the type and nature of audits that might be conducted; the personnel and other costs of audits; the value of an audit to Members, the appropriate House and Senate committees, and the public; and, if conducted, whether a governmental or nongovernmental unit should perform the audits, and under whose supervision.

CODE OF ETHICS FOR GOVERNMENT SERVICE, 72 STAT. PART 2, B 12

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the following Code of Ethics should be adhered to by all Government employees, including officeholders:

CODE OF ETHICS FOR GOVERNMENT SERVICE

Any person in Government service should:

1. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or Government department.
2. Uphold the Constitution, laws, and legal regulations of the United States and all governments therein and never be a party to their evasion.
3. Give a full day's labor for a full day's pay; giving to the performance of his duties his earnest effort and best thought.
4. Seek to find and employ more efficient and economical ways of getting tasks accomplished.
5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not; and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.
6. Make no private promises of any kind binding upon the duties of office, since a Government employee has no private word which can be binding on public duty.
7. Engage in no business with the Government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.
8. Never use any information coming to him confidentially in the performance of governmental duties as a means for making private profit.
9. Expose corruption wherever discovered.
10. Uphold these principles, ever conscious that public office is a public trust.

(Passed July 11, 1958.)

EXECUTIVE SESSION PENDING BUSINESS

THURSDAY, MAY 17, 1984

HOUSE OF REPRESENTATIVES,
COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT,
Washington, DC.

The committee met, pursuant to other business, at 10:15 a.m., in room 2359-A, Rayburn House Office Building, Hon. Louis Stokes (chairman of the committee) presiding.

Present: Representatives Stokes, Spence, Rahall, Conable, Jenkins, Myers, Dixon, Brown, Fazio, Hansen, Coyne, and Bliley.

Staff present: John M. Swanner, staff director; Jan Loughry, secretary; Linda Shealy, secretary; John Davison, chief counsel; Mark Elam, counsel; Paul McNulty, counsel; Robin Jackson, counsel.

Abbe David Lowell and Stanley M. Brand, Special Counsel to the committee.

Also present: Representative George V. Hansen, Nathan Lewin, Frank A.S. Campbell, and Stephen L. Braga, counsel to Representative George V. Hansen.

The CHAIRMAN. All members of the public are requested to excuse themselves from the witness hearing room. We are now in executive session.

The Chair is pleased to recognize the presence of Mr. Bliley, who is attending his first meeting of the committee as a new member of this committee, and the Chair would like to welcome you and say that we are very pleased to have you here in the committee. We look forward to working with you.

Mr. BLILEY. Thank you, Mr. Chairman.

I look forward to working with you and the other members.

Mr. MYERS. Not too often, though.

The CHAIRMAN. Thank you very much.

The Chair wishes to announce that the committee is meeting pursuant to Rule 14 which requires the committee to initiate a proceeding within the committee to make certain determinations. The Chair would at this time like to read the following statement into the record. The Chair has a very brief statement concerning a matter of the privileges of the committee and the House. As has been our practice in the past and pursuant to Rule 11(a)(2)(A), during this phase of the committee's proceedings the respondent is entitled to make a statement to the committee concerning the allegations with respect to which the inquiry is being held. Congressman Hansen has elected to present a statement to the committee under these rules.

The Chair intends to make clear that the Congressman's statement is offered pursuant to the rules of the committee solely for

the purposes of facilitating the exercise of the constitutional authority to discipline Members delegated to the committee by the House; in the committee's view it constitutes neither a waiver of any constitutional right of the Member, including the rights conferred by article I, section 6, clause 1 of the Constitution or of the rights of the committee under that section. In the Chair's view, subsequent use of the statement outside the committee in any other forum, or questioning surrounding its content or the committee's consideration thereof, is inconsistent with the performance of the constitutional functions committed to the House and its Committee on Standards of Official Conduct and is constitutionally barred under the clause.

At this time the Chair would recognize special counsel, Mr. Stan Brand, to explain the procedural posture, and after he has done this he will then yield back to the Chair.

Mr. BRAND. Thank you, Mr. Chairman.

On April 2, 1984, Congressman George V. Hansen was convicted of four counts of 18 U.S.C. section 1001, the Federal false statements statute for filing false financial disclosure statements required under the Ethics in Government Act. The offenses for which he was convicted carry a maximum sentence of at least 1 year imprisonment. Rule 14 states that when such a conviction occurs, the committee shall conduct—

> A preliminary inquiry to review the evidence of such offense, and to determine whether it constitutes a violation over which the committee is given jurisdiction under clause 4(e) of Rule X of the Rules of the House of Representatives.

As part of this preliminary inquiry, the committee appointed special counsel, and we have reviewed the entire trial transcript and the exhibits, all of the pretrial and posttrial motions. We have had numerous and extended meetings, conversations, and correspondence with counsel for Congressman Hansen, and we have discussed the procedures for this proceeding with the committee staff.

The committee Rules provide that during the preliminary inquiry, a Member has an opportunity to make a statement, which Congressman Hansen elected to make. Following this hearing, Special Counsel will prepare a report upon completion of the preliminary inquiry, and make a recommendation with respect to determinations required to be made by Rule 14.

The CHAIRMAN. Thank you.

At this time the Chair wishes to recognize Mr. Nathan Lewin, who is Congressman Hansen's counsel, for a brief statement.

Mr. LEWIN. Thank you, Mr. Chairman.

Pursuant to discussions with counsel and staff, I understand the committee, in terms of its procedure today, will permit me to make a brief introduction, and make some comments regarding the various legal circumstances of the case, and the trial that had been conducted following which of course the Congressman will make his statement to the committee.

Let me just say to the committee that I came in to represent Congressman Hansen as trial counsel just a short while before the trial was scheduled to begin in the District Court for the District of Columbia, and I am a trial attorney who has been, I guess, involved both in civil and criminal matters, both in the District of Columbia

and elsewhere throughout the United States, and maybe it's useful, I thought just to begin just as a preface to the brief comments I will make as an introduction, to speak as a trial counsel to a couple of questions that I am sure are in your minds as you sit there, the main principle and first one of which is that there has been, as Special Counsel stated in the introduction, a jury verdict, which triggers this proceeding.

There was a trial lasting almost 2 weeks in the U.S. District Court for the District of Columbia on four counts charging violations of the false statements statutes, and there was a verdict, and the question, the initial question I suppose you can say to yourselves is, what is the impact of that verdict?

Well, I submit to you that for a variety of reasons, the verdict triggers the proceeding, but has no other effect, and I think from our discussions that Special Counsel is in agreement with us on that proposition, and that is true for several reasons.

As a trial lawyer, I have been through situations where jury verdicts have been set aside both by trial judges after the trial, because they thought that those jury verdicts were contrary to the evidence, and by courts of appeals, so as a strictly legal matter the jury verdict itself is still at the present time a preliminary, temporary determination, but there is more to it than that I think, besides the fact that the jury verdict is in a legal sense still not a final factual decision on anything.

I think the realities—and we have tried to reflect that somewhat in this briefing book that we distributed to the committee members the other day—the realities of this trial are such that I think certainly all the Members of Congress who are here, and have been in Washington, know the atmosphere within which this trial was conducted. It began at a time when the Washington Post and all the media in Washington were literally saturated with stories regarding Attorney General-designate Meese, and the effect of a failure on his part to list things in his Ethics in Government Act form.

The jury, much to our surprise, was locked up, and over our objection was locked up because of this publicity. We objected to the publicity. We said the trial should be held in some slightly more neutral forum such as even Baltimore or Richmond which are not so far away. The judge refused to travel to Baltimore or Richmond every day, instead decided she would lock up the jury just at the very height of the publicity, so all those jurors suddenly were taken out of circulation at a time when all they knew was that the whole country was looking at Meese, at Hansen who was named in connection with lots of the stories concerning Meese, and at the Ethics in Government Act form, and I think quite frankly that they viewed it as sort of a public citizen's duty to return a verdict against anybody who was charged with a violation concerning the Ethics in Government Act.

Those circumstances as a matter of reality I think have to impact upon you in considering why the jury returned the verdict it did.

In addition, we have briefly adverted to in this memorandum we submitted to you the various other factors that went into it, which were the fact that the trial didn't really focus on the Ethics in Government Act at all and on the violations in terms of the false state-

ments. They really focused on extraneous matters, attempts to impress the jury with huge figures, with claims, or just simply assertions that this was political corruption when it was not, and I think the evidence clearly demonstrates it was not, and attempts to override the advice that Congressman Hansen had received from his attorneys by putting a legal expert, a high Government official, who in the executive branch administers the Ethics in Government Act, on the witness stand, to testify that Congressman Hansen's attorneys were wrong in the advice that they gave him.

Now, that I think clearly appears from all legal standards, is really quite beside the point. The fact is that Congressman Hansen did receive advice from lawyers as to how to complete that Ethics in Government Act form. He completed it pursuant to that advice, and consequently there was really no evidence that would have justified the verdict that the jury returned in that case.

That brings me also as a trial lawyer to another point which I would like to make briefly, which is I am a trial lawyer now who in the private bar represents private people, frequently criminal defendants, but I have been a prosecutor. I represented the United States for many years, and I prosecuted criminal cases. And as a former prosecutor, I know what a potent weapon a statute which requires reporting from anybody is. I think everybody in this room is aware that the Ethics in Government Act, because it requires all Congressmen, judges, certain high-level executive branch personnel, to submit such reports, really provides an opportunity, if it can be used in the way it was used in this case, for prosecutors and the executive branch to be conducting not merely prosecutions—you have before you completed prosecution—but investigations, to determine whether an Ethics in Government Act form is accurate or not.

This case, and I think we have tried to develop its genesis in this book, did not start as an Ethics in Government Act investigation. It began because Congressman Hansen brought to the Department of Justice, at the highest possible level, a charge that he had been the victim of a blackmail attempt. The Department of Justice conducted an investigation of the blackmail, but was more interested, quite clearly, in seeing whether what was said in the blackmail letter, that there was a bribe given by Nelson Bunker Hunt to Congressman Hansen, whether that was true, and if it was, it obviously would be a feather in the cap of any prosecutor who could prove it by investigation, although Congressman Hansen cooperated from the very inception of this whole matter, and brought it to the Department of Justice. The fact is, the result of 2 years of investigation was that there was no evidence whatever of anything improper, of any bribery, and as a result the prosecutors who said that they could find no quo for the quid, or the help that Mr. Hunt provided by way of advice to Mrs. Hansen, and he explained at the trial that he provided it because he recognized that Congressman Hansen had been attacked by a Congressman who had attacked Mr. Hunt's father in the past, and that was one of the reasons he felt that he would assist the Hansens in the way he did, which I must say was a relatively minimal form, because what he did is he suggested to Mrs. Hansen that she invest in commodities futures, and when the result of that investment was a substantial loss, Mrs.

Hansen was expected to pay that loss to the bank, to the broker and ultimately to the bank, or ultimately to Mr. Hunt. But in any event, they investigated thoroughly the relationship between Mr. Hunt and Congressman Hansen, and found absolutely nothing, found no quo, as they said, in exchange for the quid, and the result was that they didn't prosecute for bribery, because they had no evidence of bribery.

They didn't prosecute for improper gratuities because they had no evidence of improper gratuities, but they prosecuted for what I submit is an area that anybody can be investigated on, which is—and I think a substantial number of people maybe who either amended their forms or maybe have not amended their forms might even be found to be culpable of, which is failure to list some things on a form.

Now, that, I think, is not a proper use of the Ethics in Government Act, criminal prosecution for failure to list something on a form. And we submitted, of course, to the trial court before the trial motions to dismiss the case precisely on that ground, that the Ethics in Government Act did not provide a criminal sanction and does not authorize the Department of Justice to proceed by way of criminal sanction when they believe that somebody has omitted something from the Ethics in Government Act form.

The legislative history, with the exception of one or two comments, strongly supports that. Nonetheless, the district judge denied it. It is an issue that we will have, if an appeal is necessary, but it is certainly an issue which I would think this committee would direct its attention to, because if in fact what happened to Congressman Hansen is permissible, and if in fact a prosecution can be conducted from a misstatement under the Ethics in Government Act under 18 U.S.C. 1001, then everybody who possibly makes a misstatement or omits something is subject to prosecution, and everybody whom a prosecutor thinks may have omitted something is subject to investigation, and that, it seems to me, is a very key element that every Congressman or Congresswoman can be subject to an investigation of their assets to determine whether they have omitted anything on the form.

So far as the evidence at trial is concerned, and the defense at trial, the defense was a very clear and I think overwhelming one, because it was not a defense which a trial, either trial counsel devised or something that a defendant thought of shortly before trial. In the documents that you have before you, you have clear indications that as of September of 1981, Congressman Hansen had reported this matter to the FBI. They came out. They saw him. It appears as tab 5 in the book of appendixes, September 1981. The FBI goes out to visit Congressman Hansen and they say to him, "Why have you not put this asset, this silver profit, on your Ethics in Government Act form?"

And Congressman Hansen says he had discussed this matter at length with his attorney James McKenna and John Runft. A consensus was reached among them because of a division of property which he and his wife had obtained in the State of Idaho at least 1 year prior to his wife's silver contract purchases, any actions entered into by his wife are not subject to disclosure in the financial disclosure statements.

That is what was said in September 1981. That was the exact defense in April of 1984, at his trial, and the point being that everybody was on notice. The FBI was on notice from the time they first asked him why are Mrs. Hansen's liabilities not on the Ethics in Government Act form that he had been so advised by his counsel.

But beyond that, the documents which you have before you and that appear in this appendix and that are referred to in that little book that we have given you show that this committee, or the Select Committee on Ethics, was on notice of that fact back in 1978, when the first financial disclosure obligation was created. At that point there was ample correspondence between him and the chairman of the Select Committee on Ethics, which stated that this separation of property agreement had been entered into between himself and his wife, and that as a result of that, Mrs. Hansen's assets and liabilities would not be reported on the form, and the letter specifically said, "I request confirmation of the accuracy of my report."

Given those facts, the committee did not, certainly it did not say we need more information, it did not say you must report those things because they are reportable under the Act or under House rule, and Congressman Hansen proceeded as he said, it was a decided matter in his chambers from then on; his staff attorney, Mr. McKenna testified to that. It was a closed issue, and there was no question that from then on Mrs. Hansen's assets and liabilities would not be reported on disclosure forms.

It is important to emphasize in that regard I think that this property settlement agreement—and it appears as tab No. 17 in the books that you have before you—it is an agreement that was entered into in 1977, and it is the key or the reason why the Congressman did not put on his Ethics in Government Act form debts that Mrs. Hansen had. But that agreement had nothing to do with disclosure. It was not devised by an attorney in Idaho for purposes of avoiding any disclosure requirement.

At this point, as you will hear from Congressman Hansen, and as the trial record amply demonstrated, he was in great debt. He had enormous financial obligations to people, individuals who had lent him substantial amounts of money, to see him through a period of time, a substantial total of money to see him through a period of time when he was being politically challenged from all sides, and subject to legal attack.

These people he felt had to be paid back, and the question was with the change of House rules in March 1977, how were he and Mrs. Hansen going to get the funds to pay those people back. And an attorney in Idaho, a leading member of the bar there, very well respected, suggested to him that the way to do it was by a property settlement agreement, nothing to do with disclosures, nothing to do with trying to conceal anything that his wife either had or owed. As a result of that advice, they entered into this agreement in 1977. In 1978 the disclosure question came up, and when the disclosure question came up, at that point the attorney in Idaho said, perfectly consistently with what had been done in 1977, "If your wife has assumed all the liabilities, and she is separate from you pursuant to this property settlement agreement as somebody who would be living with you without the benefit of marriage, then her

assets and her liabilities are like assets and liabilities of somebody who is living with you without the benefit of marriage, and they are not reportable. They are simply not reportable."

If there are people subject to the act who are living with others and there is no marriage, then obviously that other party's assets and liabilities are not reportable, and the effect of this agreement was only to do that, and not to do anything more.

The tragedy really at the trial was that the judge permitted the prosecutor to imply to the jury and suggest to the jury that the property settlement agreement had some broader effect, and had to have been carried out in some way other than merely the legal consequence that grew out of the agreement, and a big issue was made about whether Congressman Hansen or Mrs. Hansen had separate checking accounts or owned property in their separate names, which they did not, but that was not what was required under the agreement.

Ultimately, the ultimate question for the jury—and I submit it certainly is a question for this committee in determining whether there was any impropriety that would be covered by the Code of Conduct and by the ethical standards—is whether there was any motive or any reason to do anything improper. We have pointed out in our briefing book that if these particular loans—take the first loan, which was a loan made in 1977, but it was a loan that still existed in 1979—if that loan had appeared on the Ethics in Government Act form, it would have looked—and on page 38 we have given you sort of a depiction of how the form would have looked if that loan had been included—it would have been the seventh, it would have listed seven instead of six loans from banks on Congressman Hansen's form for that year. It would have had no effect, no impact.

There was no motive to conceal. There was no reason to do anything that was improper. The reason that that was not put on that form was precisely because the attorneys said to him, "It's your wife's liability, there is no reason for it to go onto that form."

The standards that this committee certainly is guided by are the standards of rule 43, which very broadly set down the ethical guidelines, but their purpose is to prevent misconduct, to prevent things which either bring discredit on the House, which are done for personal gain, personal enrichment. The cases and the instances where this committee has determined that there were violations and and determined to impose discipline have been instances where there has been personal enrichment of some kind, where there has been some form of influence peddling.

The investigation of the Department of Justice turned up absolutely nothing in that regard, so far as this case is concerned.

There has been no unjust enrichment. There has been no influence peddling. There has been no sale of office. There has been none of those things, and consequently really what Congressman Hansen finds himself here on is a charge that he did not adequately describe his total debt or his and his wife's total debt. That, I submit, is not a violation of the ethical standards. We think that the evidence certainly did not support the jury verdict. It does not support any finding of any violation here before this committee.

To do so, as I say, would open the door I think to efforts to investigate other Congressmen. Indeed, as we indicate in our book, just a review of the submissions that were made indicate that there are omissions in many other reports of congressmen of various kinds, and it simply would be an invitation to do that.

What the prosecutors have done in this case I think is really described by Justice Brandeis in his famous dissent in the *Olmstead* case. It is something which certainly they should have borne in mind and which I am sure will be in the forefront of the committee's mind. Justice Brandeis said that "The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well meaning but without understanding.

This effort to use the Ethics in Government Act, and the criminal statutes by people of zeal at the Department of Justice who could find nothing else against Congressman Hansen is a very dangerous precedent, and I submit it is the kind of thing that this committee's response to should be one both of rejecting what they have done and applying an independent review of the evidence which I think would result in a determination which the jury should have arrived at, and which I think a judge or a court of appeals ultimately will arrive at, that there was absolutely nothing that was done that was wrong by Congressman Hansen with regard to the Ethics in Government Act forms.

The CHAIRMAN. Thank you very much, Mr. Lewin.

At this time the Chair will recognize Mr. Hansen for his statement.

Pursuant to the rules of the House, I will ask you to stand and be sworn. Raise your right hand. Do you solemnly swear that the testimony you give before this committee in the matter now under consideration will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. GEORGE HANSEN. I do.

The CHAIRMAN. Thank you. You may be seated.

The Chair recognizes Congressman Hansen.

TESTIMONY OF HON. GEORGE V. HANSEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. GEORGE HANSEN. Sorry, Mr. Chairman, I have a pretty bad cold and I end up with sweats and lapses of speech and a few other things, so I hope we can get through this all right.

I appreciate the opportunity to appear before you and the good members of this committee, and I appreciate also the opportunity of being sworn, so there is no question about the fact that what I say is the absolute truth.

The right to trial by jury was designed to give a person who is accused of an offense an opportunity to present his case before his peers. Today—for the first time since I brought a blackmail letter to the Department of Justice more than 3 years ago—I feel that I am being given that opportunity. For the past 3 years I have had to respond to baseless insinuations by investigators and prosecutors who had motives other than achieving justice, and I have had to defend myself before a jury composed largely of present and former executive branch bureaucrats who were easily misled, affected by

current headlines, and inflamed against a Congressman described by a prosecutor as "politically corrupt" or "unethical."

All I ask of you today is to judge the evidence fairly and realistically. I know that the charges made against me in Federal court are baseless, and I have enough confidence in our system of justice to believe that this truth will ultimately prevail. I know that I committed no criminal or unethical act in filling out my Ethics in Government Act forms, and I believe that if you take the time and trouble of measuring the prosecutor's charge against the proof, you will also be satisfied that I am completely innocent. Please do not assume that simply because a jury has returned a verdict, the evidence proved the Government's charges. It did not. Take the trouble to look at the documents and the key testimony yourself. If our roles were reversed and I were judging you, I would not act on any presumption or assumption of guilt. I would rely on my own independent judgment, and I ask you to do the same.

Mr. Chairman, I think that I would like to depart from my statement for a few moments, and tell you what I consider to be a tale of terror for me and my family that has been going on for the past 10 years. You know, I was here in the Congress for two terms in the 1960's and I dropped out to run for the Senate, was not successful, worked in the bureaucracy for 2 or 3 years, went back home, learned what the system was about again, came back to Congress in 1974 or 1975. In the 1974 election, I ran into a situation that was unbelievable. We had a colleague here at that time by the name of Wayne Hays, and Mr. Hays was over the House Administration Committee, and we were in a period of transition, and there was a movement to form a Federal Election Commission, and this created some trauma and argument, political argument, whatever, in the place. I defeated one of the members of that committee, who apparently was a good friend of the chairman, and somehow in the process roiled the waters. The issues were rather strong in our area, and there were a lot of charges and countercharges politically that developed from it.

In the process, a lot of underhanded tricks developed, and they weren't partisan necessarily, but there were people in both parties involved, so that is not here to excoriate any political party or anything else. It is just to recite events as they happened.

The State treasurer of the opposite party in my State, upon request of certain political elements here in Washington—this was developed in court cases—took my credit report improperly and illegally, and disseminated it back here, got on an airplane and came back and brought it here to the office of the person who I defeated in the primary election, and it was passed on to the committee, an act that was not only improper but illegal. This illegality was going all the way from the courthouse to the Capitol building here in Washington, so to speak.

There were a lot of other things going on, crazy charges, with John Hansen having 35 felonies and all of this, over a lot of poppycock that all evaporated.

In the process we called the FBI in because of the violation of my credit, and because of the fact that things were getting out of hand and political charges and countercharges, felt that it was right to

send over to the Justice Department, it was sent over unanimously, that all sides would be investigated.

We went through a period of one FBI investigation and the chairman wasn't satisfied. They came back with a second FBI investigation and he wasn't satisfied because they hadn't found anything, so they came back for a third FBI investigation, and finally the FBI, the Department of Justice wrote a letter to Chairman Hays and said substantially that there are no felonies. Maybe one or two technical misdemeanors on the way the reports were handled.

Well, in that particular time with the new law, the FEC law, it was interesting, because there were thousands, and I mean literally thousands—and I am sure most of your memories recall technical violations of the law at that time because of the complexity of reports and whatever. I think someone counted up over 10,000 violations in a couple of elections. Virtually everyone was involved. Nothing substantial, mostly trivia, very technical. Some committees didn't even make reports. Some Congressmen and Senators, rather than take the responsibility, in fact most of them, said: Well, that was a technical error, the committee took care of it and they washed it out because it was the committee doing it.

In my case, I had a high-school girl, and a college teacher working part time running my campaign. I was running against the incumbent, and for a time I had to handle my own finances, and then we got the committee formed. It's a little difficult to run against an incumbent, particularly in a primary, as most of you know, and so I had an independent bank account and then I ended up getting the committee to take over the bank account.

The first report that happened, the report was late getting in, because the clerk mailed the report late partially; we didn't receive the forms on time, but we had inexperienced people. It was a new law, and then when the forms got there, the inexperienced people filled out the forms, but they got the reporting date and the closing date mixed up, but we finally sent it in. It wasn't unusual. In Idaho alone, as I understand it, there were some 50 of that same type of error in that election, including every Congressman, Senator, and challenger. Senator Frank Church, for instance, had one committee that didn't even get his reports in for the whole primary election. I was singled out at that time to have the investigation, and all they found was one late report and one case where we put $2,150 on one form rather than the other—and why? Because the new committee had inadvertently collected money and put it in the candidate account instead of their own, and then they transferred it over. And so when we made the reports, we reported it on the committee account, didn't put it on the candidate account because it had been designated there in the first place, and the Justice Department got so close with it under the pushing of the chairman that they said, well, that was a technical error, because it should have been, technically, reported because it went into that account. But it was on the reports. That is what we are talking about—very technical.

We didn't think that it was anything even enough to worry about before a judge that would look and see what the situation was. I am building this because this is the foundation for the whole problem we are in, and I hope you will bear with me for a moment.

The fact is that I didn't feel I could afford $35,000 to go over and establish the fact that we technically were innocent of any charges, and so we went over and there was no plea bargaining, no nothing—just said, yes, it happened, and the judge, apparently caught up in the afterglow of Watergate—and it was the day after the milk thing of Mr. Connally—the decision had been made there, the judge apparently was caught up in some of the rhetoric that flowed in the newspapers, and somehow thought that I had taken money, and so he pronounced a jail sentence. And you know what that can do to a person in public office. He pronounced a jail sentence. A week later—and you don't very often see a Federal judge or a referee in a ball game call back a play—he called back the play and he admitted he had been in error. I felt a little bit like the man under the tombstone on Boot Hill which said, "Hanged by mistake," but it wasn't funny. And so he said if all that was done, that an entry was put on one form instead of the other in a late report, he scolded the Justice Department: Why is it here in the first place? And there was a little foot scuffling and this type of thing.

Well, the judge was embarrassed. The whole thing was embarrassing, and before it was over, well, he totally rescinded the jail sentence, and we had a fine for each of the counts, which probably wouldn't even have happened if the thing had been handled right in the first place, because it was so miniscule. And I was the only one ever prosecuted under that law, with all those thousands of violations.

Well, the problem is that that cost a lot of money, and I have never had the opportunity in political office, and you know what it is, to live down the fact that every time my name is hyphenated, in every news release that came out since that time, Hansen who, Hansen who is indicted, Hansen who is charged, Hansen who had a jail sentence, and they never forget and it is tough on a person's integrity and his personal being. I am surprised that my mother will even speak to me yet, with the things that have been said.

Well, we went on and also established that my credit report had been illegally taken. We went to the circuit court of appeals. It took 2 or 3 years, and we won and we received a judgment, some $10,000. Well, it was token, but at least it was telling. It told what had happened. So I went through that experience to start with, and 2 or 3 years up and found the courts with lots of lawyers and lots of accountants and three FBI investigations, and then the next election I had suffered a considerable amount of expense in my political account alone, the billboard account, and my committee went out and got a couple of Congressmen and sponsors to sign wholesale mail, as you all know, direct mail across the country, to try to raise that, and because it was kind of a populist cause people responded in $5, $10, and $50 checks, none of which had to be reported under the rules, and because you know when a person works for a Governor or a political person of the other party you don't want to expose them unless it is absolutely necessary, so we didn't report anything except that which should be reported, and that was over the $100 limit at that time.

Well, that meant that you reported large amounts of money received without itemization, and the opposition came back and said, "He is covering up, he is not itemizing," and we ended up then

with two FEC investigations, and we survived those, both cases saying that we totally were clean. They came out, they took a look at all those crazy little contributions, highly unusual in most campaigns, and said: "Well, we didn't believe it, but obviously it's a populist situation." And they packed up their bags, went skiing in Sun Valley and came back. Well, that is the kind of thing that went on.

Then the next year we had charges, political charges, that I hadn't been filing my income taxes properly, and those things naturally developed about 10 days before the election, and since then we have found that the head of the Criminal Division in the Internal Revenue Service, in an adjoining State, was leaking information on my taxes, and erroneous information at that, to my political opponent's treasurer, and I have got the letters of confession and everything that it did happen, and not only that. We also have other documentation now where IRS people are stating that the district director in the State of Idaho was meeting in motel rooms with my opponent discussing my taxes, and writing press releases.

Now, you know when you have had your taxes violated, you have had your credit reports violated, you have had all of this sandbagging going on, I don't care which political party, it is no fun, and it is not partisan politically.

I remember the IRS doing a job on a fellow named Senator Joe Montoya a few years ago when he opened hearings on the IRS, Democrat from New Mexico. Senator Montoya was alleged to not be paying his taxes correctly. After the election the announcement came his taxes were in order but he was defeated. Senator Ed Long of Missouri the same way. I can give you a few instances because I have been a lightening rod and collected it and I have had people challenge it and say it is not true, but it is very interesting that I sic people like Morley Safer and Mike Wallace on, when they come in and say is it true, and they go to committee staff and other people and say that is wrong, that is off base, but they find it is true and they put it on "60 Minutes" and they have to stand for it with the probability of being sued. So it is true, and we have proof.

These dirty tricks have been happening, and it has been a nightmare for 10 years, gentlemen. It has been a nightmare, and it has cost a lot of money. When the toll started running up, and my wife and I we borrowed one hundred bucks and pooled our money, we got married. That is how we started. Many of you started the same way. We are not independently wealthy. And so for the privilege of public office we have had to put up with a tremendous amount of debt that was not brought on by ourselves, not that we couldn't handle our family budget.

Well, we went to the Federal Election Commission after those expenses mounted, and nobody, you know no one knows better than Congressmen how far the paycheck does not go here, because of the dual expenses of living in the district and living here and so forth, so we sent and asked the Federal Election Commission, is there any way that we can pay politically incurred debts by going out in a political way on a subscription or something else. They said they didn't object, in so many words, as long as we didn't buy billboards with them. In other words, put it in a campaign.

Then we came to the House Ethics Committee in those days and asked—and about that time there was some problem over certain members apparently having used political funds or whatever for their own purposes, and the doors were slammed down, and we ran into the door, so there we were in a dilemma. My wife being a bit of a fighter, she said, "Wait a minute, Idaho is a community property State and I am liable for half of those debts, and the children and I are saddled with this and it's no fault of ours." And she also said that "If George dies, I have got them all and what am I going to do?"

So she wrote a letter to the chairman of the committee at that time, Chairman Preyer, and she advised him that she had her rights, that she wasn't property of the Congress of the United States, that she was an independent individual, and she ought to have the right to survive, and that she was going to ask that our property be divided and she was going out and at least take care of her side of the debt.

And we advised the committee, there was no effort to ever hide any of this, and certainly we took a heck of a bath for advising. When we had the property separation agreement, and she started out to go out collecting money, Jack Anderson and some of the press called her "tin cup Connie" and there was abuse like you wouldn't believe, and it is not easy to survive in the political shooting gallery with that kind of abuse.

And so she did collect some funds, and it helped some, and she ran into—at political gatherings she ran into a guy named Bunker Hunt who happens to be in a sense, I guess, philosophically akin to our side of the aisle, and so he and my wife have relatives that all come from the same area in Arkansas. It was one of those things where they had lots to talk about, and he knew about her problem and he said something to the effect, "I would like to help you, but I can't, I don't want to really get directly involved, but maybe we can give you some advice on how you can help it." And so he had a stockbroker call her.

Well, it is not really much different than a person referring an insurance man to someone or anything else, a technical adviser. Well, the stockbroker did call her one day, as I understand, and she was conducting conversations, but I guess I have heard it so many times I can repeat it, and he called her and he said, "I understand soybeans are moving pretty well and Mr. Hunt told me to call you and maybe you would like to get involved in the market." And she said, "I don't really know anything about it. I have never done anything like that before. You are going to have to help me."

So he gave her some advice, and so the hot tip, and he advised her into a $33,000 loss. And so then she had the problem of dealing with that, in addition to the rest of the burden, and so Hunt called her and he said, "Well, I feel kind of bad about the way things turned out." He didn't offer to pay her bills. He said, "If you are having trouble and you are trying to do it independently from your husband, if you want I will help you get a bank loan or something like that."

So that is what happened. And so she did get a bank loan, a $50,000 bank loan to cover that, and kind of take care of some of the problems she had at hand.

Well, with the bank loan, this is where the interesting thing develops. Now, all of this happened before the Ethics in Government Act passed. The separation agreement, all of this. So there was no effort to contrive a document to get around a reporting law. This all happened before.

Well, we passed the Ethics in Government Act. I think most of you remember and understand that it was done with the idea that it would be civil fines, that the whole idea is that you reveal what your involvement is so that the voters can know, because that is the ultimate judge, and so there were civil penalties derived. Now, by the Justice Department coming along and involving law that usually is there, as most of you know, for false statements to the Government for employment forms and for doing business with the Government, bids, and this type of thing, they went over and hauled over a law that has never been applied before, and piggybacked it on the Ethics in Government Act, and the Ethics in Government Act had called for two things:

If you file and you blow it and people feel that you need to be disciplined, $5,000 is the maximum—excuse me, if you don't file, $5,000 is the maximum. If you do file and you make a mistake, and it can't be resolved, apparently $5,000 is the maximum there. By them bringing the failure to disclose law in with the criminal penalties or the false statement law, what they ended up doing is making it an incentive not to even file, because it only costs you a civil fine if you don't file, and you can go to jail if you do file, and make a mistake that someone wants to charge you with.

It is absolutely inconsistent, I feel, with the spirit of the law, and with the intent of the law as it was passed by the Congress, and I feel that these people have contrived a law for their own benefit to take care of whatever their feelings seem to be for me or whatever they are trying to accomplish, and the concern I have is if they can do it to George Hansen, who went through this war and got very careful, believe me amateur hour was over when I got in the tangle with Wayne Hays and the credit people, and I started hiring attorneys and accountants, and it cost a lot of money, and we did that year after year, and we followed advice.

Now, if the care I exercised over the years in trying to deal with this problem by being very precisely careful with legal and professional people, if that isn't sufficient, how about the other 534 Members of Congress who haven't had that fire going on around them, and have filed their reports more casually.

Now I bring to your attention what U.S. News and World Report said when my indictment happened. They came out and said 140 Members of Congress rushed in and changed their reports, and what they said they were for sounded rather substantial. My gosh, that is enough to call for the Justice Department if they wanted to play selective games, to come up and get 140 other guys and bring them down to the grand jury and ask them to explain why they changed their forms. That is the danger that exists in something like this. And maybe there is no reason why you have to go down there, but the very fact that any member of this body gets called to a grand jury for whatever superficial reason it may be, it is going to go to the press and you are going to have to deal with it and you

never get rid of the taint of that type of thing—and you know it. That is what I have had to deal with.

So what we get down to, what the prosecutor said is that when I went to the attorneys and said: Here I have a $50,000 loan that my wife made and we have a separation agreement, and it seems to me that it is rather inconsistent for me, for us to be separated, for her to go out and take care of her problem and they try to include her and report her in my reports, that seems to be inconsistent, and somebody could question that, and I said should I report her? I don't know. And they said you have an agreement that says she is separate. She is not constructively under your control, and so you do not report here. That is the advice.

And I didn't go to one attorney. I went to two attorneys, and then I sent letters to the committees and I said I am filing this way and my wife is separate, and if there is something wrong with this, please advise, and I think I have the right to rely on the advice of the committee as well as my attorneys, and on the law, and we made every attempt to do it, and if that isn't good enough, heaven help the rest of the Members of Congress.

I really worry about it.

I have spent $100,000 gentlemen. I have been in with the leadership and the Speaker of the House for months. As we went up to the Supreme Court, trying to protect first the integrity of the House of Representatives and to keep them out of here in general, that you wouldn't have a police state running the Congress. I spent $100,000 before I even got down to my own case, and the Speaker and others were concerned. They said: My gosh, you mean this whole furor is over the fact that you owe money? You haven't stolen anything, you haven't misappropriated anything. They are hollering at you for the way you spent or handled your own money. Braden and Buchanan, on "Crossfire," when I was on there, got down to the end and said, "Congressman, did you pay taxes on your $87,000 ripoff?"—or whatever they called it. And I said, "Of course I did." Braden got on it, said, "If you paid income taxes on it, they want to put you in jail for not putting it on a form!" That is how ludicrous it gets to the outside world, I think, and that is how you have to feel.

What the prosecutor says, because I didn't report that, "Mr. Hansen, I want you in jail for as much as 5 years, and I want a $10,000 fine." And then after my wife was not able to pay that loan off to the bank, later on it was assumed by Mr. Hunt, and she owed him, and there was no question but what she owed him, and I asked the lawyers again, "What do I do with this?" They said, "It's hers, not yours, and you don't report it." So I didn't report it again. For that the prosecutor wants another 5 years in jail and $10,000.

Now, gentlemen, I would have been better off robbing a bank, because I don't think you get that much time for a bank robbery anymore.

And the third thing. Then we had a broker call her and he said, "Well, silver seems to be moving. Mr. Hunt told me to call you," and I guess he felt maybe he would try to give her another hand, and I don't know how much of a hand those things are, and considering the bath she took it was pretty risky, but nevertheless she turned out making a $87,000 profit. When you net out, it wasn't

very much between what she lost and what she made. But, again, the assumption was if it is hers, not mine, you don't put it down. That is 5 more years in jail and $10,000.

That is what we are talking about, and that is three of the charges. Well, this thing has gone on and on for years, and it has cost a bundle of money, and I have taken a bath every year, and as counsel says, I took this thing to the Justice Department. When the blackmailer hit, Bunker Hunt got a blackmail letter, and you have the records there. But it said, "I have reason to believe that you helped the Congressman's wife and in a sense bribed that Congressman by helping his wife with a $87,000 trade, and I am going to go to the authorities if you don't give me $440,000." And then he started describing what he was going to do with the money. It sounded like either a drug-running effort, something very dangerous, maybe a revolutionary situation in the Caribbean.

I went to the Justice Department. I took the lawyers for Hunt, I took the lawyers for my wife and I took my lawyer and I went over and I turned it in in good faith and I said here is what it's all about, and I gave them the transactions. I have an attorney that told me that the way the Justice Department has behaved we honestly don't think they could find a zipper in a button factory, because we gave them everything. We gave them the lead. They didn't discover anything. They didn't come to me. I went to them. And did they do anything to offer me protection? Did they do as I suggested and take the document also over to the State Department in case there was some kind of a problem regarding foreign policy or something else? I have no evidence that any of that ever happened, and the guy wanted $440,000 deposited in the Grand Cayman Bank so it was offshore. We knew where he was going with it.

Well, then they found out in the course of the investigation that the man apparently also had stolen money, as much as $200,000 in bucketing, in bucketing or skimming on accounts in a brokerage, and it is very interesting that when the Justice Department brought prosecution, they gave him a blackmail misdemeanor, let him off with no fines, no jail sentence, 75 hours of negotiable civil or civic service, community service, and that was all. But worse than that, plea bargaining is one thing. They let him keep the money that he stole, on the condition he pay his income taxes on it. Now you explain that to me.

We have plenty of records that indicate to us, one, that the Justice Department lied to the magistrate about the man's offenses, and two, they let him keep the money, which is highly, highly unusual, and three, we even have reason to believe that the Government, through the blackmailer, even may have had a part in writing the blackmail letter itself. It is a very bizarre story, but that is aside from my own situation. But when you have your credit report involved, you have your taxes involved, you have all these things, believe me, you could write a book on horrors, and this has been a horror story.

To get back to the script, my counsel has given you some briefing materials that provide the framework of the charges and the evidence. My lawyer and I think—and we believed at the time of my trial—that the evidence conclusively established that when I did

not list my wife's debt to a Dallas bank and her profit in a silver commodities transaction on my EIGA forms, I was doing so on the very solid advice of attorneys on which I have relied for many years and on the assumption that this committee, as well as the Select Committee on Ethics, recognized that the omission of Mrs. Hansen's assets and liabilities was based on the attorneys sound legal position.

We believed it was unnecessary for me to testify in Federal court because I could add little to what the attorneys who had advised me had said from the witness stand and what the documents had established. The prosecutor's conduct when Mrs. Hansen had testified demonstrated that he would pull out all stops in efforts to embarrass me, to dirty it up politically, to mislead the jury, and to inflame public opinion. And the trial judge had shown no inclination, at any point in the trial, to restrict what the prosecutor wished to do. Time after time it seems like the walls were pushed out and there was no limit. Consequently, my counsel and I determined that it would serve no purpose for me to testify at that trial because we felt that I could not add anything to what the attorneys had given, and all we would do is clutter it up with the way they were conducting themselves.

In this forum, however, I have elected, without hesitation, to appear before you to assure you of my good faith and my innocence and to answer any questions that you or the special counsel may have. I know what I did and did not do, and I can tell you with a clear conscience that the allegations which are the subject of this proceeding—the claim that I made false entries on my EIGA forms—are simply false.

My counsel's submission—which I hope you have all read—lays out how this witch hunt against me began—how my complaint about criminal conduct designed to ruin my reputation encouraged the Justice Department perversely to investigate me. After the most energetic and thorough investigation—in which I and Mrs. Hansen cooperated by making ourselves and others available—and I can tell you there was never even a Miranda warning; we never knew that they were ever pointing at us except by the way they were behaving at times—they filed only charges that are totally unprecedented. Criminal allegations that a false EIGA form was submitted have been made against none of the many thousands of executive branch employees who file each year. The first case in the history of the Nation was brought against a Congressman who had been the victim of a totally false extortion threat. The case was filed by prosecutors who were frustrated because they could find nothing else to accuse him of after 2 years of investigation. And believe me, they were into everything because we heard and saw their tracks.

What was the basic charge? Three of the four counts charged that I had not disclosed on my EIGA forms two aspects of my wife's finances which grow out of the only efforts Nelson Bunker Hunt ever made to assist the Hansen family in any way in resolving our very difficult financial problems. In 1977, after Mr. Hunt had been responsible for steering my wife to a $33,000 loss in soybean futures trading, he assisted her in arranging a loan from a Dallas bank to cover her obligation. That loan was not reported in 1979 or

in 1981, after Mr. Hunt, who had guaranteed the loan, had purchased it from the bank when Mrs. Hansen could not pay it. Nor did my EIGA forms include the one successful commodities venture recommended to Mrs. Hansen by Mr. Hunt—a silver futures transaction that resulted in an $87,000 profit.

My reason for not reporting Mrs. Hansen's transactions had been repeatedly explained to the House Ethics Committee and to members of this committee, as well as to the committe staff. In the materials provided to you by my counsel you have copies of the letters I sent on this subject. They demonstrate that well before financial disclosure had become an issue, our Idaho lawyer had advised Connie and me to sign a "Property settlement agreement." That agreement was mischaracterized repeatedly to the jury by the prosecutor. He even tried to lose the whole timeframe work and make it look like we had derived that to beat the ethics report, which is preposterous because this was done 2 years before the first ethics filing.

It was never designed to force us to keep separate assets or separate bank accounts. I will tell you it is no convenience to have a property settlement agreement. It means if you don't keep it up to date your wife is very vulnerable, because if I should die, and it isn't up to date, my whole estate, everything could be thrown into probate and she doesn't get the benefit of at least half of it going to her automatically under the community property situation. There are a lot of things which nobody wanted to listen to, where to do this was not really a convenience. In fact, it was a terrible inconvenience and a risk. It simply cut the legal right that a husband and wife have to each other's assets in a community property State. Because of the property settlement agreement, Mrs. Hansen was permitted in 1977 to solicit contributions to pay the enormous debt that had built up in the preceding 2½ years.

When the issue of financial disclosure arose in 1978, I asked my attorney, John Runft, what my obligations were under Rule XLIV. He concluded that the property settlement agreement meant that the assets and liabilities of Mrs. Hansen should be treated like assets and liabilities of a person I might be living with without the benefit of marriage. And I might parenthetically say that if we had been living common law and not married because of this if we had gotten a divorce, according to the ethics lawyer that appeared in the courtroom, we would have been better off. In other words, it seems that immorality is more acceptable than some kind of a legal arrangement between married people.

Even if that person allowed me to use her assets or money, I would still not be expected to report them on a financial disclosure form.

You may agree or disagree with that conclusion. I agree with it. It makes sense to me now, and it made sense to me then. But even if you disagree with it, you surely must recognize that I acted in good faith when I followed his advice—I didn't hip shoot, I didn't let my kid fill out the forms and come in and toss them to you; we did it carefully—when I wrote to the House Ethics Committee in 1978 explaining precisely why Mrs. Hansen's assets and liabilities were not on my financial disclosure form, when I asked the com-

mittee to "confirm" the validity of my report, and when I sent copies of that letter to the ranking members of this committee.

I ask you, what more should I have done? As a person that has to deal with the law, or as a lawyer in the case of some of you, what more can a person do to operate in good faith than to go get legal counsel, and make sure that where you report the forms, comprehend or understand what you are attempting to do, and then you rest on that. I don't know what more a person can do.

It has been suggested to me that I should have resolved all doubts in favor of disclosure and have listed the $50,000 debt and the $87,000 silver profit even though they were Mrs. Hansen's. But what would that have meant to the legal position that Mr. Runft had taken in 1977, as I mentioned before, when he insisted—entirely correctly—that Mrs. Hansen's liabilities, after the property settlement agreement, were hers alone?

Let me confirm here and now an important observation that my staff assistant Jim McKenna made during his testimony at my trial. He, of course, is a lawyer. He said that the question whether Mrs. Hansen's liabilities or transactions had to be reported on my EIGA form was "considered closed" many years ago. It had been a question on which I sought legal advice in 1978, in connection with the House's financial disclosure form, and in 1979, when EIGA was a new law. It was a subject of substantial discussion among my lawyers and me. A conclusion was reached in 1978. The same conclusion was reached in 1979. That conclusion was communicated to this committee in language that could not be misunderstood. And I think if you read the letters you will see what I mean. I believed that everyone who had an interest knew that my wife's debts and property were not being reported—not, of course, because the "three-part test" of EIGA applicable to spouses had been met, but because we had a property settlement agreement and the committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after that agreement.

Gentlemen, I believe that the committee has acted responsibly. They have been most kind and generous in their dialog with us. We of course have had agreements and disagreements, but I feel that the committee has been responsible and we feel we have been responsible in the way we have conducted ourselves, and responded to any official requests of the committee or official actions of the committee.

My confidence in that understanding was so great that I had not the slightest fear of self-incrimination of any kind when the blackmail letter arrived. Believe me, if I had been nervous at all, do you think I would have gone over to the Justice Department and turned that thing in? I would have taken a chance that it was just a prank or a joke or that it would go away and the guy wouldn't really press that type of thing because he would be vulnerable too, but we had no hesitation. We went over and gave it to them.

I brought the entire matter to the Justice Department, and I did not give the matter of financial disclosure any thought whatever. The only delay that we had in getting over there was the fact that I had to bring attorneys from the west coast and from Dallas to get them here, and I had to get an appointment with the Attorney General, and we got it in just as fast as we could.

FBI agents came to visit me in September 1981—5 months after I had reported the blackmail—and I told them then, as I am telling you now, that I did not report the profit from the silver transaction because the consensus of my lawyer was that "any transaction solely entered into by" my wife were not subject to disclosure. That explanation appears right in the FBI agents' report that was submitted almost 20 months before I was indicted. I made no effort to amend my reports, because we felt we were right. If I had been concerned, I probably would have come in and tried to do that, though I wasn't concerned. Look at exhibit 5 of the blue appendix you have before you, and you will see what I mean. What did the prosecutor say about the fact that I had followed my lawyer's advice? The quote is at page 70 of the briefing book: "He is not Joe Schmoe on the street who doesn't know anything about the law. He is a lawmaker himself. He knows how to read. He knows that—the laws are passed by Congress. He knows what Congress was up to when they passed the Ethics in Government Act."

What does that mean in plain English? It means that Congressmen are supposed to know the interpretation that the Justice Department or some other part of the executive branch claims to be the law. You and I—just because we are Members of Congress—have no business asking a tax lawyer what a section of the Internal Revenue Code means, it appears. Everybody else may be unsure and may take legal advice. Only a Congressman must ignore what his lawyer tells him, according to the Justice Department. "Equal Justice Under Law"—the words on the front of the Supreme Court Building—applies to everyone, apparently, in the Congress, in the eyes of the Justice Department, except Members of Congress. Well, I don't buy that, and I don't think you do either.

In addition to the 3 years in which the Justice Department claims I did not report a debt and a profit of Connie's, they claim that in a fourth year—1981—I failed to report $135,000 in loans that were borrowed for a citizens' organization formed in 1981. The organization then initiated a large and expensive mass-mailing in early 1982 for which the full $135,000 was used. The prosecutors' point was that I had signed the notes for these loans, so they were technically my debts. You know there are a lot of people around here that are involved in cause organizations, and they are the officers in those cause organizations, and some of these cause organizations are in huge, huge debt, and I think you know who they are, and some of those officers could technically probably be held liable and sued for the debts of those organizations. Yet I don't see any of the people involved listing those debts, that kind of information on their personal ethics report forms. So I think that this is absolutely a preposterous thing these people are doing in this.

I said the prosecutors' point was that I had signed the notes for these loans so they were technically my debts. I suppose that is true. The obligations were technically my obligations. Who wants to lend money to a paper corporation? You can do it two ways. You can borrow and give it to them or you can go over and borrow it at the bank and not report it on the form. I guess I try to be honest enough; I do things up front. I don't know, maybe there is a time in this government that makes things so convoluted and complex that you get in trouble for being up front and on the table and honest,

but I still bank on the fact that that is the way the game is supposed to be played, and that is why we did it up front. But I did not borrow this $135,000 to pay off my personal debts or to buy a yacht, a Rolls-Royce, or even a snowmobile. I have none of those things and never owned any. I guess my hobby in fact is politics. I am probably one of those nuts that go out and borrow money to try and get legislation passed. I think it's crazy, a lot of other people think it is, but I guess if you believe in what you are doing you do it.

I borrowed it, as the lenders plainly testified, for a public project. And every penny of the $135,000 I borrowed—and more—actually went to pay the very high costs of the mass-mailing which the organization conducted. That seed money was to come back to the lenders from contributions responding to the mass-mailing.

I have to parenthetically tell you that when you put these things together, you have to wait for mailing dates, you have to wait to get certain legal technicalities done, and you have the money there, and it is money that you are personally obligated for. You are paying interest on it, and you have the risk. What do you do with it? Well, it didn't immediately go in. We waited until we could use it, and that is what they are complaining about.

By May 15, 1982, I no longer had, in any form, even one penny of that $135,000. The organization for which it had been borrowed was established, and it had sent out letters to almost 1 million citizens urging them to support drastic or serious tax reform. Should I have reported the $135,000 as my debt, thereby making it appear as if I personally had kept that money and not used it for the designated public project as planned? I think not.

I did what I believe any careful person should do: I sought the help of a professional. Jim McKenna is my staff attorney on whom I rely each day for technical opinions on questions of law. He was a member of the board of the citizens' organization, and he advised me that the debt was not reportable under the law because of the circumstances. We also discussed what ended up being the critical factor: Because there was, and continues to be, great fear among our people that the Internal Revenue Service retaliates brutally against anyone who opposes it, we had promised total anonymity to anyone who contributed money to the organization, which was called the "Association of Concerned Taxpayers." Many people are getting very paranoid, legitimately or not, about the Internal Revenue Service, and we had to give them that kind of anonymity. There are other organizations that do likewise for other reasons. The letters sent to the public repeat that promise several times. If I reported these loans on my EIGA form, I would also have had to disclose—either on the form or in answer to the inevitable reporters' questions—what I had done with so much money in 1981. If I answered truthfully, I would violate the promise of confidentiality that we were making to encourage contributions to A.C.T.

Please do not misunderstand me. The need for confidentiality would not override a clear obligation under the law. But the obligation to personally report funds raised for a legislative project was far from clear. Jim McKenna's view was that I was, in actuality, a personal guarantor of the three loans, which had really been made to A.C.T. There is no requirement to report on EIGA forms debts

that one has guaranteed. Since there was legitimate legal question whether a report was required, complicated by the project requirement for confidentiality, the spirit and letter of the EIGA report seemed best served by specifying my affiliation with the nonprofit tax reform group which had a financial life of its own. And we had put on the front of the form, gentlemen, that I was the head of that group, so the red flag was raised if anyone wanted to know what was going on there.

Did I exercise bad judgment in omitting these loans? I don't think so. But, even so, it was hardly a crime or any unethical act. As everyone here knows, it is very common for Members of Congress, as I stated before, to be affiliated and even financially involved with legislative cause groups and seldom, if ever, are the liabilities of such groups mentioned on an individual's EIGA report. And more so, the hundreds of people each year—in the legislative, executive, and judicial branches—who amend their EIGA forms after omitting assets and liabilities because they claim to have "forgotten" them or because they believed they were not reportable are as culpable, if not more so, than I, and we open the door to Pandora's box.

When the prosecutors came across these lc .ns did they communicate with me and ask whether I wanted to amend my 1982 EIGA form to reflect them—as the Attorney General, Mr. William French Smith, was asked to amend his EIGA form when an omission was disclosed? No, sir. I was indicted and forced to stand trial.

There are two standards, it seems, gentlemen. Downtown they give you a chance to amend. Up here they indict, and no chance to amend. Maybe I wouldn't have amended. I doubt that I would. I think we did it right, but the point is I was never given the opportunity that the Attorney General himself, the boss of the prosecutors, had to change his report, and his was a $50,000 severence check where there was alleged conflict of interest even, and there was no conflict of interest in mine.

The irony, my friends, is that I spent 2 weeks in Federal court, and that I have been forced over a 3-year period to incur legal expenses. And I can tell you the meter is ticked over and it's not to knock legal counsel because I tell you if you have a serious ailment you don't complain about the cost of a good doctor, and I don't complain about the cost of a good lawyer or good lawyers. But over a 3-year period legal expenses have ticked over $300,000, and I am not that wealthy, and I don't think any of you are, and it takes one whale of a lot of years in Congress to make that kind of money. I don't think that it's right for me or anyone else to have to put up, with that kind of a legal assault by some power-seeking people at the Justice Department, and here are $300,000 with a threat of imprisonment and a fine, not because I embezzled, stole, took bribes, or otherwise enriched myself, but only because I and my wife were in great debt.

Are you penalized in this country, is this a way of putting you in debtors' prison? Well, that is what it appears; you are penalized because you owe money and you didn't do like some politicians have and settle for 2 or 3 cents on the dollar. You hung on to it and tried to pay it honorably and that is what we tried to do is pay our

debts, and the prosecutors claim mainly that I did not disclose how very great our debt was.

You read every day about people who go to jail for taking hundreds of thousands or millions of dollars from private concerns or from the public treasury. Have you ever read of anyone, in this day and age, who is a criminal because he is, or was, too deeply in debt, particularly a debt caused by public service?

And where did I err? I went as far as I could to ensure that the very many kind individuals who had helped the Hansens financially by lending us money when we were beset with attackers from all sides would be repaid totally. I was not about to settle my debts for a few cents on the dollar as some public officials have done. And I was not ready to file for bankruptcy—as I surely could have done—and thereby disappoint—and even injure—those who had trusted me when I needed help. After the many small loans had been made by our friends—in March 1977—this House changed its rules drastically. I didn't know that they were going to change the rules when we had set up our financial structure this way. We were hit with a great many problems. This House changed its rules drastically so that Mrs. Hansen and I were unexpectedly left with no practical way of obtaining funds to repay our loans. It was in that desperate situation that our attorney John Runft thought of the Property Settlement Agreement as a legal means of achieving the repayment of our debts. Was that objective an unethical one? I believe that it was a worthy goal, and I am proud to say that no individual who has offered our family financial assistance has ever been let down by us.

Forgive me, please, for believing that rather than being a perpetrator, as I said earlier, I have been the victim, of one unethical act after another in politics. I was that target of vicious and baseless political attacks in 1975, designed to keep me from the House. I have been the victim of the unlawful theft, dissemination, and distortion of my personal credit report and of confidential income-tax information. I was an object of very scornful and demeaning publicity when my politically caused financial distress, accompanied by a change of the House rules, made it necessary for my wife to assume our family's personal liabilities and seek public contributions. And I tell you, it stings when your wife and your children were called "tin cuppers." It's not fun. And I was one of two intended victims of a blackmail plot executed in March and early April 1981.

All this made me the target of a Justice Department investigation. But the investigation produced nothing beyond the claim that I had, in 3 years, underreported our family's debt and had, in one year, failed to report a profitable transaction independently made by my wife which had been utilized principally to pay some of that massive debt. That investigation did, however, lead to the most reprehensible and damaging of the acts committed against me, a totally unjustified and slanderous prosecution.

The frustrated prosecutors, who admitted in my office to Jim McKenna and me that after a year of searching for a corrupt bargain they "had the quid, but could find no quo," charged me with criminal offenses and succeeded in driving their charges past a District of Columbia jury.

I am here hoping that you will exercise your constitutional and legal authority to correct this miscarriage of justice so that I might continue to fully and properly serve the people who have elected me, people who, I believe, continue to have confidence in me to speak out for them and to represent their needs and aspirations. Certainly the people should not be deprived by legal or bureaucratic manipulation of their right to freely choose their representative in Congress, whether it is me or whether it is you.

I thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Hansen.

The Chair will now recognize Special Counsel, Mr. Abbe Lowell, for the purpose of questioning Mr. Hansen, after which the Chair will recognize members of the committee who have questions to pose to Mr. Hansen.

Mr. Lowell, the Chair recognizes you.

Mr. LOWELL. Thank you very much, Mr. Chairman.

Congressman, it is so important in the statement that you gave, and what I know is your defense at trial, to try to clarify important dates and milestones in the record, and so let me, with my questioning, notwithstanding what Members may have to ask, try to elucidate some of that.

As I understand it, Congressman Hansen, if you will, the entire episode really started with your effort to eradicate a debt which you trace back to the 1976–77 era. The property settlement in the trial and your statement stated that at that time in that period, the debt was in the neighborhood of $37,000.

There was, as you know, trouble at trial, trouble by your wife, by your accountant, by your two attorneys substantiating what that debt was. I wonder if you could please tell us now and be a little bit more specific and break down that debt. Was the $372,000; $371,100 contributions from people? Were they larger? Where was the money owed and to whom was it owed?

Mr. GEORGE HANSEN. First, the problem started, Mr. Lowell and Mr. Chairman, in 1974, not 1976, as you said; 1976 when we were up in the residual problem which was the debt that had been incurred for 2 or 3 years of the problem, but I am sorry, my voice seems to be failing. When I was on a roll, it goes better. But as far as the debt was concerned, there were two kinds of debt, and I think a lot of people don't realize that there was a substantial debt that I had listed in that separation agreement, that was also politically incurred.

You don't think that a person, the normal person, carries that kind of debt personally. People keep hanging on the amount that was assigned to my wife. Well, there was an awful lot revealed right there that is right before your eyes, that I had to pay for and I had to sign for as loans to the bank, and so you ask what kind of debt was it. Well, it was debt like that at the bank, where I had paid off bills and asked people to help me, whether it was banks or private individuals, and what we did, because we felt the need to at least not punish the people who had helped us by raking them through the public sector over this thing, the public institutions.

I assumed as much as we could in an equal separation, I assumed the debt from the institutions and she assumed the debt from those private people which we felt it was proper to keep confidential, and

so that is why, and that is her debt and that is why it makes it difficult for me under these circumstances or any circumstances to itemize.

I can tell you there were a number of small people in varying amounts that totaled that amount of money, in her case, the amount listed there.

Mr. LOWELL. Congressman, the trial testimony, I think, revealed that your wife was successful in raising something over $100,000 in her solicitation campaign that followed your separation agreement. The trial testimony also showed that the money was at least initially put in the account of her name. However, the trial testimony, I believe, also showed that you drew from that account or at least she put money from that account into joint accounts which you spent.

In your view now, and in your view then, was it consistent with your advice to the committee that you were separating your funds and allowing her to raise funds, by you having access to funds which were raised ostensibly for what was then going to be her debt?

Mr. GEORGE HANSEN. As I understand it, in a community property State, Mr. Chairman, when a person brings money home, whether it is the man or the woman, say, $1,000, the money is half his and half hers, when you bring it home. It is just the way it pops. When you have a separation, the money belongs to the person who has the money unless they consent to let the other person use or spend the money.

The fact that we maintain joint accounts doesn't mean that the person who accumulated the money or the debt didn't have constructive control over the money or the debt, and the fact that the other person used it would only be on a basis that permission was granted to either service or use the debt or the funds, and so I found nothing legally inconsistent with the way we handled it, and I found no one who told me that we had to maintain separate accounts any more than two people not married who might live together or who might do business together could share accounts, and one person could use the money of the other person by consent.

Mr. LOWELL. Congressman, before I get to the joint accounts and the joint way you lived, my question may not have been clear enough. I think it is an important one. The Ethics Committee issued two Advisory Opinions, No. 4 and No. 11, and the net effects, as you well pointed out, was to say that the plan that you had in mind, you couldn't do.

A Member or a spouse or a committee could not raise funds for that Member's personal debts. Mr. Runft advised you that the answer was to make those debts your wife's debts and she could then raise funds to make those her debts.

The trial showed, however, that the money she was raising for ostensibly her debts somehow found its way back into the joint account. My question is, first of all, whether or not that was the view of what happened because of the checks as she indicated and, second, if that is your view, how do you explain that that money that was supposed to be raised for what was then her debts had become your money again?

Mr. GEORGE HANSEN. Mr. Chairman, I think counsel would like to address that question if that is permissible.

The CHAIRMAN. Mr. Lewin.

Mr. LEWIN. Mr. Chairman, the reason I asked the Congressman if I can have the microphone for a moment is I know Mr. Lowell is referring with both of the questions he had asked, the initial question and the last one, to the trial transcript and the trial record. I am quite familiar with it. I was there, and I think it is not really a totally accurate reflection of what happended at the trial. I think with regard to the funds that were raised in 1977, I think the trial record did not by any means indicate that that money was used for personal expenses.

I think there was one question that was asked of Mrs. Hansen regarding a withdrawal of a little over $4,000 from the special account into which the proceeds of the solicitation was placed. Other than that, I think the trial record, and I think generally the facts established that the money that was raised in 1977 was used to pay precisely the debts that Mrs. Hansen had indicated in her letter.

This was one, $4,700 check which was deposited in a joint account, and no indication really exactly what the withdrawal subsequently made from the joint account was, but I think, I know Mr. Lowell has had a limited amount of time to read over those transcripts, and I am sure that is not a conscious omission on his part, but I can assure the committee that the trial record does not indicate by any means that the money was used for anything other than exactly what Mrs. Hansen said it was going to be used for, which is to pay the debts.

Now, with regard to Mr. Lowell's first question, he also stated in his question that there was difficulty by Mrs. Hansen in establishing that debt. That also is not what happened at the trial. What happened at the trial was the prosecutor asked the attorney, Mr. Runft, "Can you name anybody who lent the Hansens money?" Mr. Runft said, "I saw at the time a whole list. I had substantial conversations with the accountant. I added it up. It came to $372,000. I don't recall the names now."

He never asked Mrs. Hansen for names. I can tell you that we anticipated he would. Mrs. Hansen was prepared, as she recalled—it was some time ago—to provide names that she recalled at the time. He never asked her.

In summation, specifically, I said to the jury, let the prosecutor get up and show you where he ever asked Mrs. Hansen to name a single name, and he could not point that out because he had never asked Mrs. Hansen to provide any names, but in terms of the substantiation regarding that debt, the trial testimony was very substantial, both from the attorney who said he had conversations with the accountant, and from everybody else, there was ample reporting in Idaho and elsewhere about this great debt tnat the Hansens were under, so I think, as I say, that may be an inadvertent misstatement by Mr. Lowell, but I don't want the committee to labor under the assumption that that is what the trial transcript showed.

Mr. LOWELL. I don't want this to become a debate as to who knows the transcript better, and the committee will have access to that, so I will just move on and let the transcript speak for itself.

Mr. Hansen, on the same area, though, you did mention that under the community property laws you did not have to, as your lawyer stated, separate your lives financially after you issued this property settlement, that it was consistent to continue to own houses and deal in houses and buy cars and sell cars and file joint taxes and have joint bank accounts.

For the moment, the question is, having gone to the committee to get advice on how you could go ahead and raise funds, and devising the property settlement, do you think it suffice to tell the committee only that you had done a property settlement, or do you think, looking back, you should have told the committee not only that you had a property settlement, but how you planned and in fact did continue to act after the settlement living your lives together in so many ways?

Mr. GEORGE HANSEN. Mr. Lowell, we did advise the committee, and we also asked at the end if you have any complaints or any concern about various things, a number of letters—I don't have them at hand—to please advise, and I was prepared to discuss this matter on any such questions you talked about. I was prepared to discuss these things, hopefully to the satisfaction of anyone who might question, and so I don't think the committee was derelict in not asking.

I don't think I was derelict in not answering questions I wasn't asked. It was just there was a property settlement agreement and this is the way it was.

Now let me tell you about that property settlement agreement. There were a lot of things just because you look at the bank, a lot of things that were done. For instance, my wife took over the income from the family business. I didn't get it. The social security benefits are totally hers. I don't get them, and you didn't get them here in Congress, so I was deprived of social security benefits. She got them all.

There are a lot of places where the separation and the terms of the agreement were carried out very explicitly, independently, but the idea of joint bank accounts, there were some things that we would like to have done better, I would admit, but we were under financial duress, and there are only 24 hours in the day, and I think a lot of people around here know that I usually work 25 hours a day, and if there isn't enough hours, there are just some things that maybe you have well intent to do, but you don't get it done, so certainly I wish we could have done a lot of things better than we did, but I think we did them adequately in the spirit of what we intended to do.

Mr. LOWELL. Congressman, just to draw this one to a close, in your memory, did you or your staff or your attorneys ever advise the committee, did they ever send them a copy of the property settlement on which you have relied so heavily? Did they ever inform the committee that after the property settlement, you continued to have joint accounts and continued to joint-own homes and cars? Did those facts ever get transmitted to the committee at any time?

Mr. GEORGE HANSEN. I don't know for sure, because periodically I think practically every year someone from the committee would mention something about the property settlement, and I would usually send an attorney over to talk to them. I don't know how in

depth that conversation may have gotten. I know there were some attempts by the committee to obtain the agreement, and we told them that we didn't feel we could give the agreement, because it involved private items of my wife's, and this was a legal and technical problem as far as we were concerned, but we never received any official demand that we produce the agreement; in other words, in writing by the committee or whatever, or that we answer certain questions.

As far as I know, informally we answered everything we were asked or attempted to do, and certainly the door was open for any further questions if someone had deemed it necessary.

Mr. LOWELL. Mr. Hansen, turning your attention to the advice you sought from counsel and the first financial disclosure forms, the record, again at least from my perspective, is not entirely clear and maybe you can help the committee clear it up.

The timing of the actions in 1978, I understand to be as follows, and I wish you would confirm or at least explain if it is not true: that after the property settlement occurred in 1977, 1978 came about and you were then governed by a House rule on financial disclosure. You filed a report in April of 1978 and following that report, there were press stories criticizing your lack of including Mrs. Hansen's information.

At that point, you sought attorney's advice and at that point after your attorney's advice, you wrote to the committee on May 9.

Is that the order? In other words, you filed first, sought your attorney's advice second, and then thereafter wrote the committee asking for their confirmation?

Mr. GEORGE HANSEN. That is not my recollection. As I said earlier, I felt that I was a Siamese twin to lawyer and accountants from the time of my first encounter with Mr. Hays and things that happened in 1974, and so I don't think that I ever filed a piece of paper with this committee or with the income tax people or anybody else without running it by somebody for advice, and so I would not recall that in that precise way.

Mr. LOWELL. Specifically, with Mr. Runft in 1978, is it your memory that you went to see Mr. Runft before filing your first report of which the press started criticizing you in 1978, or do you recall that?

Mr. GEORGE HANSEN. The very fact that the press was continually criticizing from 1974 on, believe me I was always in contact with my attorney. I don't at this point recall exactly what dates I was in touch, but I sure wasn't doing anything that was going to rock my boat or create any controversy, and every time I filed a report, believe me, there was controversy, because we never filed it to suit certain people, and so I can tell you that I was very careful about submitting those reports, and I will tell you I don't think anybody in this body has ever received such scrutiny about the reports and so much noise.

In fact, I didn't have to put it on the reports. The press put it in the public view anyway.

Mr. LOWELL. Congressman, from your testimony today, and your statement and also the trial evidence, it appears that Mrs. Hansen's soybean transactions left her with a $33,000 debt for which

she got a $50,000 loan. Where was the remainder put? Did you have access to it, and did you spend any of it?

Mr. GEORGE HANSEN. Well, at this juncture, I can't tell you. There was more than enough, and if I recall, I did the chore, the errand. I went and put the money in the bank, the check that she received for the loan, and I think that we took some kind of a cash deduction to service some obligation that went on, and I can't even remember what that was at this period of time. It wasn't anything near the excess, $17,000 or whatever it was, but I can tell you that we were not buying sables and minks. We were servicing the needs and the debts at hand.

Mr. LOWELL. But when you use the word "we"——

Mr. GEORGE HANSEN. I can't tell you precisely what it may have been. If it paid her debt, no problem. If it paid a debt that I felt was pressing and she loaned me or gave me access to the money, I can't see anything improper with that either.

Mr. LOWELL. Congressman, with respect to the solicitations of legal advice from your first attorney, your Idaho attorney, Mr. John Runft, as a first matter, did you inquire of him of Mrs. Hansen's transactions in a general fashion, or did you seek his specific advice on the individual transactions which now form the basis of your conviction? In other words, when you went to Mr. Runft, did you say, "Given the property settlement agreement, do I need to include Mrs. Hansen's transactions because she is now 'separate'?" Or did you say, "Let me tell you about some transactions. There is a $50,000, there is a loan, there is a Dallas loan, there is Mr. Hunt's acquisition of it, there is this, there is that, there is the other thing?" Did you do it in a general fashion?

Mr. GEORGE HANSEN. I don't know. I can't recall what Mr. Runft may have said, but I can tell you that I also had other reports besides ethics reports to file, namely taxes, so I had to discuss the propriety of filing joint returns and everything else, and I did this with the advice of CPA, and I had a good one. The man at the time was not the one that appeared at the trial. He was head of the State CPA's in the State and he was constructively under control of the lawyer because of all of the investigations, and I know that they conferred on these things, and so all I can say is that for the filing of reports, whether it was income tax reports or ethics reports, these things were known specifically.

Now, on the first couple of reports, at least we established, as I stated in my testimony, until we established a posture, a trend on how to deal with the law, I know that we talked about specific items. Later on, we may not have been so precise, because we had established the process and the procedure.

Mr. LOWELL. Again referring to the $50,000 loan first, with Mr. Runft, which you just mentioned having talked to your lawyer specifically about, did you tell him how the loan first came about, that occurred from your first meeting with Mr. Hunt about soybean transactions. Do you recall telling Mr. Runft that?

Mr. GEORGE HANSEN. Telling Mr. Runft what?

Mr. LOWELL. About how the $50,000 debt first came about, and your relationship with Mr. Hunt?

Mr. GEORGE HANSEN. I am convinced that Mr. Runft knew in time, the tax forms which are filed just a little bit before your

ethics forms, I think a month before, that he was informed of the technical details, yes.

Mr. LOWELL. By the way, on the Hunt meeting, Mr. Hunt testified at trial that——

Mr. GEORGE HANSEN. I might mention either by me or by the CPA or both.

Mr. LOWELL. Maybe you can clarify something for us as well. Mr. Hunt testified at trial that this started with him when you met him at a dinner or social occasion, and he testified—it may not be inconsistent, I want you to clear it up if you can from what your statement was—that you basically went right up to him after the dinner and told him about your financial condition and you were the one who solicited him and you solicited him for a contribution.

He then went on to say no, that wouldn't be proper for a variety of reasons and how it came about and he said he would give you and your wife financial——

Mr. GEORGE HANSEN. Mr. Hunt's memory is faulty a lot of places, I noticed in the testimony. One is I have never been to his house. Two is my wife, to my knowledge, has never been to his house, and I think there was some statement somewhere in the records to that effect.

Mr. Hunt, I think, kind of has things run together. There are other Congressmen from Idaho. There is a Senator by the name of Steve Symms who has been very active and has had contributions from Mr. Hunt, not to say it is proper or improper, because I think people can contribute to a person of their choice, but Mr. Symms, to my knowledge, has been to Mr. Hunt's house, and I think his wife was with him. I have not, so I guess I am pointing out that Mr. Hunt seems to have run Idaho Congressmen or Congress people together in his recollections, and I don't happen to be the one.

I have never received a political contribution from him to my knowledge, at least not big enough to report, and second is when you talk about cornering him, as he said, over a contribution, that is not what I did.

What I did was I talked, I went to several people across the United States, because I had this debt problem over a period of time, and since the committee and Congress had said that I couldn't do certain things, I thought, well, there are a lot of people around the country that are big in politics that maybe can give me some advice, people who deal in political finance, so I not only, since we are in the confidence of this committee, I not only went and talked to Mr. Hunt, not about directly soliciting anything, because I didn't feel it was proper. I told him my problem, asked him if he had any ideas about it, and second is I also went to a lot of other people like the gentleman in the White House who didn't happen to be in the White House at the time and asked him if he had any ideas, and he gave me a few words of advice about what you might do about something like this.

I contacted a number of people who were financially prominent or politically prominent, to see what in the world can you do to service this kind of a debt that you haven't really brought on yourself, so I don't make any secrets about the fact I asked advice, but I didn't ask for contributions.

Mr. LOWELL. I don't have all that many more questions, but I do want to again just use this opportunity to try to——

Mr. GEORGE HANSEN. Not to say I wouldn't have asked for them if somebody suggested it was legal and proper, but I wanted to ask the ground rules first.

Mr. LOWELL. Again on the issue of legal advice in asking you the same kind of question with respect to your staff counsel, Mr. McKenna, again when you asked his advice upon what your duties were to disclose various things, did you tell him, was the question to him did you have to disclose various transactions of Mrs. Hansen's in a general fashion, or again did you go through the litany and tell him about your relationship with Mr. Hunt, with how the $50,000 came about, with how the $87,000 silver profit or again was it, "Now that we have separated our financial arrangements, do I have to report Mrs. Hansen's," or did you tell him what has now come out at trial as the specifics of all those transactions?

Mr. GEORGE HANSEN. I think after listening to my testimony a few minutes ago, you kind of see I am quite a story-teller. I went through the story with Mr. McKenna and with Mr. Runft, like I went through with you folks, about what the hell had been going on, if I can use a little French, and how you deal with it, so I don't think anybody was really in the dark what was going on, and what we had to do to cope with the thing in a legal and proper way, so there was no fun and games.

I don't do myself any favor by putting myself in a position where later on I am going to pay this kind of a price, and I have been through time after time this kind of a kangaroo situation where people pointed fingers and run you through an investigation that cost me a bundle of money. I would be an awful slow learner if I didn't learn by the first two or three times through the mill.

Mr. LOWELL. Congressman, one point on the McKenna advice, if I could. When you asked Mr. McKenna about whether or not $135,000 loans in 1981 that you served as a conduit for should be reported? At that time, did you explain to him any of your dealings or transactions or the things that Messrs. McAfee, Rogers, and Meade had asked of you and how you got to know them?

Did you explain that to him as well?

Mr. GEORGE HANSEN. I appreciate the question because I would like to clarify the relationship between Messrs. Meade, McAfee, and Rogers, and I think it is very important. A lot of you folks, you gentlemen on the committee, have been involved with people on some big problem, and you know when you get involved, you don't know who they all are sometimes, and what their backgrounds might be. How I got involved with Mr. Meade, Mr. McAfee, and Mr. Rogers was this: Mr. McAfee happened to be the attorney that was called in to try to deal with the situation several years ago when the Government couldn't do anything about it.

You remember when the U-2 spy plane went over the Soviet Union during the Eisenhower administration? We didn't have satellites and rockets up at the time. We had airplanes that go 50,000 or 60,000 feet high and we all woke up one day and saw in the newspaper the fact that we were flying over the Soviet Union at 102,000 feet and had been doing it for months and they hadn't been able to do a blinking thing about it and they finally got lucky and

brought him down, Francis Gary Powers. He was from southern Virginia, right down in the hometown of the people we are talking about, and so after months and months of negotiations by the Defense, State, CIA, and other departments, and nothing happened, all the king's horses and all the king's men, I guess if you have to put a little poetry in, couldn't bring Mr. Power's home again.

His father went up to a lawyer's office, Mr. Carl McAfee, and asked if he could help through private means, to get his son home. McAfee apparently became involved and through private negotiations, Powers came home.

I think most of our memories are long enough to get that one. Then a little while later, the Pueblo intelligence ship off the coast of North Korea was seized by the North Koreans and our sailors were put in jail or prison for months on end and the Government again didn't seem to be able to do it.

Sometimes private initiatives will do it. Like Jesse Jackson went to Beirut and he brings home a guy. Sometimes governments are a little too bulky to do these jobs. Here is an attorney being approached again by family members of the prisoners, and can you help. It seems like you had success on the last one, so he got involved as counsel for some of the family members and they ended up helping through private initiatives to get those guys home. Then came the Iranian hostage crisis, and I happened to be the only official of Government to ever get into Teheran and see the hostages successfully.

When President Carter tried to send Ramsey Clarke in, he was stopped in Turkey and that is where it ended, and I was able to get there, and that is beside the point except the fact that because of his experience, some of the hostage families went to Mr. McAfee and said, "We would like to retain you to see if we can either get into Iran to see our loved ones or you can help get them out." And so he came to Washington, started kicking the doors down, looking for a place to start, and he went to the State Department and everywhere, nobody could help him because it was a whole new breed of cat in Iran, nobody knew anybody over there.

So he finally came over to me, and he said, "Can you help me? You were there." I said, "Well, I think so, we will give it a try," and we ended up getting him into Teheran with Mrs. Tymm, one of the mothers of one of the hostages and her husband, and I don't know if it was any favor. He was there the day we invaded them with that abortive rescue mission and I don't know if I would have wanted to be there that day or not, but anyway, he got on the stand and he said, "Well, Hansen goes where the angels fear to tread."

I don't know if that is a compliment or a liability because when I look at Leo Ryan and others that go into that place, you know that is pretty dangerous and so you never know how you come out or if you will, but nevertheless, he said, "I think I owe my life to him," and we developed that kind of a relationship, and in the process of his coming to and from the office, he happened to see a book I had written about the Internal Revenue Service, and he said, "Well, I am kind of interested in that, too. I would like to help."

So he helped me meet his friends and arrange for the $135,000 loan. That is where it all came from, and it turns out that one of

his friends, Mr. Meade, who was the head of several little banks down in that area, in a power struggle with some bigger banks, apparently broke some laws and rules, and ended up confessing that he was guilty of bank fraud or something.

I understand there was no money lost to anybody. He didn't even go to jail when it was over, but nevertheless, the press has played that to a fare thee well.

"Hansen was dealing with a bank swindler" and it made me sound like I was dealing with Jesse James or Billy the Kid. And that is what it was. I didn't know who the guy was, and he was a legitimate pillar of the community as far as I was concerned so that is what you end up doing.

So you say how did I get the loan. That was Mr. McAfee that arranged it. That might help clarify the background for that one.

Mr. LOWELL. Mr. Hansen, on that, I just wanted to ask whether or not you remember telling Mrs.——

Mr. GEORGE HANSEN. Now we get to the question which is the influence peddling with the Department of the Army or something like that.

Mr. LOWELL. No. I just wanted to ask you whether or not you had told Mr. McAfee, Rogers and Meade what you were going to do with the money that they had lent you.

Mr. GEORGE HANSEN. Certainly. They knew I had written a book. They knew I was starting an organization and I think in varying ways in the testimony it comes out. The visible thing that anybody remembers is something tangible. They see a book. They take it home. They read a book. They remember it was to promote a book. In several places, they said that several times. In fact, they bring it to me, this book sold by Simon & Schuster and you are welcome to read it. It might chill you a little bit. Nevertheless, the point is that they read the book, and I think they were very, very interested in helping me out, but on the other hand, we weren't talking about promoting the book. We were talking about the book promoting tax reform, and that is what it was.

It was tax reform in an organization to create a climate in Washington conducive to tax reform. I think in some of the testimony some of them even talked about an organization or talked about an effort to promote tax reform, but the book was much more tangible than some will-o'-the-wisp organization, so they talked more about the book, but it was known to them and I think it is in testimony it was known to them we were talking about an effort to promote tax reform and that is what the money was for, not for the book.

Mr. LOWELL. Congressman, I understand your testimony both at trial and again your testimony today that the reason for your failure to disclose the $135,000 loan is that you served as a conduit and that money, in fact probably more than $135,000 was spent by you in various things that could be traced to your taxpayer reform group.

In your trial, as you know, the Government introduced evidence showing in early 1982, you opened an account at the Bank of Commerce Idaho and you borrowed a sum of money almost equalled to the same amount of money being spent by you in that same period of time for ACT.

In other words, it was the Government's at least insinuation, if you will, that it was really the $95,000 that you borrowed in 1982 that you spent in 1982 and the $135,000 was spent someplace else. I guess the question is, can you help clarify whether or not you spent the $135,000 from the Virginia men or whether you spent the 90-some-thousand dollars from the Bank of Commerce and where is the rest or where did it go?

Mr. GEORGE HANSEN. I think the Government did a pretty good job of only connecting about two legs out of the three-legged stool on that. They left one bank account out that would have told them a lot of things they didn't know, because the dates and times didn't connect, and the thing they were trying to allege and they didn't have the banker there to tell that sort of thing. When Mr. Lewin tried to bring it up in court, the judge swatted it down because the right person was there to bring the evidence in.

Just let me say this: I think if you look closely at the documents that are there, I opened—because Idaho and Washington are a long ways apart—I opened a service account out there called ACT, George Hansen, ACT, but as I think you also notice, it was a very small amount of activity in that account at that time and the loans that happened to be coincidentally at the same bank appeared, there is nothing wrong with having two sets of businesses going on at the same bank.

The loans were to me personally; one went to another bank account of mine in another bank, so I don't see any relationship at all between what we put into ACT and the fact that I borrowed some money from another bank, and I think the Justice Department muddied the waters considerably over that.

Mr. LOWELL. I appreciate that; I knew you did testimony and that was a lurking question in the transcript.

Mr. GEORGE HANSEN. I know it was and I wish we had a chance to clarify it. I appreciate it.

Mr. LOWELL. First, again to clarify the record. As I understand it, the amount of money that your wife owes Mr. Hunt still is owing. Is that correct?

Mr. GEORGE HANSEN. Yes. Originally it was difficult to pay, because she was kind of on her own. Later on, when we were probably in a little better position to pay, then on advice of counsel, we felt we might create the wrong kind of sentiment in legal procedure if we changed the situation, the conditions and all, so we felt we better leave it as it was, so it remains unpaid for the early reason and the later reason.

Mr. LOWELL. Now, the $60,000 loan from Mr. McAfee, and I guess cosigned or at least co-owned by Mr. Rogers, the record seems to suggest—and again I want to give you the opportunity to explain it—that that was paid back to them after the FBI had come to them and indicated that you were under investigation, and that was the first time that they ever called you about paying back that loan. Is that right?

Mr. GEORGE HANSEN. Well, I think you have to know about those bank loans down there. In the first place is that I had borrowed the money privately from Mr. Meade, privately from Mr. McAfee and Mr. Rogers jointly, and apparently, and I don't know at the time, apparently they had gone in and borrowed money for whatever

cash flow needs they needed, and putting my notes in as some kind of paper collateral.

I had no knowledge of this whatsoever, until later on, when I started receiving a request from—I don't remember whether it was Mr. McAfee or the bank—that they wanted interest paid on the notes.

Well, that surprised me, because I thought I was supposed to be paying the interest to the people I had the notes with, rather than the bank, but I ended up then paying interest and payments to whoever they designated.

Now, I think the sequence was that I found out about the interest payments before I found out about the investigation. I don't remember ever knowing anything about the investigation until after I found out about a few other things that surprised me.

Mr. LOWELL. One last question from me, Mr. Hansen.

It is the obvious question, and I am sure you have been asked it by the press, although I haven't read——

Mr. GEORGE HANSEN. I worry about obvious questions.

Mr. LOWELL. Mr. Runft testified at the trial that in providing you advice, and Mr. McKenna said, too, that they researched the policies and purposes behind the Ethics in Government Act and the Rules in the House of Representatives and they used the purpose of the Act in order to advise you that you didn't have to report Mrs. Hansen's transactions, and indeed this morning, if I have quoted you correctly, you said to the committee that the purposes were to reveal what your involvement is, so that the voters will know; reveal what your involvement is so that the voters will know.

Given that, Mr. Runft and Mr. McKenna were looking at the purpose of EIGA and given what you said was your involvement so the voters will know, in retrospect, do you not think that the voters would want to know about your relationship with Bunker Hunt, about your relationship with Rogers, McAfee, and Meade?

In looking back in retrospect, don't you think that is more consistent with what Mr. Runft said they were looking for in the Act?

Mr. GEORGE HANSEN. You are talking about the obvious needs in disclosure laws and conforming that way. Certainly I think you have to operate in the spirit as well as the law. I think we did right. I can tell you this much: If you look at some of the exhibits in the big blue book, that you will find—and I think my attorney brought out—that it wouldn't have made that much difference. You have six or seven or eight obligations listed there. You add one more and it is just another bank.

Who is going to worry about it one way or another? I guess what I am saying is that for anybody that is really disturbed about the fact that that would have made a great big difference in some relationship I had with the voters or something, I don't think it would.

Mr. LOWELL. Maybe it would have had a say with Nelson Bunker Hunt, John Meade?

Mr. GEORGE HANSEN. Let me give you some technicalities on that. First the reports that are in question, reports in question first would have been a bank, the First National Bank, First National Bank is another bank. It is no deal. The next report that they are charging me with, if you want to really get technical about it, the loan, as far as we were concerned, is still technically with the bank

because we had not officially signed a note—Connie hadn't—with Mr. Hunt, and that one would probably still have been listed the First National Bank, so there wasn't really that kind of sensitivity, if you want to get to it, but if you had to put down Nelson Bunker Hunt, that doesn't bother me.

I can tell you maybe in Hoboken, NJ, Mr. Hunt's name may be a problem. In Pocatello, Idaho, it is not a problem, so frankly, if Steve Symms can take a political contribution from Mr. Hunt and still be a U.S. Senator, I think we probably could have taken a loan; and in fact, when the prosecutor was suggesting that that would really be a serious problem in Idaho, he forgot that I had already not only gone to the Justice Department, but when the Justice Department was dragging its feet, I took this whole thing over to Jack Anderson, and I said, "The Justice Department is dragging its feet and I think they are trying to sandbag something and I would like to see you investigate it," and I turned the whole thing over, and Jack Anderson isn't exactly any man's friend on Capitol Hill as far as predicting what he was going to do and the way he treated my wife as Tin-Cup Connie and everything else, but the point is that I went and gave him the Bunker Hunt stuff and he wrote it and I survived two or three elections since, to give you the idea.

I don't worry about Bunker Hunt. Some of you guys might where you come from. I don't worry about it. There are places where Nelson Rockefeller's name would be God. I would get in trouble with Nelson or David Rockefeller's name or whatever.

Mr. LOWELL. Mr. Chairman, Special Counsel's questions are over Thank you for the committee's indulgence.

The CHAIRMAN. Mr. Lewin.

Mr. LEWIN. Might I just—the next-to-the-last of Special Counsel's questions related to the matters of the repayment of the obligation to Mr. Hunt, and I had not put in the blue appendix book, but it occurred to me afterward that it would have been desirable to have done that. I have such copies really to add to it.

The testimony at the trial concerning the reasons why the Hunt loans were not repaid, the reason specifically was that counsel, including myself, who were representing Mr. Hansen from the time of this indictment, thought that it would appear to be an attempt to change the circumstances prior to trial, so I would like to offer those pages really as an addition to our submission, and as I say, I have such copies of them. They are pages 1445 of the transcript and pages 128 to 130, which is Mr. Hunt's testimony, and pages 147 to 148, which is also Mr. Hunt's testimony concerning the efforts that he made to collect the loan.

Mr. LOWELL. Mr. Chairman, we have no objection. The entire trial transcript will be a part of the record of this committee in any event, so we don't object to that inclusion.

The CHAIRMAN. Without objection, it will be entered into the record at this point.

At this time, the Chair recognizes members of the committee for purposes of questioning Congressman Hansen.

Mr. Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman.

I am not familiar with property settlements and I want to ask one or two questions. After a property settlement in Idaho is entered into, I am assuming there is no objection to record the instrument. Is that your understanding?

Mr. GEORGE HANSEN. Counsel might want to bolster me, but my understanding is unless for third parties, if you are selling property or something, that for your own purposes, it wasn't necessary.

Mr. JENKINS. In the absence of recording, I assume that it can affect indebtedness that might be incurred by either party.

Mr. GEORGE HANSEN. Or exchange of property with others, third parties or something like that, I believe.

Mr. LEWIN. Might I just amplify that because I guess in anticipation, this trial and discussions with Mr. Runft, I did learn some more about Idaho law than I had certainly ever had reason to think I know. There is a decision—I can't give you the citation immediately, but he had the case, I don't think he was asked about it at trial, but he had a specific decision of the Idaho Supreme Court, which read that the provision of Idaho law that says that such settlement agreements may be recorded—the case is called Stockdale versus Stockdale, but I don't have the citation, which says that they may be recorded as real estate deeds, for example, would be recorded, and the Idaho Supreme Court read that to mean that it would have the effect, recorded or not recorded, would have the effect of recording or not recording a real estate deed, which meant that to the extent that it applied to real estate, if it is not recorded, it would be like an unrecorded deed, and therefore, third parties who purchase without notice would be bona fide purchasers and would have prevailing rights.

On the other hand, the agreement even if unrecorded, is for all other purposes a totally valid and binding agreement and that was, as I say, decided by the Idaho Supreme Court.

Mr. JENKINS. Pursuant to your property settlement agreement, I saw somewhere where you had executed quit claim deeds to certain property to your wife. And some of that property apparently was subsequently sold and bought after you signed the deed. I am assuming that that was simply out of a cautious attorney's concern that both parties sign the warrantee deed. Is that correct?

Mr. GEORGE HANSEN. This is true, and because of the sensitive nature of finances sometimes where banks and other organizations get rather procedural in their operations, I think they like to have things signed just in case, and so on many times we have had a second deed of trust or something like that, we have ended up both signing anyway.

Mr. JENKINS. One further question I am not sure about on the loan, the $135,000 loan, the ACT loan. ACT is an unincorporated association or group, or is it incorporated or is it a trade name or what is it?

Mr. GEORGE HANSEN. It is an arm of an incorporated entity in the State of Virginia. In other words, it is a project. You will see various political cause groups, they will have the mother operation and then they will have a task force.

Mr. JENKINS. But this $135,000 loan was for ACT?

Mr. GEORGE HANSEN. That is correct. It was a task force that was a part of a larger group.

Mr. JENKINS. And the money, the $135,000 was spent on behalf——

Mr. GEORGE HANSEN. Indeed spent and didn't have as good a recovery as we would like.

Mr. JENKINS. That is the reason that was not reported as a personal obligation, even though you had signed it individually, is that correct?

Mr. GEORGE HANSEN. That is correct. Nobody in their right mind, I don't think, would lend money to a paper entity that had no collateral or anything, so they were going for somebody that they felt they could have an arm on. That was me.

Mr. JENKINS. You subsequently repaid the $135,000?

Mr. GEORGE HANSEN. It has been repaid, yes.

Mr. JENKINS. Those proceeds came from solicitations on behalf of ACT, or where did they come from?

Mr. GEORGE HANSEN. Well, ACT did generate some funds, but with all of the flak that has been going around, a lot of our operations, you know, that kind of dampens enthusiasm and ardor among some people, and so I ended up having to come up with a good share of that money to pay for it.

Mr. JENKINS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Hansen.

Mr. JAMES HANSEN. Thank you, Mr. Chairman.

If I may direct a question to Congressman Hansen, when you went through this property settlement agreement, and you received that advice from your counsel, did he give you any further advice as to how you should then conduct your affairs after you had gone through a property settlement agreement, such as "Here is the ground rules for something," such as that? "You put something in your wife's name, this is your account, this is her account." In other words, what is unclear to me is it seems to me there was some blurring of the lines, or at least that is the impression I get. I could be entirely wrong on this. There is possibly some blurring of the lines as to what were your prerogatives and what you could do under this settlement and what your wife could do under this settlement.

Mr. GEORGE HANSEN. It was precisely set out in the property settlement agreement, some of the conditions we were expected to do within the property settlement agreement or what was desirable to do. There also was a list of conditions—I think at least four of five suggestions—that the attorney did give me in supplement to it, suggesting that certain things would probably be a wise thing to do to make it or put it in better implementation, so to speak.

Some of those things we, of course, attempted to do and some of them, as I suggested earlier, we would like to have been more religious about doing it, but time and circumstances were such it just wasn't possible for us to do. For instance, I would like to have ended up with a separation of accounts. I know she would have liked to have done—and really do more than was necessary.

In other words, there is nothing wrong with having joint accounts, but we would like to have separated things better than we did, but we never were in position, because of the tenuous debt situation we had, to really do everything we would have liked to do if we had been under desirable circumstances, so what you suggest,

Mr. Hansen, is I guess we feel we legally complied with the terms, but then you get down to what would have maybe made things more well executed if we had been able to do them.

Mr. JAMES HANSEN. Let me ask this, if I may. You alluded in your discussion about the $50,000 loan, and you pointed out that your wife was talking to Bunker Hunt about it. In that instance, would it be the type of thing that you would confer with her also and say, "Well, Connie, this is a good or a bad idea"? I just wonder, this separation thing is the thing I guess that sticks in my craw a little bit about this whole thing.

Mr. GEORGE HANSEN. It sticks in my craw because my wife and I are very happily married and compatible, and to have to go out and all at once do things that are unnatural for a happily married couple and split things up wasn't exactly a thing we wanted to do, but it was a matter of survival, so we had to do it, and you know, sometimes you are dealt a lemon and you just have to make lemonade out of it the very best you can and that is what we did, and on that basis, when she went out to do things on her own, it is not easy.

I remember when I was out of public office for a time. I had been in Congress for a period in the middle sixties, and then I left to run for the Senate, wasn't successful, worked downtown for a while and then went back home, and during that period of time back there, she ran for public office and became a member of the city council in Pocatello.

All at once, I was in a supporting role, and I had to let her do things and so forth, you know, and you were her husband instead of she my wife.

Well, you learn to do those things, and so when she all at once decided she was going to do certain things, I just found that there were things that she was going to do and I really didn't get to be a part of them, and she understood also that if she was going to do what she told the Ethics Committee or the Standards Committee that she was going to do, that she had to do it on her own, and so there were many times when it was her phone call, I didn't even want to know about it, you know, and I had to leave her to her judgment, and that is the way it went.

It is not natural, but it is the way it went.

Mr. JAMES HANSEN. Counsel—if I may ask your counsel a question on this, and I don't mean to second-guess the advice that was given to the Congressman. In no way would I want to do that. Still, on the other hand, I think a lot of us—and we see a lot of legal things that are predicated on the advice that you took from so-called expert engineers, accountants or attorneys as it may be. I am not at all familiar with the law in Idaho or how that would go.

Do you feel the criterion that was given to divide an estate was good advice given to the Congressman? Do you think that was the kind of advice that you would give? Maybe that is an unfair question to you.

Mr. LEWIN. Congressman, obviously I am not familiar with community property and I am not an Idaho lawyer. I will tell the committee as I told counsel quite frankly that when I first entered into this case, I looked at this property settlement agreement and it struck me, as I think many, many people who do approach it with

some skepticism. I then sat down with Mr. Runft and he explained to me what the theory of the property settlement agreement was, and why it fit in under the law, and it then made good sense to me, and I think frankly in terms of our informal discussion with counsel, maybe committee counsel have also come to the view that maybe there was some substance to it.

Let me just take a minute to explain it.

Mr. Runft said to me, and as I think he said at the trial, EIGA does not affect anything other than a relationship, which results in a legal right in the other person's property. In other words, each of you Members of Congress have to report the income or the transactions of people as to whom you have a legal right to their property under the law; your wife, your dependents, those kinds of people.

However, if you live with somebody, and there is no such legal right, there is no claim of legal right to that person's property, then that is not reportable. So, said Mr. Runft, if we, by reason of a document under Idaho law, we sever the legal right that Congressman Hansen has to Mrs. Hansen's property or the obligation to her liabilities, it becomes like, as he said, someone with whom you are living without the benefit of marriage, which is not reportable.

There is no requirement that you live your life totally separate from that person. You can have joint property. If it is joint property, you have got to report it, obviously if it is joint, but if it is not joint property, you have no legal right to it, even if the other person may give it to you, and consequently, it becomes not reportable.

If you view it from that context and think about it for a while, I think that is right, so if you ask me is that right, I think if you think of the reasons for limiting EIGA to people who are spouses and not including others with whom one may have other forms of relationships which give them a subjective interest in the other person's property, it makes sense. It makes good sense.

Mr. JAMES HANSEN. Then you feel that Congressman Hansen is perfectly justified in following advice of his counsel?

Mr. LEWIN. On that, I have no doubt whatsoever. Mr. Runft is not here and you don't have an opportunity to see him, or to know his credentials, although they appear in the record. He is an excellent, outstanding attorney in Idaho and I would have no hesitation in following Mr. Runft's advice about something if I had some question of Idaho law.

He has litigated cases in the Supreme Court. He is very highly regarded in Idaho. I have no doubt about the Congressman's propriety and justification in following the advice of Mr. Runft who has been his counsel for many years.

Mr. GEORGE HANSEN. May I add one thing very quickly, Mr. Chairman?

The CHAIRMAN. Mr. Hansen.

Mr. GEORGE HANSEN. With regard to Mr. Runft, he is a University of Chicago graduate. He is the one who took the Occupational Safety and Health Administration Act to the Supreme Court regarding inspections without warrant, this type of thing. He won the case, and he has won several other very significant cases; a very capable person. So, you know, when you get a person that has that kind of credentials, you feel you can pretty much rely on him,

but even then I did double check with people like Mr. McKenna, so I didn't rely on just one lawyer.

You might mention also that even the expert that they brought into the trial down there, the Ethics in Government Act expert under the questioning by the prosecutors, he said that on the spouse part of the form that he would check yes, but under the conditions outlined by Mr. Lewin, then he said he would check no. The expert himself couldn't answer that question consistently.

Mr. JAMES HANSEN. Thank you very much, Mr. Chairman.

The CHAIRMAN. Mr. Dixon.

Mr. DIXON. Congressman Hansen, I would just like to follow up on questions Mr. Jenkins asked you about ACT.

Does ACT have its own board of directors or an executive director of any employees?

Mr. GEORGE HANSEN. It is not large enough. We tried to keep the overhead down, so that whatever we had would go into mailings, contact work with people, so I guess I was the paper director chairman, and Mr. McKenna was the paper vice chairman, and an outside party, Mr. Jarman, who was in court, was the secretary-treasurer or whatever, so it was confined to that, and the rest of it was contract work for direct mail and this type of thing.

Mr. DIXON. Does it maintain a bank account?

Mr. GEORGE HANSEN. Yes, indeed.

Mr. DIXON. Where were the loan proceeds originally deposited?

Mr. GEORGE HANSEN. At that time, we were just putting the project on the road, and it wasn't mature enough to have a bank account. It wasn't mature enough to even have a precise name, and we had about a 5- or 6-month period where we were trying to put the resources together, and everything else, so what happened is in the meantime we were accumulating the resources, and the money that was taken from the loan, of course, went into my account until we had a place for it to go.

Mr. DIXON. And you paid out of that account?

Mr. GEORGE HANSEN. I was the one who guaranteed the loans and paid the interest, too.

Mr. DIXON. Does ACT still exist?

Mr. GEORGE HANSEN. Yes. Functionally, we are not doing much right now, obviously.

Mr. DIXON. Right, and I believe it is your position, based on what Mr. Jenkins asked you, that you have subsequently paid that loan off out of your proceeds?

Mr. GEORGE HANSEN. Well, whatever we could recover from ACT, we did, but it ended up that I ended up having to come up with part of it in order to get the loans paid off.

Mr. DIXON. So you have discharged part of that loan through the ACT bank account?

Mr. GEORGE HANSEN. Yes.

Mr. DIXON. Is there any document between you and ACT that says that ACT owes you an amount of money for discharging the balance of that loan?

Mr. GEORGE HANSEN. There were accounting slips and this type of thing which demonstrated that so much money had come from me which was to be returned to me, yes.

Mr. DIXON. So there exists a document?

Mr. GEORGE HANSEN. There is a paper trail, yes.

Mr. DIXON. No, some document illustrating or trying to show that ACT owes you a sum of money for a loan?

Mr. GEORGE HANSEN. Yes, there is a document. In fact, the documents were introduced into court and they are trying to find a memo to bring to your attention right now.

Mr. DIXON. I would just appreciate it if you would, for the record, bring that to our attention.

Mr. LEWIN. There was introduced in evidence, Congressman Dixon, a memorandum of April 7, 1982, from two of the three directors of ACT, which enumerated the obligations of ACT to various entities or individuals. Listed on that—and this was introduced in evidence at the trial; I forget the exact——

Mr. LOWELL. Do you have the exhibit number?

Mr. LEWIN. Exhibit 46, listed April 7, 1982, George Hansen, $135,000. We have copies of that if you would like to see it right now.

Mr. DIXON. Is there any documentation that would indicate that you told this board of directors or a group of controlling persons that you were obtaining a loan in behalf of ACT?

Mr. GEORGE HANSEN. Yes. In fact, I think there is some in that, and I don't know exactly how many other places, but I know that this kind of information is available from place to place in ACT's records. It wasn't any secret, Mr. Dixon.

Mr. DIXON. Thank you, Mr. Chairman.

The CHAIRMAN. Anyone seeking recognition on this side? Anyone on this side seeking recognition?

Mr. Fazio.

Mr. FAZIO. I would just like to briefly indicate to you that I think we need to follow up on the question of the communications that you had with this committee,

How many times did you request of the committee opinions as to what your obligations were under the law?

Mr. GEORGE HANSEN. Which committee?

Mr. FAZIO. This committee. The Ethics Committee.

Mr. GEORGE HANSEN. The Ethics Committee. There are so many committees.

The CHAIRMAN. There is a former Ethics Committee, as I recall.

Mr. GEORGE HANSEN. Yes, Mr. Chairman. Unfortunately, I am about to lose my voice here. I will screech at you.

But there were two committees we were dealing with back in the early days. There was the Ethics Committee and the Standards Committee, and of course, after things kind of settled down after some of the trauma of those days, political and whatever, that it became the one committee in which they loosely use, call you ethics, I guess.

In the big, blue book—did you receive this—there are a number of documents. I can't remember how many, but all during this early formative period about what we were doing, how our finances were being arranged and so forth, there is a very extensive paper trail about letters that I sent to the committee and advised the committee of my financial difficulties, and what it was causing me to have to do and whatever and challenging the committee in a sense to advise me if I am not doing things correctly or whatever,

and my wife also doing the same thing; at least two letters from my wife to one or the other committees with copies to the others that I notice are included in here.

There may have been more communications, but I know there are that many, at least.

Mr. FAZIO. What sort of response did you get from the committees?

Mr. GEORGE HANSEN. Well, with regard to—a lot of times, of course, you end up in conversation or whatever, and so perhaps a response isn't necessary, but in my wife's case, she did receive a response which in a sense said, "Thanks for your letter," and did not pretend to tell her to do what she advised them she was going to do. It was a precise response to her letter.

In other words, there was no one when she advised them what she was going to do, there was no official communication from the committee to tell her she was acting improperly, unwisely or in a way that would be in jeopardy to me or anything else. As far as communications to me, I am not certain, but I do know that we as Members, because of the controversy of the period, my gosh, the committee was being assaulted by members of the press all the time about "What is Hansen doing, what is Hansen doing?" I am sure Mr. Swanner can give you quite a litany or some of the staff members about that type of thing. And so there is no question that I must have been a hiss, in a byword, around here for a good while, and so when we have formal communications from the committee or not, it is not because we didn't have formal contact with the committee, and we did have extensive amounts of letters that we addressed to the committee and committees, I should say.

Mr. FAZIO. I am wondering if you could cite any verbal or written communication that would sustain the position that you have taken at this point, either to you or to your wife?

Mr. GEORGE HANSEN. Well, the first is we came to the committee. We didn't go act in some cases and not trying to draw aspersions on other Members, but there are a lot of people that do things first and then let you decide whether it is good or bad.

We went to the Federal Elections Commission and asked and we got an opinion. At the same time, we came here and asked for an opinion. To my recollection, I don't think I received a direct answer from the committee, but they did in a sense give me an answer because they made a rule that addressed my question, and so we know without question what was going on.

So on that basis——

Mr. FAZIO. What was that rule?

Mr. GEORGE HANSEN. What was the technical rule?

Mr. LEWIN. That was Advisory Opinion 11, I believe, was the response. It came in May 1977.

Mr. GEORGE HANSEN. Right after the Ethics law was passed.

Mr. FAZIO. What did that say?

Mr. LEWIN. That said that a fundraising—put in terms of a fundraising campaign—but it said that a fundraising campaign for personal expenses could not be conducted even by an independent committee and even if it indicates that it is for personal expenses of a Member of Congress, and it was pursuant really to that decision that Mr. Runft said, "Well, if it can't be done for the liability

of a Congressman, it could be done probably for the liabilities of a spouse," and therefore a property settlement agreement which essentially he assigned to her all those liabilities, would not preclude her from thereby raising funds for her liabilities essentially.

Mr. FAZIO. Did the committee ever respond to the assertion that Mr. Runft made in his——

Mr. GEORGE HANSEN. Yes, they did in the sense that both my wife and I addressed letters to the committee on several occasions telling them what we were doing, and at least my wife received an answer.

Mr. LEWIN. Let me, Congressman Fazio, just direct you—I don't know whether you have that book.

Mr. FAZIO. Not in front of me.

Mr. LEWIN. The series of letters begins with exhibit 15 in that book which is a March 14 letter from the Congressman to the Select Committee. We have this Federal Election Commission request pending. It outlines what we propose to do, what is your reaction. We think it meets the House rules.

After the Federal Election Commission said it doesn't violate any Federal elections law on April 5—and this is exhibit 16—the Congressman sent another letter to the Select Committee saying, "Now that the Federal Election Commission has approved it, we would like to have your approval."

Then along came the advisory opinion, which said essentially, although not in direct answer, said "You can't do it in that format."

Then came the property settlement discussions, and on June 3, 1977—and this is exhibit 18 in that book—Mrs. Hansen writes a letter very specifically saying "We are now undertaking a property settlement agreement and pursuant to that, I am going out to solicit funds."

It is in response to that that Congressman Preyer responds—and this is exhibit 19—saying, "Yes, thank you for your letter. Your intention to go with a personal fund-raising effort to retire certain debts that you have assumed," and he essentially in the next paragraph says that, you know, "We are not, we do not infringe on your survival rights or your equality," and so on and so forth, and certainly after she has given him that notice, he does not say, "You may not do this." She specified for him exactly what she is going to do. The committee was on notice of what she was going to do. It was done very publicly. The solicitation went all over different States in the United States, and specified to the committee, and he said, "Well"—in response to her—"I appreciate your advising me and we are not interfering with your rights," which essentially said to her you can go ahead and do it.

Mr. FAZIO. So you are inferring that because it didn't directly deal with the question, that you were given approval?

Mr. LEWIN. I think the inference was yes, we are telling you here is what we are being forced to do by the situation. We have got the property settlement agreement and I must go ahead in this way. If the committee felt that she could not go ahead, certainly my feeling, looking back on this correspondence, the committee could and should have said to her, "Look, we received your letter. We are sorry to advise you what you are going to do is not permissible under the new rules."

The committee did not say that to her. They said "God bless you and you have got your rights as an individual and you have advised me of your intention to proceed with a personal fund-raising effort to retire certain debts that you have assumed," and she specified exactly why she assumed them.

Mr. FAZIO. That is one aspect of this controversy. What about other communications that would give you the impression, the inference that it was acceptable to file in other cases where this was a question about the approval of Mrs. Hansen's separate filing?

Mr. LEWIN. What happened the following year, 1977, the question was whether she could make solicitations. That is why the property agreement was arrived at. In 1978, the question was how does that apply to disclosures. Mr. Runft advised that Mrs. Hansen's liabilities need not be reported. There was press, a lot of press in Idaho about the fact that her liabilities were not reported, and exhibit 21 is a letter from Congressman Hansen again to the Select Committee on Ethics, this time with copies to the chairman and the ranking minority member of this committee—and that is exhibit 21—and it says, "Look, people in Idaho have criticized me because I have not reported Mrs. Hansen's liabilities. Now I am telling you exactly why I have not." Page 2.

And you will notice all those things that are underlined on page 2 describe the property settlement. It says, "We have done this. We have divided our property, and it is pursuant to that that we are not reporting the liabilities of the spouse," and it states exactly why, and in fact, one need only read that letter—and Mr. Runft testified he drafted it. I mean, it was drafted by an attorney who explained the rationale for what he had done.

Congressman Hansen sent to the chairman of the Select Committee on Ethics, to the ranking minority member, to another member—to the chairman and ranking minority member of this committee—and asked in that letter, you will notice at the bottom of page 2, he says, "I am confident that my filing, done carefully with the advice of legal counsel, is completely in accordance with the appropriate Rules of the House, and in accord with the course of action of which we have kept your office completely advised. At this time, I respectfully request confirmation of the validity of my report."

He asks for confirmation. At the same time, Mrs. Hansen sent the letter, exhibit 22. It is a short letter. It says essentially the same thing. It says, "Look, we have separated. We have got the property settlement, and I do not feel that I am subject to the committee's instruction," and there was a supplementary long letter which is exhibit 23, which described a lot of the background that was sent to the Select Committee on Ethics.

It contained a challenge or a statement, "Look, we are proceeding in this way," and specified the reasons. There was no response, written response, that the committee received. On the other hand, the committee was totally on notice of the settlement agreement, had an opportunity to write him a letter, call him, say, "We want you to come in, explain exactly what this property settlement agreement is about," maybe say, "Are you keeping your assets separately; must you keep your assets separately under the property settlement agreement?" Not a word.

He said, "Here is what I am doing," and the committee accepted it. Everybody went about their way. I think from the Congressman's standpoint, that certainly was implicit ratification, certainly adequate notice, ample notice of what he was doing and implicit ratification of what he was doing.

Mr. FAZIO. Again, your implication was if you got no response from the committee you should proceed on the basis——

Mr. LEWIN. Yes, because let me say it's the committee's function I think under the statute to advise Members of Congress if their reports are not complete, and I submit that given the letter sent in which it says I am not reporting my wife's liabilities because of the property settlement agreement, if in fact that makes the report not complete, then under 2 U.S.C. section 706, I think the committee has an obligation to say your report is not complete, please give us your spouse's liabilities. We don't agree with this property settlement arrangement that you have got.

Mr. GEORGE HANSEN. I might mention, Mr. Fazio, that we have tried time and time again to be fully above aboard, and we have appreciated the cooperation of the committee and the staff. We really have, and we feel we had a right to rely on our relationship and this is 5 or 6 years later and no one has told us until the Justice Department intruded, and I tell you if they can come in and start grabbing something like this, how many other people in this place, 534 other people in the House and Senate and a few others that have to file, how many of them are vulnerable from the Justice Department rewriting the rules 5 years old.

It is a very, I think, shocking thing, and we have no complaints, but I think we are in a position where I had to assume that the Ethics Committee was right in the way they were handling my reports, and I do feel they were, and on that assumption we had a right to rely on them, and I think that if someone were to say we are wrong, then it puts an onus on the committee, and how can the Justice Department, who brought this trial on the basis of inadequate information, not having access to the files and in fact being technically denied access to the files because of their effort through subpoena to get in—and they were denied; it was upheld in court. I guess the point is how can they bring charges on inadequate information, inadequate files, and make them stick.

In a sense they are intruding upon the Congress' area of jurisdiction. I always understood that it was the responsibility of the Congress constitutionally to decide the fitness of Members to sit, not the Justice Department, and I worry about a guy with a badge coming in here and making a police state out of this, whether it's me or you next time or someone else. And, my gosh, they have got all kinds of aberrational areas where they could haul just about anybody out of here for questioning if they wanted to, and that is what worries me.

Mr. FAZIO. Thank you.

The CHAIRMAN. Is there anything further on this side?

Mr. LOWELL. Mr. Chairman.

The CHAIRMAN. Just a moment.

Anything further on this side? Special Counsel?

Mr. LOWELL. I think Congressman Fazio and Mr. Lewin have arrived at a very important aspect of the committee's deliberations,

and I want for clarification to set out somewhat what the committee has to consider about this precise issue. You must understand there were two different types of communications between Mr. Hansen and the former Ethics Committee, one in 1977 being his direct solicitation campaign for personal debts in which the issue was could I do what I wanted to do. And the committee in that year anyway one indirect response that is, Advisory Opinion No. 11 out of the 95th Congress, was in response and said you could not.

There was an earlier Advisory Opinion No. 4 which may not have had Mr. Hansen in mind, but also addressed whether a Member or a spouse could do the exact same thing. At the time Congress was operating under its own financial rule which was old Rule XLIV. It was changed in 1977 to become new Rule XLIV which had a different scenario of reporting—I am sorry, in 1978. In 1978 was the first time that Congressman Hansen brought to the Ethics Committee the question of whether or not what he was doing in terms of reporting was proper in the fashion that Mr. Lewin said, in that May 9, 1978, letter.

The questions that the committee has to arrange in their own minds are the order of whether or not the report came first, the advice second and the inquiry to the report.

Second, when the Congressman does say that the letter, when he said that the letter told the committee what he was doing the question obviously that they will have to consider is did the letter in fact tell the committee what it was doing, and he was doing, and everything was doing, and when he says he put the committee totally on notice as to his property settlement agreement in fact did he put the committee totally on notice, and whether or not in the same way did he tell his lawyers the same advice.

For the committee and for the lawyers you must understand that the defense at trial was an advice of counsel defense very much, that you do have to rely, and this goes to Mr. Hansen's question, you have the right to rely on good or bad advice whether or not you think it is good or bad, you have the right to rely on it, if you, No. 1, went and got it in good faith, and No. 2, told your lawyer, and in this case the committee, everything it needed to do to give you that advice.

And then, No. 3, you then relied on it in good faith, and that is very much the question which the jury had to consider and it is very much the question that independently without regard to the jury verdict that the committee has to, and I hope that that chronology not only puts the correspondence before the committee but the questions that the committee has to deal with as well.

The CHAIRMAN. Mr. Lewin, do you want to respond?

Mr. LEWIN. Might I just deal with just one of the points I guess that Mr. Lowell——

The CHAIRMAN. Go ahead.

Mr. LEWIN. Just briefly one of the points Mr. Lowell mentioned. He said one of the factors to consider is whether the report came first and the advice later. In 1978 certainly it was a result of the fact that there was publicity in Idaho, that the correspondence resulted. However, as I think everybody is aware, these reports are filed, and are liberally amended. If the committee had in 1978 in response to the Congressman's letter said you have got to report

your wife's liabilities, certainly he could have done that in June of 1978 and not have done anything that would have been improper or subject him to the kind of criminal prosecution he has been subjected to. So I think it is really not very relevant which came first and which came later with regard to the report.

The CHAIRMAN. Anything further from any Member of the Committee?

Anything further, Special Counsel?

Is there anything further Mr. Hansen, or Mr. Lewin?

Mr. GEORGE HANSEN. Mr. Chairman, I just want to take 10 seconds and tell all of you I know it has gone much longer than you have intended and you have been most generous with your time and your understanding. I guess the one thing, Mr. Chairman, that I feel so sensitive about this is that it is not just George Hansen who is before you, but it is how you file and how Members have filed for several years, for a great number, maybe most of the Members of Congress, and that is what I think is so very sensitive, and I regret that I have to be in a sense the guinea pig here. But on the other hand, apparently it is an area that if it isn't tried on me it is going to be tried on someone else, or may follow up with someone else. So I think that it is very important that we get it addressed and taken care of, so that the rest of the Members and hopefully all of us can file in some comfort from now on knowing where we are going and what is expected of us, and who might make whatever out of it. So I do want to thank you very much for the time you have taken and all of you, for your consideration, and especially the Special Counsel. They have spent a lot of time with my attorneys, and I think they have been most generous and most kind in trying to find out what the problems are.

It took my attorneys a lot of months to get this thing sorted out and they had to do it in a short time and I really appreciate it.

The CHAIRMAN. Thank you very much, sir.

If there is nothing further from either side, then at this time we will excuse all parties. The Chair would say to the committee we have one other matter that we should be able to dispose of very quickly.

[Whereupon, at 12:50 p.m., the committee proceeded to further business.]

STATEMENT OF CONGRESSMAN GEORGE V. HANSEN BEFORE THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT, MAY 17, 1984

The right to trial by jury was designed to give a person who is accused of an offense an opportunity to present his case before his peers. Today—for the first time since I brought a blackmail letter to the Department of Justice more than three years ago—I feel that I am being given that opportunity. For the past three years I have had to respond to baseless insinuations by investigations and prosecutors who had motives other than achieving justice, and I have had to defend myself before a jury composed largely of present and former Executive Branch bureaucrats who were easily misled, affected by current headlines, and inflamed against a Congressman described by a prosecutor as "politically corrupt" or "unethical."

All I ask of you today is to judge the evidence fairly and realistically. I know that the charges made against me in federal court are baseless, and I have enough confidence in our system of justice to believe that this truth will ultimately prevail. I know that I committed no criminal or unethical act in filling out my Ethics in Government Act forms, and I believe that if you take the time and trouble of measuring the prosecutor's charge against the proof, you will also be satisfied that I am completely innocent. Please do not assume that simply because a jury has returned a verdict, the evidence proved the government's charges. It did not. Take the trouble to look at the documents and the key testimony yourself. If our roles were reversed and I were judging you, I would not act on any presumption or assumption of guilt. I would rely on my own independent judgment, and I ask you to do the same.

My counsel have given you some briefing materials that provide the framework of the charges and the evidence. My lawyers and I think—and we believed at the time of my trial—that the evidence conclusively established that when I did not list my wife's debt to a Dallas bank and her profit in a silver commodities transaction on my EIGA forms, I was doing so on the very solid advice of attorneys on whom I have relied for many years and on the assumption that this Committee, as well as the Select Committee on Ethics, recognized that the omission of Mrs. Hansen's assets and liabilities was based on the attorneys' sound legal position.

We believed it was unnecessary for me to testify in federal court because I could add little to what the attorneys who had advised me had said from the witness stand and what the documents had established. The prosecutor's conduct when Mrs. Hansen had testified demonstrated that he would pull out all stops in efforts to embarrass me, to mislead the jury, and to inflame public opinion. And the trial judge had shown no inclination, at any point in the trial, to restrict what the prosecutor wished to do. Consequently, my counsel and I determined that it would serve no purpose for me testify at that trial.

In this forum, however, I have elected, without hesitation, to appear before you to assure you of my good faith and my innocence and to answer any questions that you or the Special Counsel may have. I know what I did and did not do, and I can tell you with a

clear conscience that the allegations which are the subject of this proceeding—the claim that I made false entries on my EIGA forms—are simply false.

My counsel's submission—which I hope you have all read—lays out how this witch-hunt against me began—how my complaint about criminal conduct designed to ruin my reputation encouraged the Justice Department perversely to investigate me. After the most energetic and thorough investigation—in which I and Mrs. Hansen cooperated by making ourselves and others available—they filed only charges that are totally unprecedented. Criminal allegations that a false EIGA form was submitted have been made against none of the many thousands of Executive Branch employees who file each year. The first case in the history of the Nation was brought against a Congressman who had been the victim of a totally false extortion threat. The case was filed by prosecutors who were frustrated because they could find nothing else to accuse him of after two years of investigation.

What was the basic charge? Three of the four counts charged that I had not disclosed on my EIGA forms two aspects of my wife's finances which grow out of the only efforts Nelson Bunker Hunt ever made to assist the Hansen family in any way in resolving our very difficult financial problems. In 1977, after Mr. Hunt had been responsible for steering my wife to a $33,000 loss in soybean futures trading, he assisted her in arranging a loan from a Dallas bank to cover her obligation. That loan was not reported in 1979 or in 1981, after Mr. Hunt, who had guaranteed the loan, had purchased it from the bank when Mrs. Hansen could not pay it. Nor did my EIGA forms include the one successful commodities venture recommended to Mrs. Hansen by Mr. Hunt—a silver futures transaction that resulted in an $87,000 profit.

My reason for not reporting Mrs. Hansen's transactions had been repeatedly explained to the House Ethics Committee and to members of this Committee, as well as to the Committee staff. In the materials provided to you by my counsel you have copies of the letters I sent on this subject. They demonstrate that well before financial disclosure had become an issue, our Idaho lawyer had advised Connie and me to sign a "Property Settlement Agreement." That Agreement was mischaracterized repeatedly to the jury by the prosecutor. It was never designed to force us to keep separate assets or separate bank accounts. It simply cut the legal right that a husband and wife have to each other's assets in a community property state. Because of the Property Settlement Agreement, Mrs. Hansen was permitted in 1977 to solicit contributions to pay the enormous debt that had built up in the preceding toward two-and-one-half years.

When the issue of financial disclosures arose in 1978, I asked my attorney, John Runft, what my obligations were under Rule XLIV. He concluded that the Property Settlement Agreement meant that the assets and liabilities of Mrs. Hansen should be treated like assets and liabilities of a person I might be living with without the benefit of marriage. Even if that person allowed me to use her assets or money, I would still not be expected to report them on a Financial Disclosure Form.

You may agree or disagree with that conclusion. I agree with it. It makes sense to me now, and it made sense to me then. But even it you disagree with it, you surely must recognize that I acted in good faith when I followed his advice, when I wrote to the House Ethics Committee in 1978 explaining precisely why Mrs. Hansen's assets and liabilities were not on my Financial Disclosure Form, when I asked the Committee to "confirm" the validity of my report, and when I sent copies of that letter to the ranking Members of this Committee.

I ask you, what more should I have done? What more would you have done? It has been suggested to me that I should have resolved all doubts in favor of disclosure and have listed the $50,000 debt and $87,000 silver profit even though they were Mrs. Hansen's. But what would that have meant to the legal position that Mr. Runft had taken in 1977, when he insisted—entirely correctly—that Mrs. Hansen's liabilities, after the Property Settlement Agreement, were hers alone?

Let me confirm here and now an important observation that my Staff Assistant Jim McKenna made during his testimony at my trial. He said that the question whether Mrs. Hansen's liabilities or transactions had to be reported on my EIGA form was "considered closed" many years ago. It had been a question on which I sought legal advice in 1978, in connection with the House's Financial Disclosure Form, and in 1979, when EIGA was a new law. It was a subject of substantial discussion among my lawyers and me. A conclusion was reached in 1978. The same conclusion was reached in 1979. That conclusion was communicated to this Committee in language that could not be misunderstood. I believed that everyone who had an interest knew that my wife's debts and property were not being reported—not, of course, because the "three-part test" of EIGA applicable to spouses had been met, but because we had a Property Settlement Agreement and the Committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after that Agreement.

My confidence in that understanding was so great that I had not the slightest fear of self-incrimination of any kind when the blackmail letter arrived. I brought the entire matter to the Justice Department, and I did not give the matter of financial disclosure any thought whatever. FBI agents came to visit me in September 1981—five months after I had reported the blackmail—and I told them then, as I am telling you now, that I did not report the profit from the silver transaction because the consensus of my lawyer was that "any transactions solely entered into by" by wife were not subject to disclosure. That explanation appears right in the FBI agents' report that was submitted almost 20 months before I was indicted. Look at Exhibit 5 of the Blue Appendix you have before you.

What did the prosecutor say about the fact that I had followed my lawyer's advice? The quote is at page 70 of the Briefing Book: "He is not Joe Schmoe on the street who doesn't know anything about the law. He is a lawmaker himself. He knows how to read. He knows that—the laws are passed by Congress. He knows what Congress was up to when they passed the Ethics in Government Act."

What does that mean in plain English? It means that Congressmen are supposed to know the interpretation that the Justice Department or some other part of the Executive Branch claims to be the law. You and I—just because we are Members of Congress—have no business asking a tax lawyer what a section of the Internal Revenue Code means. Everybody else may be unsure and may take legal advice. Only a Congressman must ignore what his lawyer tells him. "Equal Justice Under Law"—the words on the front of the Supreme Court Building—applies to everyone except Members of Congress. Well I don't buy that, and I don't think you do either.

In addition to the three years in which the Justice Department claims I did not report a debt and a profit of Connie's, they claim that in a fourth year—1981—I failed to report $135,000 in loans that were borrowed for a citizens' organization formed in 1981. The organization then initiated a large and expensive mass-mailing in early 1982 for which the full $135,000 was used. The prosecutors' point was that I had signed the notes for these loans, so they were technically my debts.

I suppose that is true. The obligations were technically my obligations. But I did not borrow this $135,000 to pay off my personal debts or to buy a yacht, a Rolls-Royce, or even a snowmobile. I borrowed it, as the lenders plainly testified, for a public project. And every penny of the $135,000 I borrowed—and more—actually went to pay the very high costs of the mass-mailing which the organization conducted. That seed-money was to come back to the lenders from contributions responding to the mass-mailing.

By May 15, 1982, I no longer had, in any form, even one penny of that $135,000. The organization for which it had been borrowed was established, and it had sent out letters to almost one million citizens urging them to support drastic tax reform. Should I have reported the $135,000 as my debt, thereby making it appear as if I personally had kept that money and not used it for the designated public project as planned?

I did what I believe any careful person should do: I sought the help of a professional. Jim McKenna is my staff attorney on whom I rely each day for technical opinions on questions of law. He was a member of the board of the citizens' organization, and he advised me that the debt was not reportable under the law. We also discussed what ended up being the critical factor: Because there was, and continues to be, great fear among our people that the Internal Revenue Service retaliates brutally against anyone who opposes it, we had promised total anonymity to anyone who contributed money to the organization, which was called the "Association of Concerned Taxpayers." The letters sent to the public repeat that promise several times. If I reported these loans on my EIGA form, I would also have had to disclose—either on the form or in answer to the inevitable reporters' questions—what I had done with so much money in 1981. If I answered truthfully, I would violate the promise of confidentiality that we were making to encourage contributions to ACT.

Please do not misunderstand me. The need for confidentiality would not override a clear obligation under the law. But the obligation to personally report funds raised for a legislative project was far from clear. Jim McKenna's view was that I was, in actuality, a

personal guarantor of the three loans, which had really been made to ACT. There is no requirement to report on EIGA forms debts that one has guaranteed. Since there was legitimate legal question whether a report was required complicated by the project requirement for confidentiality, the spirit and letter of the EIGA report seemed best served by specifying my affiliation with the non-profit tax reform group which had a financial life of its own.

Did I exercise bad judgment in omitting these loans? I don't think so. But, even so, it was hardly a crime or any unethical act. As everyone here knows, it is very common for Members of Congress to be affiliated and even financially involved with legislative cause groups and seldom, if ever, are the liabilities of such groups mentioned on an individual's EIGA report. And more so, the hundreds of people each year—in the Legislative, Executive and Judicial branches—who amend their EIGA forms after omitting assets and liabilities because they claim to have "forgotten" them or because they believed they were not reportable are as culpable, if not more so, than I. When the prosecutors came across these loans did they communicate with me and ask whether I wanted to amend my 1982 EIGA form to reflect them—as the Attorney General, Mr. William French Smith, was asked to amend his EIGA form when an omission was disclosed? No, sir. I was indicted and forced to stand trial.

The irony, my friends, is that I spent two weeks in federal court, and that I have been forced over a three-year period to incur legal expenses of $300,000 with a threat of imprisonment and a fine, not because I embezzled, stole, took bribes, or otherwise enriched myself, but only because I and my wife were in great debt—and the prosecutors claim mainly that I did not disclose how very great our debt was. You read every day about people who go to jail for taking hundreds of thousands or millions of dollars from private concerns or from the public treasury. Have you ever read of anyone, in this day and age, who is a criminal because he is, or was, too deeply in debt, particularly a debt caused by public service?

And where did I err? I went as far as I could to insure that the very many kind individuals who had helped the Hansens financially by lending us money when we were beset with attackers from all sides would be repaid totally. I was not about to settle my debts for a few cents on the dollar as some public officials have done. And I was not ready to file for bankruptcy—as I surely could have done—and thereby disappoint—and even injure—those who had trusted me when I needed help. After the many small loans had been made by our friends—in March 1977—this House changed its rules drastically, so that Mrs. Hansen and I were unexpectedly left with no practical way of obtaining funds to repay our loans. It was in that desperate situation that our attorney John Runft thought of the Property Settlement Agreement as a legal means of achieving the repayment of our debts. Was that objective an unethical one? I believe that it was a worthy goal, and I am proud to say that no individual who has offered our family financial assistance has been let down by us.

Forgive me, please, for believing that rather than being a perpetrator, I have been the victim, of one unethical act after another. I was the target of vicious and baseless political attacks in 1975, de-

signed to keep me from the House. I have been the victim of the unlawful theft, dissemination and distortion of my personal credit report and of confidential income-tax information. I was an object of very scornful and demeaning publicity when my politically caused financial distress, accompanied by a change of the House rules, made it necessary for my wife to assume our family's personal liabilities and seek public contributions. And I was one of two intended victims of a blackmail plot executed in March and early April 1981.

All this made me the "target" of a Justice Department investigation. But the investigation produced nothing beyond the claim that I had, in three years, under-reported our family's debt and had, in one year, failed to report a profitable transaction independently made by my wife which had been utilized principally to pay some of that massive debt. That investigation did, however, lead to the most reprehensible and damaging of the acts committed against me, a totally unjustified and slanderous prosecution.

The frustrated prosecutors, who admitted in my office to Jim McKenna and me that after a year of searching for a corrupt bargain they "had the quid, but could find no quo," charged me with criminal offenses and succeeded in driving their charges past a District of Columbia jury. I am here hoping that you will exercise your constitutional and legal authority to correct this miscarriage of justice so that I might continue to fully and properly serve the people who have elected me, people who, I believe, continue to have confidence in me to speak out for them and to represent their needs and aspirations. Certainly the people should not be deprived by legal or bureaucratic manipulation of their right to freely choose their representative in Congress.

Thank you.

SUPPLEMENTAL STATEMENT OF CONGRESSMAN GEORGE V. HANSEN BEFORE THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT MAY 17, 1984

When a man has devoted most of his adult life to public service it is difficult for him to finally comprehend that men who have no commitment to those he has served over those years can end his political career almost on a whim.

I am in such a position now. In appearing before you and in delivering this statement, I will undoubtedly repeat matters about which you will have read in the public press or seen in the report of your Special Counsel or the representation of my own counsel. I ask your indulgence for what may appear repetitious and justify it in the confidence that you will understand that this is my only opportunity to talk about this case with my peers.

Taking nothing away from the judicial process, neither the judge, the jury nor the prosecutors could possibly have understood or judged adequately either the nature of the system nor the import of the facts used against me in court.

In order to assist you to see this matter in its proper light, I ask your patience in allowing me to describe the context of this case in human and in professional terms without attempting to be what I am not, a lawyer.

EIGA itself. Most of you were in Congress during the debates on this Act. All of you are aware of the attempt to shore up the image of those who occupy elective office flowing from the events in 1974 and from the precipitous slide in the minds of the public concerning the reputation of office holders. The result of those concerns is the Ethics in Government Act.

Sitting on this committee, you are more keenly aware than most Members that the purpose of the EIGA was to prevent conflicts of interests and the misuse of office by legislators. Disclosure of financial information was mandated as a tool, not as an end in itself.

The importance of that disincentive to my case is crucial. After over a year of intensive investigation of my affairs and my relationship with creditors (whether of myself or my wife is irrelevant to this point), my accusers in the Public Integrity Section of the Department of Justice sat in my office and admitted that they had no evidence that I had misused my legislative office in any way. Indeed this is not surprising since there was nothing to find. In twenty years in Washington neither opponents, enemies nor media has ever made nor had reason to make such an allegation.

As though to emphasize the point, the prosecutors then spent an additional ten months trying to find some other basis upon which to charge me with a crime. Finally, more than two years after I brought a blackmail note to the Department of Justice, they settled on indicting me for failing to report six personal financial transactions over a period of four years reports.

Of those six items, three were debts for which I assumed responsibility; two were debts of my wife and one was a commodity transaction on which my wife made a profit. I will discuss the particulars of those transactions with you in a moment. For now, I would merely remind the Members that these are hardly the kind of items which would, on their face, be likely to be the source of con-

flict of interest or misuse of office. I remind you that a man above reproach and a severe critic of Watergate opposed provisions of the EIGA for precisely the reason which places me before you now. Senator Irvin pointed out that it was a great burden to force a public man to reveal his liabilities. I think he was right. Great wealth is often its own justification. Indebtedness, merely as indebtedness, carries a vague stigma, especially for the elective office holder.

When, pursuant to the requirements of House Rule 50, I brought the current matter to the attention of the Leadership Group of the House, one of that group observed that it was outrageous that I was being prosecuted for owing money. While the case is more complicated than that, the remark does highlight the point that I am making. Nothing in the items which were not reported were in any way, either in intent or effect, an attempt to defeat the purposes of the Ethics in Government Act. No one has alleged against me any conflict of interest or self seeking in connection with these items or any other matters.

EIGA'S SANCTIONS

Returning to the legislative history of EIGA, I think that it is fair to say that all of us understood that we had voted down criminal penalties as the sanction for violations of EIGA in the legislative branch. It was not that violations were to go without consequences. Unlike the judiciary, and all but two persons in the Executive Branch, in addition to supervision by this Committee, we were subject to the precise sanction most appropriate to the elected branch of the Federal Government. Our constituents had the ultimate sanction of the ballot box.

Until the bizarre intepretation by the Department of Justice in my case, most Members believed that the issue of criminal sanctions had been rejected by the Congress. The most practical proof of that understanding is the memo sent to every Member of the House by the Clerk of the House after I was indicted, warning Members that the Department of Justice had asserted in my case, without reference to the internal working of the House disciplinary machinery, its right to seek criminal sanctions in EIGA disclosure matters.

So that there is no misunderstanding, my attorneys moved to dismiss the indictment against me on the specific ground that there was no authority under EIGA for criminal sanctions. The District Court upheld the Department's contention. Although this will be part of my appeal, if necessary, from the conviction, the present state of the law is that every Member of Congress is subject to criminal charges for EIGA violations.

Even worse, the Court has held, on another motion, with the esoteric name of Materiality, that, in essence, any misstatement in an EIGA form is sufficient to support a felony indictment under 18 USC 1001 as a false statement. Members of the Committee, I will ultimately win the legal battle, but it is not yet certain that I will survive the political damage. That damage is not that this Committee found that I should report or should have reported specific items, it is that I have been hauled before a Court and convicted of

a failure to report items. It is exactly this result which the Congress had thought to prevent. To an official subject to election, a criminal accusation is damaging. An investigation is more damaging. An indictment, regardless of its merits, is even more damaging. A trial, with or without conviction, can be politically fatal. The Congress rightly understood that this Committee and its Senate counterpart would be the proper judge of the gravity and the reality of such charges. They would, in a very real sense, interpret for the public what was involved in EIGA violations referred to it.

Finally, none of us understood that we were repealing the Constitutional protection of our constituents embodied in Article I, Section 5, clauses one and two. It is clear that, under the new dispensation, each House is no longer the judge of the qualifications of its own Members, nor is it the judge of the punishment of Members for transgressions of its internal rules. All members, it now appears, will be at the disposition of the Department of Justice lawyers. It was the contention of my attorneys in attacking the indictment on Constitutional grounds that such an interpretation would radically shift the balance of power in favor of the Executive and to the detriment of the Legislative. Both the District Court and the Circuit Court of Appeals were unpersuaded.

BACKGROUND ON THE ALLEGED OFFENSES

I was charged with willfully, knowingly deceiving a federal agency, i.e., the House, in failing to report the six items I referred to earlier. Without reference to the particular items and to my position on each of them, let me point out to this Committee the single most glaring hole in such a theory of concealment.

Please consider what each of those items would have added to the disclosures made in compliance with the EIGA requirements. A loan made by my wife would have been added in 1979. A transaction by my wife would have been added in 1980. A loan by my wife would have been added in 1981 and three loans by me would have been added in 1981. Against a background in the reports of loans already on the forms, the loans would have literally meant nothing. The so-called silver transactions would have been the sole item which had not appeared over the years on my forms. Members of the Committee, the simple truth is that common sense tells you that concealment is not a credible motive for their omission.

Against that incredible theory lies the actual fact of history. I volunteered to bring the blackmail attempt to the Department of Justice. That disclosure to the highest level of the Department guaranteed that my entire political career in federal offices, both elective and non-elective, would be carefully scrutinized. Both on the day I reported the note, April 6, 1981 and in at least four other interviews with representatives of the FBI and the office of Public Integrity, I delivered to them every scrap of information in my possession about those transations which were involved. Both the FBI and Public Integrity went into the field and interviewed the lenders and, I might add, many of my constituents about my legislative activities and my financial matters. Almost every item of information which formed the basis of the indictment against me had been volunteered by me to these investigators willingly. They went to

the Department of Agriculture where I had been employed more than a decade before any of these issues had arisen, in a thorough, and, I feel, less than honorable attempt to find something to use against me, rather than to find out whether in truth I had ever betrayed my trust. Even then, after it had become obvious that they were looking for an excuse to indict me, I continued to cooperate in the firm knowledge and conviction that my conduct was above reproach.

It was only after all this intensive investigation that they admitted that they were unable to accuse me of conflict of interest or misuse of office. I ask you to look at these four counts and six items in that context. In a perverse way, there is reason for pride in having been subjected to microscopic examination by hostile investigators, only to have them reduced to bringing charges based upon a tortured interpretation of two satutes and using information which I had volunteered to them within the first few weeks of the investigation.

COUNTS 2, 3, AND 4

As your Special Counsel has undoubtedly explained to you, these three counts involve reporting omissions of my wife's transactions. Count two is a loan to my wife from a Dallas Bank, necessitated by a loss in a soy bean transaction on the commodities market. Mr. Hunt, who had advised her on the transaction, introduced her to the bank and guaranteed the note. After making some interest payments, she was financially unable to retire the note and the bank called Mr. Hunt on his guarantee. He bought the note from the bank and, with interest added, this note is count four.

Count three is a transaction in the commodities market on silver on which my wife made $87,000. As I told the Department of Justice and the FBI on many occassions, she was advised in her investment by Bunker Hunt. It was this transaction which was the basis of the blackmail attempt.

Why weren't these two or three transactions reported? Your staff and Special Counsel have read the scores of pages of legal wrangling at the trial, reflecting the dispute over whether I should have relied on the advice of counsel and over whether I had told him everything he needed to know to give me reliable advice that these items were not reportable.

From this layman's point of view, the dispute is incomprehensible. As a result of a prohibition on fund raising efforts to retire politically related debts issued by the Ethics Committee, my attorney, my wife and I arranged a separation agreement under the laws of the state of Idaho, which is a community property state. That arrangement was undertaken without reference to and without even considering the effect of the agreement on a disclosure law which was not then even under consideration in any recognizable form in the Congress. It was to free my wife to undertake fund raising to retire my sizeable political debts. The items in counts two and four were dealt with in that agreement by my attorney. It is difficult for me to see how he could have been more informed about them.

By the time of the silver transaction, I had been following the advice of counsel that my wife's transactions were outside my re-

porting for two years. I did not ask him about this specific transaction. Perhaps that was not wise. In retrospect, it is easy to suggest alternative courses of action. At the time, it was clearly within the procedure we had set up years earlier.

Beyond the question of reliance on the advice of counsel is the underlying question of the effect of my relations with the Ethics Committee itself. After the Committee forbade me to raise funds to retire politically related debts, my wife corresponded with the then Chairman of the Committee, Mr. Preyer. In effect, she told him that she had the right to achieve and protect fiscal soundness for herself and her family, regardless of the fact that her husband was bound by his Committee's determination. That letter was not entirely diplomatic. Mr. Preyer's response was not as unyielding to her as it had been to me. I am sure that these letters are in Committee's files to this day.

Thereafter, both personally and through the same counsel, I advised the Committee of the separation agreement and the conclusion we had reached on its relation to reporting. In fact, in one letter, I called upon the Committee to confirm that my filing was in conformity with the existing rules. I received no answer to that letter.

For at least the past four years, your staff director has asked to discuss the separation agreement. One of my staff, an attorney himself, at my direction, has over those years been in contact with him regarding this agreement. What is evident is that for all these years, the Committee, both directly and through its senior staff, has been aware that my filings did not include my wife's financial transactions. It is also clear that I have responded to Committee direction in my attempts to achieve financial stability.

I will leave it to the lawyers to make refined legal arguments over the clear facts and how they influence the court case. But I think that I am justified in directing to the Members of this Committee the question of how I was knowingly, willfully and falsely filing the disclosure forms when the record is as it is in this Committee.

I am aware that the legal position is that the Committee is under no legal duty to respond to my request for confirmation of the adequacy of my flings. I am equally aware that an argument can be made that the request was made under the old rules and not under the new statute. But I ask the Committee to look beyond the technical, legal arguments and make its determination on the realities of the case.

If I sought legal advice on these filings; if I asked for Committee input on the propriety of my position and am yet responsible to foresee an adverse determination by the Committee or improper intent five years after the original fact, how will any Member who has not made such attempts at conformity protect himself against criminal charges for omissions on his forms.

Let me be clear. With the exception of one Member who announced on his form that he was not reporting his wife's income I have not, either before the Court or here, cast any doubt on the filing of any Member. I am too keenly aware of the potential for disaster through media misrepresentation to take any solace from the filing lapses of my peers. I view with dismay the potential for

internal discord within the House arising out of the ill-considered attempt by the Department of Justice to supercede the essentially conciliatory capacity of this Committee. It is hard to see even the value of an advisory opinion from the Committee, if the Department of Justice persists in acting in the role of a court of first impression on these filings.

COUNT ONE

The first count of the indictment is different from the others in that it does not involve transactions of my wife. The facts of the matter are as follows:

For several years, I have been disturbed by the growing evidence of collection excesses by the Internal Revenue Service. These concerns first lead to my writing a book in 1980, called "To Harass Our People" in which I set forth a series of grievances against the IRS. The last two sections of that book set out the outline for remedy of the problem. They recommend the enactment of legislation restraining the collection practices of the IRS and the enactment of a flat rate income tax as a substitute for the progressive rate tax which I view as a failed social experiment.

In July and in October of 1981, I introduced two bills, the Taxpayer Protection Act and the Tax Simplification Act. These bills were again introduced at the beginning of this Congress as H.R. 170 and H.R. 171. In seeking cosponsors for these measures in 1981, I was met with a strange reaction by other Members. Many told me that they would go on the bills, but only after there were fifty or a hundred or a hundred-and-fifty other cosponsors. These Members were literally frightened of reprisal by the IRS for being connected with limiting legislation.

This led me to distribute a questionnarie among Members in which I asked whether the Member of his staff had had any unsatisfactory contacts with IRS. The responses were to be anonymous and confidential. The response indicated disproportionate adverse reaction to IRS.

In addition to the fact that I am a populist politician, this obvious fear of IRS made it plain that any hope of getting consideration for reform legislation would rest with convincing Members that there was a substantial constituency in the public for substantial fundamental reform. I therefore turned to the formation of an organization to engender and focus a demand for legislation. After all sorts of problems, the Association of Concerned Taxpayers was formed in September, 1981.

In order to get ACT underway, origination costs were variously estimated, but never less than one hundred thousand dollars. I borrowed that money from three men who had previously expressed their interests in fostering the ideas expressed in my book. The loans totaled $135,000. They were borrowed in July, August and November, 1981. By March 1982, I had expended that sum on getting ACT going and a considerable additional amount. ACT took the amounts of the loans as a liability to me on its books.

In May, when the forms again became due, I went over the situation with a staff member who is an attorney. It was his opinion that since the money had been borrowed to finance ACT, of which I

was the president, and since it had been expended for the purposes for which it has been borrowed and since ACT has acknowledged its obligation in the same amount to me, that it was in its intent a loan for the organization and need not be reported. Very influential in that decision was his and my real apprehension about IRS retribution against opponents. From the first we had promised contributors anonymity. That promise had appeared prominently in our mailings. I listed my position as president of ACT on the disclosure form and omitted the loans.

Subsequent events have made the names of those lenders prominent, but it was not of my doing and I felt then and feel now that my commitment to confidentiality and the representative character of the transactions are factors which determined my course of action. In essence, the transactions do not differ from other Members who sign on behalf of organizations for which they act in a representative character without even thinking of the matter as personal.

CONCLUSION

The issues which this matter compels you to address concern me and in my own individual capacity, I urge you to deal with the matter fairly and in the context of what is the fair solution to this case. I am confident that, viewed in that light, you will exonerate me from the taint of wrongdoing.

These same issues have a decisive influence on the role of this Committee and its ability to continue to function in aid of Members who look to it for assistance and guidance in dealing with the new political realities of living and working through a maze of forms, disclosures and regulations in an arena where now everything about a political figure is in the public domain, the modern fishbowl reality of political life.

Your determination in this matter will, whether I will it or you will it, is of grave consequence to the retention of any internal function under EIGA. It is clear that, uncontested, the Executive Branch will now have a formidable tool in its dealings with the legislative. In this respect, though my individual case may be of small consequence on some cosmic scale, it will, by the sure operation of the mathematics of politics, be of great moment to us and our successors in the Legislative Branch.

On the merits, I am convinced that this matter should be determined for me. If EIGA is not susceptible of criminal sanctions, as we all understood was the case, then we should not be here in a Rule 14 proceeding, and I ask you to uphold our understanding of what we did in EIGA by dismissing this case on that ground. As a precedent for a new and different standard to be used against Members without their prior knowledge, this case should be dismissed.

I am confident that your judgment in this matter will vindicate me, this Committee and the House of Representatives.

Thank you.

BEFORE THE COMMITTEE ON STANDARDS
OF OFFICIAL CONDUCT OF THE
UNITED STATES HOUSE OF REPRESENTATIVES

98th Congress
2d Session

IN THE MATTER OF

CONGRESSMAN GEORGE V. HANSEN

BRIEFING BOOK ON BEHALF OF

CONGRESSMAN HANSEN

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May 15, 1984

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INTRODUCTION

This Briefing Book on the case of Congressman George V. Hansen of Idaho is being distributed to the Committee Members in advance of the hearing scheduled for May 17, 1984, to provide a summary of answers to five important questions:

1. Why was Congressman Hansen indicted?
2. What did he do?
3. What was his defense?
4. Was the jury verdict fair?
5. Was a violation of House Rules committed?

These major questions are considered, in sequence, in the text of this Briefing Book. In order to demonstrate, with specificity, the various points on which we rely, we have incorporated in our text some photostatic portions of documents and transcripts from the pretrial and trial proceedings. We have also collected in a separate bound Appendix the full original documents from which we have excerpted, as well as other documents cited in this Briefing Book but not incorporated in the text. In this way we hope the Committee obtains a full meaningful narrative of the events while having access -- whenever it believes access is useful -- to the entire document from which an excerpt is taken.

Before we begin the narrative, let us briefly state our position. It is, very simply, that Congressman Hansen did nothing wrong. He committed no criminal offense and engaged in no conduct that violates the Code of Official Conduct or any applicable law, rule, regulation, or other standard of conduct. He

completed and filed the reports required to be filed in 1979, 1980, 1981 and 1982 under the Ethics in Government Act in good faith, to the best of his ability and in accordance with the professional advice of attorneys whom he consulted. He advised this Committee in writing of the basis for his attorneys' conclusions and the grounds on which he was not reporting his wife's liabilities or income. The Committee never indicated that it disagreed with these attorneys or questioned their conclusions. A fair evaluation of all the evidence -- including, of course, all the relevant evidence produced by the prosecution in the United States District Court -- establishes his innocence. It surely fails to prove, by the standard of "clear and convincing evidence," that he was guilty of anything. Pursuant to Rule 14 of the Rules of this Committee, the Members should determine that there is no basis to conclude that any violation was committed.

I.

WHY WAS CONGRESSMAN HANSEN INDICTED?

Between March 17 and April 2, 1984, Congressman Hansen stood trial in United States District Court in the District of Columbia on a four-count indictment charging him with the crime of submitting false statements to an agency of the United States Government by omitting certain debts and a silver commodities transaction from Ethics in Government Act reports filed in May 1979, 1980, 1981 and 1982. We discuss at pp. 66-74 why we believe that trial was unfair and the jury's verdict should be

ignored totally. Congressman Hansen is the first person to be charged with a criminal violation because of alleged omissions in his EIGA forms. No member of the Executive Branch has, to this date, been charged with such a crime. One federal judge -- who was also accused of receiving bribes -- has been similarly charged since Congressman Hansen's indictment. Before we discuss the particular evidence relating to guilt or innocence of the charge made in federal court, it is relevant to consider how Congressman Hansen came to be selected for this dubious distinction.

Although we believe that Congressman Hansen was chosen by the Department of Justice prosecutors in large measure because he has been an outspoken public critic of the Internal Revenue Service, of the Occupational Safety and Health Administration, and of other Executive Branch agencies that have abused the public trust, we will not, in this Briefing Book, discuss these specific allegations. They were made to the District Court before Congressman Hansen's trial in a Motion to Dismiss the Indictment on Grounds of Selective Prosecution. Judge Joyce Hens Green denied that motion, and the issue of "selective prosecution" will be raised on appeal, if appeal is necessary. (We are, however, including relevant portions of that motion in the separately bound Appendix as Exhibit 40).

What we will discuss here is the undisputed genesis of the prosecution of Congressman Hansen. It is highly relevant to this Committee's evaluation of the Congressman's guilt or

innocence to know why and how he became the target of a Justice Department probe and how he responded to it.

A. Nelson Bunker Hunt Receives a Blackmail Threat.

The prosecutors have admitted that the investigation of Congessman Hansen started when Nelson Bunker Hunt, a Dallas multimillionare, received an anonymous blackmail letter on or about March 31, 1981. The letter began with the following two paragraphs:

> Dear Mr. Hunt,
> During January of 1979 you gave an $87000 bribe to Rep. George Hansen of Idaho. To be more specific, the payoff was handled as follows:
> On the morning of January 16, 1979, you bought 125 contracts of silver through your commodity broker at King Commodity Services in Oklehoma. When it became obvious that this trade was profitable you told your broker that this trade was not really for you but was for representative Hansen and to open an account in his name and put the trade- wth the built in profit- into his account. To help hide the payoff you opened the account in the name of Connie Hansen, Rep. George Hansens wife. Two days later on Jan. 18 the silver positions were sold for a profit of $87475. However, Hansen could not heve the money sent tc him because he had a margin call of $125000taht was required to carry the position. Therefore, you wired or caused to be wired $125000 to the broker in Hansens neme, This removed his obligation and allowed the profit to be wired to him the next day, completing the payoff. The purpose of the bribe was to secure Rep. Hansens support in your bid for a large silver mine in Idaho.
>
> We have Xerox copies of all statements and transactions mentioned above. We are, of course, guessing as to why tou rade the payoff and have only secondhand proof that the margin call was met with your money. However, under close examination and the sworn testimony of all parties involved, we belief the proof would be overwhelming. An investigation of Hansens 1979 tax return would also be enlightening. If he did no declare the income, it is fraudentKX. If he did, he cannot justify the source.

(The full letter appears in our Appendix Volume as Exhibit 1. Hereafter, when we photocopy a portion of an exhibit, we will indicate, in parentheticals preceding the copy, which Exhibit Number is being used.)

The blackmailer asked that $440,00 be wired to a bank in the Cayman Islands and he would then destroy "everything we have relating to the payoff." Mr. Hunt and his lawyer were unsure as to what they should do with this threat. Hunt knew that the allegation that he had paid a bribe was untrue. (The actual facts are discussed at pp. 40-41 of this Briefing Book.) He told his Dallas attorney to visit Congressman and Mrs. Hansen and report this matter to them.

B. Congressman Hansen Insists on Reporting the Blackmail.

Congressman Hansen's reaction was immediate and unequivocal. Hunt testified at the trial (Trial Transcript pp. 40-41):

Q. AND COULD YOU PLEASE TELL US WHAT CONGRESSMAN HANSEN'S IMMEDIATE REACTION WAS?

A. HIS IMMEDIATE REACTION WAS TO GO TO THE ATTORNEY GENERAL OR THE JUSTICE DEPARTMENT RIGHT HERE IN WASHINGTON AND TURN THE LETTER OVER TO THEM FOR THEIR DISPOSITION AND ASK THEM TO PROSECUTE THE SENDER.

Q. WAS THERE ANY INDICATION IN ANYTHING THAT CONGRESSMAN HANSEN SAID TO YOU THAT HE WANTED TO CONCEAL ANY PART OF THAT SILVER TRANSACTION?

A. NEVER, NONE WHATSOEVER. HE WAS VERY ANXIOUS TO GET IT ALL OUT ON THE TABLE.

Hunt's attorney testified (Trial Transcript, p. 948):

Q WAS THERE SOME DISCUSSION THEREAFTER ABOUT WHAT SHOULD BE DONE ABOUT THAT BLACKMAIL LETTER?

A I TOLD THE CONGRESSMAN THAT MR. HUNT WAS PROBABLY GOING TO TAKE IT TO THE FBI. HE WAS LEAVING IT UP TO ME. HE HAD EXPRESSED THE FACT THAT, WELL, IT MIGHT BE AN APRIL FOOLS' JOKE; WE NEED TO GET SOME INFORMATION, BUT THAT'S WHERE MR. HUNT WAS HEADED. AND CONGRESSMAN HANSEN SAID THAT THAT WAS UNACCEPTABLE. BECAUSE HE WAS INVOLVED, BECAUSE HE WAS A CONGRESSMAN HERE IN WASHINGTON, THAT HE WAS GOING TO INSIST THAT IT GO TO THE ATTORNEY GENERAL OF THE UNITED STATES, AND HE WAS GOING TO BE CALLING TO GET AN APPOINTMENT AT THE EARLIEST POSSIBLE DATE.

On April 3, 1981, Congressman Hansen called the Attorney General of the United States to request an appointment to report this blackmail threat and initiate a full investigation. A meeting was arranged for April 6, 1981, with Rudolph Giuliani, the Associate Attorney General, who was the highest Justice Department official below the Attorney General in charge of federal criminal investigations and prosecutions.

C. The Facts, Including Mr. Hunt's Assistance, Are Reported to the Justice Department.

At the meeting held in Mr. Giuliani's office, which was attended by Congressman Hansen, Mr. Hunt's lawyer, Mrs. Hansen's lawyer, and a member of Congressman Hansen's staff, Congressman Hansen discussed, in great detail, the circumstances of the silver commodities transaction which had resulted in an $87,000 profit to his wife in January 1979. Congressman Hansen told the government officials that there had been no bribe and no other violation of law in connection with that transaction. (The blackmail letter had suggested that "an investigation of Hansens 1979 tax return would . . . be enlightening." In fact, the full profit on the transaction had been reported on the Hansen's return filed in 1980. See Ex. 2.) Congressman Hansen demanded a prompt and complete investigation of the blackmail.

D. The FBI Drags Its Feet, But Congressman Hansen Demands a Thorough Investigation.

The group that visited the Justice Department returned on April 6, 1981, to Congressman Hansen's office to wait for FBI agents who were to come and interview them about the blackmail letter. The FBI did not, however, come promptly, and, according to a contemporaneous memorandum by Mr. Hunt's lawyer, the following occurred (Ex. 3):

> In the middle of the afternoon, a call came in from someone who identified himself as John Heieck, who said he was with the FBI and wanted to interview Bunker Hunt, the Hansens and the attorneys. He then said he could not get to it for some time and wanted to talk to me about who I thought was responsible. I declined to do this on the telephone and without identification. Congressman Hansen called Caruso and complained about the amateurish manner in which the thing was being handled. We were then told that some other FBI agents would be there later in the afternoon.

This action by Congressman Hansen indicated, as clearly as his insistence on reporting the matter to the Attorney General, that he was confident he had done nothing wrong. It was admissible at his trial as proof of "consciousness of innocence."

E. Congressman Hansen Cooperates Fully With The FBI Investigation.

The FBI finally came and interviewed the Congressman and Mrs. Hansen about the facts reported in the blackmail letter. Both Mr. and Mrs. Hansen cooperated fully and answered all the questions asked by the FBI. See Ex. 4.

F. Congressman Hansen Explains Immediately to the FBI that His Attorneys Advised that the Silver Transaction Was Not Reportable on his EIGA Form.

In September 1981, FBI Agents returned to Congressman Hansen's office to interview him further about the blackmail letter and the bribery alleged in that letter. The FBI agent

reported that he asked Congressman Hansen why he had not reported on his 1979 EIGA form Mrs. Hansen's profit from the silver commodities transaction (Ex. 5):

> Special Agent (SA) BOY asked HANSEN why he negatively answered Section I (B), Section III, and Section V of his Financial Disclosure Statement for 1979 when he knew that his wife had purchased one hundred twenty-five silver futures contracts in January, 1979, which were subsequently liquidated for a net profit of $87,475. HANSEN advised he had discussed this matter at length with his attorneys JAMES MC KENNA and JOHN RUNFT. A consensus was reached among them that because of the Division of Property which he and his wife had obtained in the State of Idaho at least one year prior to his wife's silver contract purchases, any transactions solely entered into by his wife are not subject to disclosure in the Financial Disclosure Statements.

In other words, as early as September 1981 -- when he was first asked about his omission of the $87,000 transaction from his EIGA forms -- the Congressman explained to the FBI that he had not reported it because the attorneys on whom he had relied had told him that "any transactions solely entered into by his wife are not subject to disclosure in the Financial Disclosure Statements." That was Congressman Hansen's explanation in September 1981, and it is the very same explanation he has today -- two-and-one-half years later. And it has been corroborated under oath by the attorneys themselves.

G. <u>The Blackmailer Is Found, Negotiates a "Deal" With the Prosecutors, and Is Slapped on the Wrist</u>.

By May 1982, the Justice Department had tracked down the blackmailer. He was an individual named Arthur Emens, who

had been employed in the brokerage office of the commodities broker who had purchased and sold the silver contracts in January 1979. Rather than prosecuting him vigorously and seeking substantial punishment, the prosecutors agreed to charge him with a misdemeanor (carrying a maximum one-year sentence) if he would provide full information and testify -- presumably against Congressman Hansen. The letter of agreement with the blackmailer -- which Judge Green refused to allow the trial jury to see or hear -- promised immunity from prosecution for "any and all activities of Mr. Emens now known to the United States Department of Justice" (Ex. 6). This promise covered over $200,000 that Emens had embezzled from his employer. See Ex. 7. As a result of this agreement, Emens pleaded guilty before a United States Magistrate, who imposed no prison term and no fine (Ex. 8):

SENTENCE OR PROBATION ORDER	IT IS ADJUDGED that the defendant is hereby committed to the custody of the Attorney General or his authorized representative for a period of one(1) year; a fine in the amount of $2,000.00 is imposed. The execution of both are suspended and the defendant is placed on probation for a period of three(3) years upon the following terms and conditions:
SPECIAL CONDITIONS OF PROBATION	1. That he obey all local, state, and federal laws; 2. That he comply with the rules and regulations of the probation department; 3. That he contribute seventy-five(75) hours to a community service program during the first year of the probationary period; 4. That he continue in therapy for as long as necessary; 5. That he make no attempt to contact any member of the Hunt family or conglomerate, or any member of Congress except through counsel.

After having made this deal, the prosecutors discovered that Emens had no information whatever to incriminate Congressman Hansen. That was true because Congressman Hansen had done nothing wrong.

H. The Prosecutors Interrogate Congressman Hansen and Search Unsuccessfully for Proof of a Bribe.

Having let the blackmailer escape scot-free, the prosecutors turned their attention to Congressman Hansen. They asked for a recorded interview of him and Mrs. Hansen, and interviews lasting many hours took place on June 17, 1982. The opening remarks at that interview speak volumes about the intention of the prosecutors and the obvious witch-hunt they were on (Ex. 9):

PROCEEDINGS

MR. WEINGARTEN: It is June 17th, 11:00 a.m. Here present are Congressman George Hansen of Idaho Falls, at 1125 Longworth. Present here, Reid Weingarten, Department of Justice; Jim Cole, Department of Justice; Tom Hoy, F.B.I.; Congressman Hansen, Mrs. Hansen and Mr. McKenna, who is, I understand, on the staff of Congressman Hansen. He is also representing Congressman Hansen for this purpose.

We are here pursuant to a request by the Department of Justice to conduct interviews with the hope that they would advance the investigation that began when Congressman Hansen and an attorney for Nelson Bunker Hunt brought a blackmail letter to the Department of Justice on April 6, 1981.

For your edification, pursuant to you bringing that letter, of course, we began an investigation into the blackmail. It took longer than we had hoped. There were some complications. There was work done in the Grand Jury, and there was some looking at records overseas, but as you must know by now, a month ago, or last month an individual named Arthur Emens pled guilty to blackmail in the District of Columbia, and will be sentenced next month.

Obviously, you've seen the letter. The letter contains an allegation that there was wrong-doing between you and Nelson Bunker Hunt, and we are duty bound, of course, to follow up on that once we have completed the blackmail investigation. That is what we are doing. We concluded that. Perhaps it's best now if we deal with you directly and hear what you have to say about this particular transaction.

So with that, I think we're ready to begin, unless you have any questions you would like to ask of us.

CONGRESSMAN HANSEN: I think that's fine.

Congressman and Mrs. Hansen were interviewed together by the prosecutors. Then Congressman Hansen was interviewed separately. Then Mrs. Hansen was interviewed separately. All

questions asked by the prosecutors were answered. No time limit was placed on the interviews.

After the interviews, the prosecutors and the FBI engaged in an exhaustive investigation of Congressman Hansen and of Nelson Bunker Hunt. Mr. Hunt also provided a recorded interview. He waived the attorney-client privilege and permitted his lawyer to answer all questions and to testify before the grand jury (Trial Transcript, p. 120):

Q. AND IT IS ALSO A FACT, IS IT NOT, MR. HUNT, IN ORDER TO MAKE ALL INFORMATION AVAILABLE TO THE GOVERNMENT, YOU ALLOWED YOUR PERSONAL ATTORNEY TO BE INTERVIEWED AND TO TESTIFY?

A. YES, SIR.

Q. AND WHAT IS HIS NAME?

A. IVAN IRWIN.

Q. AND, IN FACT, YOU WERE ADVISED THAT YOU HAD A RIGHT TO KEEP ANY COMMUNICATIONS BETWEEN YOURSELF AND MR. IRWIN CONFIDENTIAL UNDER THE ATTORNEY-CLIENT PRIVILEGE AND YOU CHOSE TO WAIVE THAT PRIVILEGE, IS THAT RIGHT?

A. YES, SIR.

Q. HAS THERE BEEN ANYTHING ABOUT THIS ENTIRE SERIES OF EVENTS THAT YOU HAVE TRIED TO HIDE AT ANY TIME?

A. NO, I HAVEN'T. IT IS A PUBLIC RECORD SO FAR AS I AM CONCERNED; AT LEAST, NOW IT IS.

The prosecutors could find nothing whatever illegal in the relationship between Congressman Hansen and Mr. Hunt after the most thorough and exhaustive investigation.

In April 1983 -- almost one year after the blackmailer was apprehended and charged with a misdemeanor, for which the maximum sentence was one year -- the prosecutors filed an indictment against Congressman Hansen charging him with four felonies, carrying a maximum sentence of 20 years' imprisonment, for omissions on his EIGA forms.

II.

WHAT DID CONGRESSMAN HANSEN DO?

We turn now to the subject of the criminal charges themselves -- the purportedly criminal omissions from Congressman Hansen's EIGA forms. The alleged omissions from the 1979, 1980 and 1981 forms all related to transactions made in the name of Mrs. Hansen. For 1979, it was claimed that Congressman Hansen had failed to list a $50,000 loan made to Mrs. Hansen, with Mr. Hunt's assistance as guarantor, by the First National Bank of Dallas. For 1980, it was claimed that he had failed to report the silver commodities transaction, previously referred to, which had resulted, with Mr. Hunt's assistance, in an $87,000 profit to Mrs. Hansen. For 1981, it was claimed that he had failed to report the same obligation of Mrs. Hansen omitted in 1979, but this time after Mr. Hunt as guarantor had purchased Mrs. Hansen's note from the Dallas bank. The omissions for 1982 concerned

loans made by some Virginia businessmen in 1981 for the purpose of promoting a citizens' protest against the Internal Revenue Service. A proper understanding of the facts regarding these allegations requires some familiarity with background facts regarding Congressman Hansen.

A. Congressman Hansen Incurs Substantial Personal Debts Because of Political Attacks.

Congressman Hansen first served in the House of Representatives from 1965 to 1969. He was then unsuccessful in a race for the Senate and, after serving for two years in the Department of Agriculture, returned to Idaho. He was re-elected to the House in 1974 after a bitter battle in the primary and a contested general election. Between 1969 and 1974, the federal election laws had undergone substantial change, and Congressman Hansen's election in 1974 resulted in claims by his political enemies that he had violated the new election laws. A particularly powerful opponent was Congressman Wayne Hays, then Chairman of the House Administration Committee, who had been a close friend of the man Congressman Hansen had defeated in the 1974 primary. Hays accused Congressman Hansen of election-law violations, but the Justice Department, after a thorough investigation, found that no felonies had been committed (Ex. 10). The Congressman was, however, charged with two technical violations because one report had been filed late and one report had been improperly completed. After an initial misunderstanding, the

District Judge recognized that only technical breaches had been committed, and he imposed a nominal fine (Ex. 11).

In addition, the Congressman's political opponents obtained confidential records of his private finances -- including a credit report -- and used them unlawfully. Congressman Hansen hired counsel and brought a lawsuit -- at substantial personal expense. He ultimately prevailed on the law in the case called Hansen v. Morgan (Ex. 12), but he recovered damages far less than the cost of the litigation.

In an effort to generate funds to pay off his ever mounting debts, Congressman Hansen initiated a nationwide direct-mail appeal for contributions in 1976. This direct-mail appeal raised some funds, but it also became the source of additional expenses when the Federal Election Commission began an investigation into whether the Congressman was accurately reporting the funds received through this direct-mail solicitation. Congressman Hansen was again forced to defend himself at significant expense, and he did so successfully by being exonerated by the FEC in the spring of 1977.

These episodes left the Hansens with a very substantial debt by early 1977. The Congressman had obtained personal loans from individuals to cover the expenses incurred in these political battles, and he did not want to leave the friends who had helped him in the lurch. Although he could have declared bankruptcy, he determined by early 1977 to make every effort to obtain money with which to repay these personal loans.

B. A Change in the House Rules Bars Solicitations for Personal Expenses or Obligations.

The Idaho attorney who had advised Congressman Hansen in connection with the charges made by Wayne Hays and who had represented him in the case of Hansen v. Morgan was John L. Runft, a member of a leading Idaho law firm, whose office was in Boise. The Congressman again turned to Mr. Runft for advice in late 1976 and early 1977, and Mr. Runft suggested that the Congressman or an independent committee solicit small public contributions to cover Congressman Hansen's personal debts. Mr. Runft proposed an 11-point solicitation plan, which was incorporated in a letter dated February 18, 1977, seeking clearance from the Federal Election Commission (Ex. 13).

While the letter was pending before the FEC, the House substantially changed its own rules. On March 2, 1977, H. Res. 287 was adopted. The drastic effect of these new rules was described as follows in Advisory Opinion No. 4, issued by the House Select Committee on Ethics in 1977 (Ex. 14):

> A major thrust of the provisions contained in the new House Rules adopted March 2, 1977, was to severely limit the potential for Members to "cash in" on their positions of influence for personal gain. Therefore, a limitation on outside earned income was proposed and adopted. A proposal to abolish unofficial office accounts was offered and adopted. A proposal to prohibit the conversion of political funds to personal use was adopted. And the proposal discussed above to treat all proceeds from fund-raising events as campaign contributions was also adopted. Therefore, it would appear that a proposal to solicit funds for personal use would be contrary to the "spirit" of the House Rules adopted pursuant to H. Res. 287.
>
> The final question concerns the propriety of a spouse raising funds through mass mail solicitation for the benefit of the Member. While the Select Committee recognizes the basic independence of

C. Congressman Hansen Seeks Approval of His Proposed Solicitation Plan from the Committee on Ethics.

Less than two weeks after approval of the new Rules, Congressman Hansen wrote a letter to Congressman Richardson Preyer, Chairman of the Select Committee on Ethics, advising him of the pendency of the application to the FEC and asking the Committee's approval of that plan. Congressman Hansen's letter explicitly asked that the Committee advise "if my proposal violates any law, rules or regulations in the [illegible] of your jurisdiction." He referred explicitly to "the new ethics code recently passed by the House" and to his belief that the solicitation plan adheres to its "letter and spirit" (Ex. 15):

March 14, 1977

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

Dear Mr. Chairman:

Pursuant to our recent conversation, I wish to formally advise you that through the past two elections for Congress I have experienced an unusual degree of personal attack by political opposition which has created for me and my family a considerable amount of legal, professional and other non-campaign expenses.

Being one of modest means and not having any significant outside source of income in addition to my Congressional salary which is used to support a large family and maintain my personal situation both in Washington and Idaho, it is most difficult to find the means to recoup from such extra personal expenses which have been incurred.

I therefore have openly attempted to find a method which would not interfere with my service to my constituents on a full time basis and not be in conflict of interest for the position I hold.

I have always been most concerned that my activities be legal and ethical. Therefore I have outlined an inquiry to the Federal Election Commission to determine a course of action which might be acceptable and forthright. I believe the letter speaks for itself and enclose a copy for your information. I would appreciate being advised if my proposal violates any laws, rules or regulations in the area of your jurisdiction.

My attorney has been actively involved in this matter in preparation of the letter and in preliminary discussions with appropriate officials of the F.E.C. I have every reason to believe my request has been properly qualified and will receive early and favorable consideration.

I am convinced that my request adheres to the letter and spirit of the new ethics code recently passed by the House but as a precaution and in a further effort to conform to non-controversial guidelines, I wish to advise you that

no contribution of $100 or more will be solicited or accepted.

Again, I wish to point out my purpose is basically to gain reimbursement for some of the large expenses pushed on me personally by political harassment and dirty tricks which I have not previously included as regular campaign expenses.

Thank you for your interest and assistance in this matter. I would appreciate receiving an early reply and welcome your comments and suggestions.

Sincerely yours,

GEORGE HANSEN
Member of Congress

GVHs

P.S. For your information, the terminology (such as the word "expenditure") in the letter to the F.E.C. is utilized according to definitions set forth in the F.E.C. Act of 1971 as amended and proposed rules and regulations as published.

The Federal Election Commission advised Congressman Hansen on March 30, 1977, that his plan did not violate federal election laws. He then wrote to the House Ethics Committee on April 5, 1977, again requesting approval of the solicitation plan. He noted in his letter that he would follow the Committee's guidelines and would be "flexible" if changes in the proposal were deemed appropriate (Ex. 16):

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics
2344 R.H.O.B.

Dear Mr. Chairman:

This is to supplement previous correspondence regarding my proposal to solicit funds to recoup from serious personal losses caused by the unusual degree of personal attack I have experienced from political opposition during the past three years.

As you are aware, my plan was found by the Federal Election Commission to have no conflict with Federal Election laws or proposed regulations under their jurisdiction. Further research has established that there is no reason to believe that there will be any conflict with laws and regulations as administered by other agencies of the Federal government.

To further clarify my situation at this point for your purposes I wish to deal with the basic structure of the proposed solicitation in my behalf. In this I am flexible in hopes of maintaining a completely legal and ethical posture for myself personally and as a member of this great legislative body.

The conclusion of Congressman Hansen's letter pointed out the telling consequences of crushing personal debt on other Members of Congress (Ex. 16):

The Honorable Richardson Preyer, M.C.
April 5, 1977
Page 2

I have made every attempt to outline a workable proposal to allow members of Congress the same rights and privileges as the average citizen enjoys -- the right to protect himself (or herself) and his (or her) family from serious financial hardship which can arise from circumstances not of his (or her) own making.

No one else has to resign from their position of employment to gain legitimate relief, why should a member of Congress? I don't believe any citizen of this nation believes that to be a necessary requirement for the office.

Any person has a right to basic financial survival. The question is how can it be properly done in a sensitive position. I believe the direct way is preferable because it is the simplest and most accountable. News accounts have been frequent regarding the complications to the circumstances of public office holders when a spouse or other close family member pursues their own course.

And yet, that family has a right to financial survival and should not be penalized if one of them is publicly involved. My wife asks me what would become of her and the children if I were to die suddenly with the large debts we have incurred from the ugly aspects of politics. What can I tell her, what would you tell your spouse?

Mr. Chairman, I appreciate the interest and time devoted to this problem by you and the members of the Committee. I strongly urge your positive action, not only for my own relief, but for any who are so unfortunate as to find themselves at some future time in similar circumstances.

Sincerely,

GEORGE HANSEN
Member of Congress

GVHs

The House Ethics Committee never replied directly to Congressman Hansen's letters. It did, however, issue an Advisory Opinion -- Advisory Opinion No. 11 -- which indicated that the solicitation approved by the FEC could not be used to pay Congressman Hansen's personal debts.

D. Mr. Runft Proposes that Mrs. Hansen Assume the Political Debts Pursuant to a "Property Settlement Agreement."

Seeing no way out of his family's financial nightmare, Congressman Hansen turned again to Mr. Runft, his legal adviser. Mr. Runft noted that the House's restriction was only on the collection of funds to pay a Congressman's debts, but that the House did not -- and possibly could not -- restrict a wife's right to collect to pay her own debts if they were legally her own. Consequently, Mr. Runft advised Congressman and Mrs. Hansen to enter into a "Property Settlement Agreement" under which she alone would assume the couple's outstanding politically-caused debts, and would then be free to solicit personally to pay off those debts. Such agreements are not unusual in community-property states, even as between happily married couples who continue to live together. They have the effect of severing the legal economic ties, created by operation of local law, between a married couple. Their consequence, as explained by Mr. Runft in District Court, is to put the parties, for legal property purposes, in the same position as two people who live together without the benefit of marriage (Trial Transcript, p. 1063):

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As a result of separating your property, two members of a marriage no longer have the benefits of marriage as far as their property is concerned. They no longer can inherit automatically as a husband can from a wife or a wife from a husband. The matters like pensions and things like that probably would not be inherited by the other spouse. The separation is such as though they weren't even married from an economic sense. In other words, they are married. They live together as man and wife but there are no economic relationships as would normally follow the consequences of marriage.

Q. When you say no economic relationships, you mean there is no automatic economic relationship that grows out of the fact of the marriage?

A. That is correct. There is nothing incident to the marriage. They can have joint accounts. They can do what any two people living together can do as far as having joint accounts or things of that nature.

A "Property Settlement Agreement" effective as of June 21, 1977, was drafted by Mr. Runft. The Agreement listed the assets and liabilities of the Hansens and divided them, for purposes of Idaho law, between the couple. We reproduce here the most relevant portions of that Agreement (Ex. 17):

> MEMORANDUM OF PROPERTY SETTLEMENT AGREEMENT
>
> THIS MEMORANDUM, executed this 30th day of September, 1977, by the parties hereto, of A PROPERTY SETTLEMENT AGREEMENT, made and entered into on the 21st day of June, 1977, by and between GEORGE V. HANSEN, hereinafter referred to as "Husband", residing in Pocatello, Bannock County, Idaho; and CONSTANCE S. "CONNIE" HANSEN, hereinafter referred to as "Wife", presently residing with Husband in Pocatello, Bannock County, Idaho;
>
> WHEREAS, out of love and affection for each other, because of the deep mutual respect for the position of the other in their marriage, and out of a mutual desire to provide for their children and to protect their family from economic ruin, it has become necessary by reason of the personal economic burdens caused these parties by malicious, illegal and improper political attacks during the three-year period last past to divide their community property between them and to otherwise arrange and settle by mutual agreement, all present and future property rights, and to arrange for this disposition.
>
> NOW, THEREFORE, the parties mutually agree as follows:
>
> 1. In dividing their community assets and liabilities between them so as to constitute such assets and liabilities as separate property, it is the purpose of these parties to make an equal division between them as to net value.

5. From the community debts, the Wife shall assume as her sole and separate debts, from which the Husband shall be free of any liability or obligation, the following items:

(a) Loan from the First National Bank, Dallas, Texas, in the sum of $50,000.00;

(b) Personal loans in the sum of $ 372,750.00 .

14. It is further agreed that any and all property acquired from and after the effective date of this agreement shall be the sole and separate property of the one so acquiring the same, and each of the parties hereto does hereby waive any and all right in or to such future acquisitions and does hereby grant to the other all such future acquisitions of property as the sole and separate property of the one so acquiring the same.

15. Each party hereto does hereby waive any and all right to inherit the estate of the other at his or her death or to take property from the other by devise or bequest unless under a will executed subsequent to the effective date hereof, or to claim any family allowance or probate homestead or to act as personal representative of the estate of the other (except as a nominee of the other person legally entitled to said right) or to act as the personal representative under the will of the other, unless under a will executed subsequent to the effective date hereof.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have hereby caused this agreement to be executed upon the 30th day of September, 1977.

GEORGE V. HANSEN

CONSTANCE S. HANSEN