E. The Hansens Keep the House Committee Advised of Their Intentions and of Mrs. Hansen's Solicitation.

At the time the Property Settlement Agreement was being drafted, Mrs. Hansen notified the House Ethics Committee of what she was doing. A letter from her dated June 3, 1977, reported as follows (Ex. 18):

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

Dear Mr. Chairman:

I am writing this letter at the request of my husband, Congressman George Hansen, to advise you of my intentions with regards to certain actions taken by your committee.

As you probably know, my husband plans to abide by your decisions with regard to his request to raise funds to pay off politically-caused personal indebtedness. Neither he, nor I, nor an independent committee will solicit funds in his behalf.

However, I believe the Committee has been totally unreasonable in this matter and I can't help but be disturbed at the double standards I have witnessed.

While my husband has carefully asked the Federal Election Commission and your Committee and other appropriate authority for permission and guidance to solve a very real and legitimate personal problem arising from political dirty tricks and harrassment, I have witnessed instance after instance of Members of Congress taking solicited funds, including campaign contributions, for personal use without asking and the Committee has had little to say about it.

Now, let me inform you that I don't intend to stand by and let a Committee of Congress or anyone else deprive me of the basic rights of a citizen of this nation to pay my bills and protect my home. Many members of your Committee talk a good story about civil rights and the equality of women but then they sit there smugly and deny those very rights to the wife of a Member of Congress.

I am a citizen of Idaho which is a community property state and therefore I stand liable for half of this politically-caused indebtedness. Furthermore, if my husband should die, it is all my responsibility.

And the debt in question is the result of a concentrated political smear campaign which occurred during my husband's candidacy for Corgress as a non-incumbent in 1974.

The economic effects to us personally were disastrous. We found our total time consumed month after month in defending against these malicious attacks which included serious and irresponsible charges led by former Congressman Wayne Hays and surreptitious acquisition of our personal credit records by the State Treasurer of the Democratic Party in Idaho.

This drum roll of false accusations and misleading press releases from Washington as well as Idaho almost overwhelmed us and left us no time to manage our personal business operations which resulted in heavy expenses and loses -- a situation which has taken many months to reverse.

Not only were we incurring business losses and heavy legal and professional expenses, but my husband was precluded from earning income because his total effort was required to counter the vicious attacks.

As a result of these false accusations, my husband has had to endure three years of investigations by various federal agencies which have proved nothing but his honesty.

Therefore, faced with this burdensome personal indebtedness, I have as a matter of love for my husband and children and financial preservation of our family insisted upon a financial settlement between my husband and myself legally and properly dividing our property. In part the property settlement provides that my husband assume such debts as those of the family, the home, cars, charge cards and such and that I assume a substantial portion of those debts politically incurred.

This separation of personal finances is done with considerable difficulty to us as a family, not only now but for years to come -- which seems a strange way for you to treat the victims of ugly politics.

However, I do what I must. Let me advise you that as a matter of personal and family survival, I plan to raise funds at an early date to pay my half of the debts in proper and legal fashion. Your arbitrary rules may extend to my husband as a Member of Congress, but I do not belong to that body. I am a free agent with rights and responsibilities of my own and I'll take my case to the courts and to the people if necessary.

Sincerely,

Leonia D. Hansen

Mrs. George V. Hansen

The point of this letter was that Mrs. Hansen was personally assuming the debts that were "politically incurred" and that she intended "to raise funds at an early date" to pay the debts she had assumed. This letter evoked the first direct response from Congressman Preyer on this subject. On June 8, 1977, he noted that Mrs. Hansen was intending "to proceed with a personal fund-raising effort to retire certain debts that you have assumed" (emphasis added). The letter acknowledged Mrs. Hansen's "civil rights" and her "equality as a woman." It also acknowledged that a very substantial change had been made by the House's rule change of March 2, 1977 (Ex. 19):

Dear Mrs. Hansen:

Thank you for your letter of June 3 advising me of your intention to proceed with a personal fund-raising effort to retire certain debts that you have assumed.

I hope that you will understand that the content of the advisory opinions addressing issues referred to us by your husband were in no way meant to infringe on your civil rights nor on your equality as a woman. Neither were those opinions aimed in any personal way against your husband or your family.

The Code of Ethics adopted by the House on March 2 resulted directly from sustained public criticism of some Members' actions prior to that date. Your statement that Members converted campaign contributions to personal use before the ethics code was adopted is entirely correct. It is also true that such conversion was not prohibitied before March 2 as it is now.

I have asked the Select Committee's Staff Director if our staff is aware of any such conversions since the code was adopted. He advised me that no such situations have been brought to his attention.

Thank you again for your advice and views.

Cordially,

Richardson Preyer

RP:bjb

Mrs. Hansen's solicitation of funds was then carried out in a highly public manner. It was in no way surreptitious or clandestine. She mailed letters to potential contributors -- all outside Idaho to avoid the appearance of campaign solicitations -- asking for small personal donations (Ex. 20). Approximately $100,000 was raised in this way to pay off the personal debt. No action was taken by this Committee and no complaint was filed in connection with Mrs. Hansen's 1977 solicitation to pay the debts she had assumed.

F. Congressman Hansen Seeks Legal Advice on His 1978 Reporting Obligations.

The first financial disclosure obligation imposed on Congressman Hansen after the execution of the Property Settlement Agreement was on April 30, 1978, when Members of the House were required to file financial disclosure forms under House Rule XLIV covering their assets and liabilities during the 3-month period between October 1, 1977, and December 31, 1977. The question for Congressman Hansen was whether the assets and liabilities assigned to Mrs. Hansen by the Agreement were reportable under the House Rule.

Congressman Hansen consulted with Mr. Runft. Mr. Runft's sworn testimony concerning this consultation was as follows (Trial Transcript, pp. 1076-77 and 1079-80):

Q. Now, Mr. Runft, did you have occasion, following the separation of property agreement, to consider the effect of that agreement on the existing provisions of the House Ethics Committee concerning the reporting and financial disclosure requirements under the House rules?

A. Yes, I did, and this would be, I believe, in the spring, late spring, early summer, of 1978.

Q. What was your opinion, Mr. Runft, concerning whether the debts that had been assigned to Mrs. Hansen under the property settlement agreement had to be reported to the House Ethics Committee on its form as debts of Congressman Hansen?

My opinion was that under those particular conditions, that the fact that Mrs. Hansen pursued her own separate life and paid her own separate debts was not an item that needed to be reported by Congressman Hansen on his report required under the Ethics Rules.

Furthermore, and always along with this advice to Mr. Hansen, my opinion, secondly, was the Committee had the authority and the duty to review these reports, with knowledge, and advise Congressman Hansen if he was wrong in any way. Mr. Hansen, in my opinion, had a right to rely on this.

G. Mrs. Hansen's Debt to the Dallas Bank Is Omitted from the 1978 Report.

Following this advice, Congressman Hansen did not include in his 1978 report a debt of Mrs. Hansen's which was one of the counts in the criminal case tried in District Court. In April 1977, after he had been told of Congressman Hansen's desperate personal financial situation, Nelson Bunker Hunt had tried to assist Mrs. Hansen in trading in soybean futures. The result of approximately eight days of trading at the hands of an expert selected by Mr. Hunt was a net loss of $33,000. Since the Hansens did not have the money to pay this obligation, Mr. Hunt offered to guarantee a $50,000 loan to Mrs. Hansen from the First National Bank of Dallas. On May 27, 1977, Mrs. Hansen flew to Dallas, applied for and received the loan, and then flew to Chicago to pay the brokerage firm the full amount that had been lost in the soybean trading. The loan from the Dallas bank -- made only to Mrs. Hansen -- was listed as Mrs. Hansen's separate obligation under paragraph 14 of the Property Settlement Agreement. See p. 25, supra.

As a result of the Property Settlement Agreement and the advice given by Mr. Runft, Congressman Hansen did not include the $50,000 loan to Mrs. Hansen in his 1978 financial disclosure to the House. It is important to bear in mind that personal solicitation to pay Mrs. Hansen's debts was lawful only because they were her own debts, not the Congressman's. It would not have been consistent to list Mrs. Hansen's debts on the Congress-

man's Financial Disclosure Form while still insisting that the Property Settlement Agreement had made them her debts for solicitation purposes.

H. Congressman Hansen Formally Tells the House Committee His Reasons for Omitting His Wife's Transactions and Requests "Confirmation."

The Financial Disclosure statement filed by Congressman Hansen on April 30, 1978, roused a public stir from his political opponents in Idaho. They had known from public reports of Mrs. Hansen's solicitation of funds and of the existence of a large personal debt. They claimed publicly that her assets and liabilities should have been listed on the Congressman's disclosure form. An article appeared in the May 7, 1978, issue of the Twin Falls Times News that alleged that the Congressman's 1978 report was incomplete because it did not list Mrs. Hansen's assets and liabilities Since the article purported to quote a member of this Committee's staff, Congressman Hansen protested in a personal meeting and a timely letter to Congressman Preyer, with copies to the then Chairman of this Committee and the ranking minority member (who is still in that position). We reproduce here the most relevant portions of the letter of May 9, 1978 (Ex. 21):

Dear Mr. Chairman:

By reason of information which appeared in a May 7th newspaper in my Congressional District I have been subjected to innuendo that my recent Financial Disclosure Statement filed pursuant to Rule XLIV is in some manner inadequate or incomplete. I immediately contacted Staff Directors Donald Terry of the Select Committee on Ethics and John M. Swanner of the House Committee on Standards of Official Conduct and certain Members of those committees to protest the quotes ascribed to a staff member in that article.

While there is no doubt as to the sincerity and integrity of Mr. Haltiwanger, the misuse of the quotations has the potential for causing me great embarrassment. You will remember that prior to arranging my affairs in order to satisfy the requirements of my situation, that your committees were kept advised at all times of the manner in which I planned to proceed and then of my wife's intended course of action and the details of her decision.

At considerable expense I retained legal counsel to procure a ruling from the Federal Election Commission and to assure my compliance with the legal matters under jurisdiction of the Justice Department before moving to satisfy the rules and standards of the House as administered by the Select Committee on Ethics and the Committee on Standards of Official Conduct.

My entire course of action was predicated upon conforming to the law and to the rulings of both committees, and my wife has proceeded likewise when it became necessary for her to act independently. We executed a specific property division agreement effective in June 1977 in compliance with the law and House Rules to enable each party to be free of any "constructive control" of the other. This was done at my wife's insistence that her civil rights were being violated by arbitrary Congressional Rules threatening her survival and that she was entitled to independently protect and provide for herself by her own devices.

This property division agreement was not arbitrarily or opportunely made for reporting purposes but rather done at an early date to satisfy House Rules and according to legal guidelines. Nevertheless this created an exemption of spouse reporting according to Rule XLIV which states, "The interest of a spouse or any other party, if constructively controlled by the person reporting, shall be considered to be the same as the interest of the person reporting."

I am confident that my filing, done carefully with advice of legal counsel, is completely in accord 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.

Sincerely yours,

GEORGE HANSEN
Member of Congress

GH:mw

cc: Hon. Charles E. Wiggins
Ranking Minority Member
Select Committee on Ethics

Hon. Bill Frenzel
Member
Select Committee on Ethics

Hon. John J. Flynt
Chairman
Standards of Official Conduct

Hon. Floyd D. Spence
Ranking Minority Member
Standards of Official Conduct

This was followed by a letter of May 11, 1978, from Mrs. Hansen to Congressman Preyer (Ex. 22):

Honorable Rich[illegible]ison Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2
Washington, D. C. 20515

Dear Mr. Chairman:

A property settlement agreement between me and my husband, Congressman George Hansen, effective in June of 1977 was duly executed in accordance with Idaho law.

This was done necessarily to protect my civil rights, personal privacy and individual financial right to survive.

Assets and debts assumed by me were precisely what an equitable legal division would allow, and nothing else.

Having gone to this trouble and expense I consider myself an independent citizen absolutely and legally not under the "constructive control" of my husband. And I might add, he is also an independent citizen not under my "constructive control."

I plan to take care of my financial needs and problems in accordance with the law and the highest standards of ethics and will in no way be adversely influencing my husband's life or responsibilities as a Member of Congress or whatever capacity he might hold.

But beyond this, what I do with my private life is legally my private business. I am not a Member of Congress and have no further obligation to you or your committee.

What my husband does may be yours to supervise, but he is in no legal position to involve me.

Sincerely,

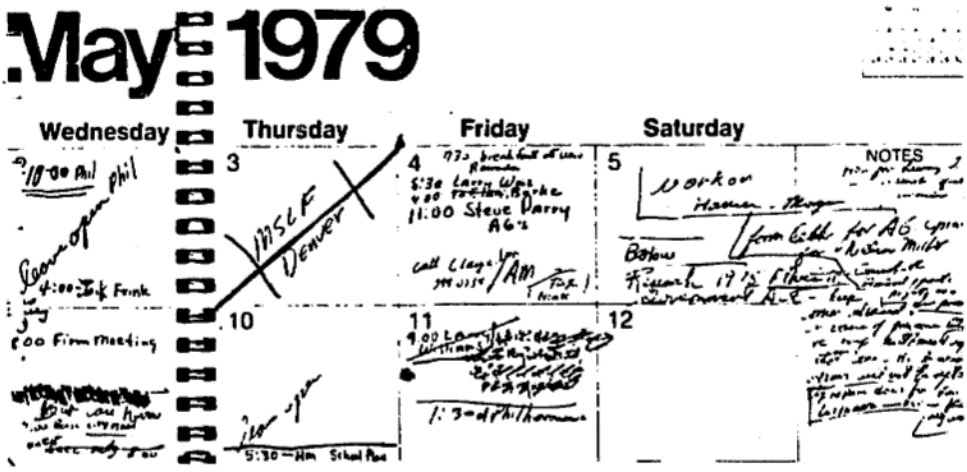
Connie Hansen

(Mrs.) CONNIE S. HANSEN

A more detailed letter was sent by Congressman Hansen to Congressman Preyer on June 2, 1978, repeating the request for "confirmation" of the report that had been filed and describing further details (Ex. 23). No response was ever received from the Committee.

I. Congressman Hansen Requests Legal Advice on the Effect of the Ethics in Government Act.

The Ethics in Government Act of 1978 became law on October 26, 1978. The first reports required to be filed under the Act were due on May 15, 1979. Shortly before that time, Congressman Hansen asked Mr. Runft how the new law affected his opinion on the reportability of Mrs. Hansen's assets and liabilities. Mr. Runft researched the question over the weekend of May 5-6, 1979, as is indicated by his desk calendar (Ex. 24):



Mr. Runft's testimony regarding the consultation he then had with Congressman Hansen was as follows (Trial Transcript, pp. 1084, 1086-87):

Q. What specifically were you asked?

A. Congressman Hansen asked me, actually both Mr. and Mrs. Hansen asked me, under the new Act, was there a reasonable interpretation available under that Act that would allow Congressman Hansen to continue not to report Mrs. Hansen's income under that Act.

I reviewed the Act. I reviewed some of the legislative history, statements by Chairman Preyer as to the purpose of the act, the intent of the Act. I reviewed the provisions of the Act.

Q. What conclusion did you arrive at?

A. My conclusion, or my opinion, consists of two parts. First, I believed or I concluded that in light of the property settlement agreement, which separated the property interests of the parties, that a reasonable interpretation of the Act, particularly Section 702(d)(2) would allow the Congressman not to file information concerning his wife's income.

The second part of my opinion was that this was a new Act, just passed. It had not been interpreted yet, and that

the provisions of Section 705 of the Act required that the designated committee, which was the Select Committee on Official Conduct of the House of Representatives, was required to review these reports and to set up a procedure whereby the Committee would determine whether the reports were correct, whether they were complete and whether they were in proper form and advise the Congressman if they were not.

So on that basis, if my decision or my interpretation, as a possible remedy, was wrong, if the Committee were advised of what was being done, the Committee then had a duty to advise Congressman Hansen that this is not the right way to go.

So on that two-part advice, one, I think it can be done as a reasonable interpretation of that Act, in light of what the Congressman and his wife have done with their property, and secondly, based on the duties of the Committee on notice, and, of course, the Committee was on notice that the congressman and his wife had filed the property settlement agreement and what it was all about, that the Committee then had the obligation, under the statute, to advise the Congressman if there was any problem, and he had, as a congressman, under that statute, a right to rely on that.

Q. Did you give that advice and that conclusion to Congressman Hansen at or about the time that you did that research in May of 1979?

A. I did.

Pursuant to this advice, Congressman Hansen did not include the $50,000 loan from the First National Bank of Dallas to Mrs. Hansen on his 1979 EIGA form. The liabilities portion of the form filed by Congressman Hansen looked like this (Ex. 25):

ETHICS IN GOVERNMENT ACT--FINANCIAL DISCLOSURE STATEMENT

GEORGE V. HANSEN
(Name)

CONTINUATION SHEET

Section	Indicate Name Lender, Identity, Brief Description/Type/ Parties To Terms (As Applicable)	Indicate Amount/Category of Value/Value (As Applicable)
IV	Bank of Idaho	II
	First Bank and Trust	II
	National Bank of Washington	II
	First Security Bank	III
	Idaho State Bank	III
	Idaho First National Bank	IV

Had the loan been included, it would have looked like this:

ETHICS IN GOVERNMENT ACT--FINANCIAL DISCLOSURE STATEMENT

GEORGE V. HANSEN
(Name)

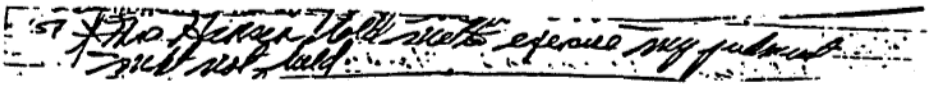
CONTINUATION SHEET

Section	Indicate Name Lender, Identity, Brief Description/Type/ Parties To Terms (As Applicable)	Indicate Amount/Category of Value/Value (As Applicable)
IV	Bank of Idaho	II
	First Bank and Trust	II
	National Bank of Washington	II
	First Security Bank	III
	Idaho State Bank	III
	Idaho First National Bank	IV
	First National Bank of Dallas	[illegible]

It is difficult, if not impossible, to discern a nefarious and criminal motive for this omission. If the form had included the Dallas bank item, it would not have disclosed any unlawful, unethical, or even politically damaging conduct.

J. Mrs. Hansen's 1979 Transaction and 1980 Liability Are Omitted from EIGA Forms.

(1) The Silver Futures Transaction. -- In January 1979 Mr. Hunt assisted Mrs. Hansen in trading in silver futures by putting her in touch with Les Ming, an Oklahoma City commodities broker. Over a period of three days, Mrs. Hansen made $87,000 in the silver futures market. The trading account was maintained in Mrs. Hansen's name (Ex. 26), and Mr. Ming's handwritten telephone log reflected that he received his instructions from Mrs. Hansen (Ex. 27):



Mr. Ming testified that except for one very brief conversation with Congressman Hansen, in which he was told that Mrs. Hansen was the only one interested in silver trading, he did not speak to the Congressman during the days that the trading took place (Trial Transcript, pp. 388-89):

> A. Mr. Lewin, to the best of my recollection, and I am not saying that my recollection might have been more pure then than now, but to the best of my recollection, and I have been over this transaction in my mind thousands of times since this thing has begun, that Bunker suggested that I call Congressman George Hansen, and Congressman Hansen immediately advised me he was not interested but Mrs. Hansen might be or was interested. He transferred me to Mrs. Connie Hansen, and I had no more discussions with George Hansen, until he called to see if everything went well.

The Hansens reported the $87,000 profit in full on their tax return for 1979 (Ex. 2). Following the legal instructions he had received in the previous two years, Congressman Hansen did not report Mrs. Hansen's silver futures transaction on his 1979 EIGA form.

(2) The Hunt Purchase of the Loan. -- The Dallas bank loan that had been arranged for Mrs. Hansen after her losing 1977 venture into soybean futures was in default by 1980 although Mrs. Hansen had paid at least one interest payment. The Dallas bank called on the loan's guarantor, Nelson Bunker Hunt, to pay the obligation under his guarantee. He did so, and thereby purchased Mrs. Hansen's note (and the obligation for accrued interest) from the bank. Thereafter, his attorneys demanded payment from Mrs. Hansen (Ex. 28). Mr. Hunt also had Mrs. Hansen sign notes to him for the amount he had paid to the bank:

$ 61,503.42 Washington, D.C., June 3, 1980

On May 25, 1981 ~~I~~ promise to pay to the order of N. B. Hunt

at Dallas, Texas,

The sum of Sixty One Thousand Five Hundred Three and 42/100 DOLLARS,

Upon maturity with interest thereon at the ~~rate~~ from date until paid, interest to be paid and if not so paid, all principal and interest, at the option of the holder of this note, to become immediately due and collectible. Any part hereof may be paid at any time. If this note is placed in the hands of an attorney for collection, I we promise and agree to pay holder's reasonable attorney's fees and collection costs, even though no suit or action is filed hereon, if a suit or an action is filed, the amount of such reasonable attorney's fees shall be fixed by the court or courts in which the suit or action, including any appeal therein, is tried, heard or decided.

* A fluctuating rate from date until maturity, which rate shall be one percent per annum above the prime interest rate charged by the First National Bank in Dallas at its office in Dallas, Texas (but in no event, shall the maximum rate charged hereunder exceed the maximum rate of interest permitted by applicable law).

Connie S. Hansen

CONNIE S. HANSEN, 3307 N. Piedmont St.
Arlington, Va. 22207

and for interest that had accrued thereafter (Ex. 29).

The same liability had been omitted from the 1978 Financial Disclosure Statement filed with the House on the advice of Mr. Runft, concurred in by James McKenna, who subsequently became a member of Congressman Hansen's staff. See pp. 52-61, infra. On the basis of this consistent advice, Congressman Hansen again omitted Mrs. Hansen's liability from the EIGA form filed in 1981.

K. Funds Borrowed by Congressman Hansen for Use by a Citizens' Action Group (and Actually Used by that Group) Are Omitted from His 1982 EIGA Form.

The final allegation made in Federal Court against Congressman Hansen concerned the EIGA report he filed in May 1982, to cover the 1981 calendar year. The allegations did not concern assets or liabilities of his wife or funds that had been obtained for personal use by the Hansens. They related to three loans that were made between July and November 1981 from individual businessmen in Virginia. The money was borrowed in Congressman Hansen's name, but the funds were not intended for his personal use. The Congressman solicited interest-bearing loans in amounts of $25,000, $60,000 and $50,000, respectively, for the activities of a group known as the Association of Concerned Taxpayers ("ACT").

Testimony in Federal Court established that the Congressman intended before the summer of 1977 to form a citizens group that would push for tax reform. A direct-mail campaign to enlist financial and citizen support for the group was planned to

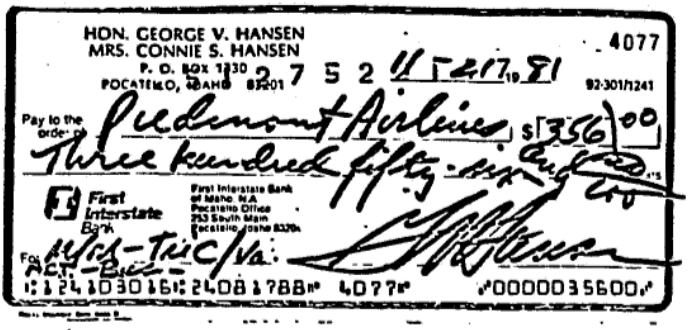
begin at the time when Congressman Hansen would introduce his Taxpayer Protection Act. The Act was first introduced as H.R. 4093 on July 9, 1981 (Ex. 30), but the citizens group was not yet off the ground. Knowing that substantial funds would be needed for the initial direct-mail campaign, Congressman Hansen solicited $85,000 in loans in July and August from Carl McAfee, a well-known Virginia lawyer who had represented the family of one of the Americans held hostage in Teheran. Mr. McAfee had come to know Congressman Hansen in 1979 and 1980 because the Congressman had assisted McAfee's efforts to contact the hostage, to travel to Iran, and to try to secure the release of the hostages. Mr. McAfee lent the money to the Congressman for the purpose of promoting the book Congressman Hansen had written attacking the Internal Revenue Service and with knowledge that a nonprofit organization was going to be formed to popularize the book (Ex. 31; Trial Transcript, p. 592).

Later in 1981, after ACT was actually formed and the direct-mail campaign seemed imminent, Congressman Hansen traveled to Virginia to obtain another $50,000 loan for ACT from a president of a Virginia bank who was a friend of Mr. McAfee. There is no doubt that the Congressman's purpose in traveling to Virginia was to solicit funds for ACT, not for himself. The check he wrote to pay Piedmont Airlines for the flight to

Virginia for himself and Mrs. Hansen clearly designated the objective of the travel (Ex. 32):

M/M -- TriC/Va

A.C.T. -- Bus-



Mr. Meade loaned $50,000 to Congressman Hansen, and he testified that he did so not to assist the Congressman with any personal debts but to provide funds for the efforts of a nonprofit corporation that would be promoting the Congressman's book (Ex. 33; Trial Transcript, pp. 765-67). The timing of this loan coincided with the introduction of H.R. 4931, a revised form of the "Taxpayer Protection Act" (Ex. 34). It also followed shortly after the introduction of a second important aspect of Congressman Hansen's tax-reform package -- H.R. 4821, the "Tax Simplification Act," also known as the "Flat-Rate Tax" (Ex. 35).

A total of $135,000 was borrowed by Congressman Hansen from the Virginia businessmen. It was undisputed in Federal Court that by the end of March 1982, Congressman Hansen had advanced to ACT and to its suppliers a total of $135,000. That is shown by the following chart, which was introduced at the trial on the basis of checks reflecting payments made personally by Congressman Hansen:

Defense Exhibit	Date of Check	Payee	Amount
51	11/09/81	Martin Advertising	$4,500.00
52	11/23/81	Martin Advertising	8,000.00
53	11/24/81	Martin Advertising	7,500.00
54	12/04/81	Postmaster	200.00
55	12/09/81	Martin Advertising	5,000.00
56	12/14/81	Metro Printing	5,000.00
57	12/17/81	Martin Advertising	1,750.00
58	02/12/82	Martin Advertising	7,500.00
59	03/04/82	Postmaster	48.35
60	03/15/82	Metro Printing	10,000.00
61	03/16/82	Metro Printing	10,000.00
62	03/18/82	Metro Printing	15,000.00
63	03/19/82	Metro Printing	15,000.00
64	03/22/82	Metro Printing	10,000.00
65	03/24/82	American Mailing List	9,600.00
66	03/24/82	American Mailing List	9,700.00
67	03/24/82	American Mailing List	6,200.00
68	03/24/82	American Mailing List	9,500.00
		TOTAL	$134,498.35

Sometime before May 15, 1982, Congressman Hansen asked James McKenna, the attorney on his staff whom he had also consulted on other EIGA questions, whether the $135,000 in loans -- nominally made out to him, but actually used by ACT -- were reportable on his 1982 EIGA form. Mr. McKenna advised that they were not (Trial Transcript, pp. 1424-25):

Q DID YOU AT ANY TIME IN MAY OF 1982 HAVE ANY DISCUSSION WITH CONGRESSMAN HANSEN ABOUT THE RELATIONSHIP BETWEEN A.C.T., THE ASSOCIATION OF CONCERNED TAXPAYERS, AND THE ETHICS IN GOVERNMENT ACT FORM WHICH HE WAS TO FILE ON MAY 15TH, 1982?

A WE HAD EXTENSIVE DISCUSSIONS ABOUT IT.

Q O.K. COULD YOU PLEASE DESCRIBE FOR THE COURT AND JURY WHAT DISCUSSIONS YOU HAD WITH CONGRESSMAN HANSEN.

A WELL, AT APPROXIMATELY THAT TIME, I BELIEVE IT WAS TWO DAYS BEFORE THE 15TH, HE FOR THE FIRST TIME ADVISED ME THAT THE FUNDS, OR SOME OF THE FUNDS WHICH HE HAD INVESTED IN A.C.T. HAD IN FACT BEEN BORROWED FROM INDIVIDUALS WITH THE ANTICIPATION THAT THEY WOULD BE USED IN THIS PROGRAM. AND THE ISSUE WAS ADDRESSED, WHAT DO YOU DO ABOUT IT ON THE LIABILITY PAGE -- ON THE LIABILITY ITEM OF THE DISCLOSURE FORM.

WE HAD EXTENSIVE DISCUSSIONS ABOUT, YOU KNOW, WHAT WAS THE COMMITMENT MADE AT THE TIME AND THAT SORT OF THING. AND HE ADVISED ME THAT HE HAD SOLICITED THIS OBLIGATION, AND QUITE FRANKLY, AT THE TIME I DON'T THINK I WAS AWARE -- IT'S DIFFICULT IN VIEW OF SUBSEQUENT EVENTS, BUT I DON'T THINK I WAS AWARE THERE WAS EVEN A MULTIPLICITY. ALL I WAS AWARE OF WAS THAT THERE WAS AN INDIVIDUAL LENDER INVOLVED AND THAT THE MONEY HAD GONE INTO A.C.T.

IN VIEW OF THE PROMISE OF CONFIDENTIALITY, IN VIEW OF THE FACT THAT AT THAT TIME A.C.T. WAS ACKNOWLEDGING, AND AS FAR AS I KNOW STILL ACKNOWLEDGES, THE LIABILITY TO MR. HANSEN FOR THE FUNDS HE ADVANCED, I ADVISED HIM THAT IT WOULD BE PRUDENT TO LEAVE IT OFF THE FORM ON THE APPREHENSION THAT: ONE, WE HAD PROMISED CONFIDENTIALITY TO DONORS, OR TO FINANCIAL SUPPORTERS IN ANY ONE OF SEVERAL CATEGORIES, DONORS, WHATEVER; THAT A.C.T. HAD BY THAT TIME ACKNOWLEDGED ITS OBLIGATION; AND THAT IN FACT THE MONEY HAD BEEN SPENT AS HE HAD REPRESENTED TO THE LENDERS.

IN ADDITION, I BELIEVE IT'S IN THE NEXT SECTION, WE PUT HIS POSITION AS THE DOMINANT PERSON IN THE A.C.T. ORGANIZATION AND LEFT OFF THE THREE ITEMS ON MY ADVICE THAT IT WOULD NOT CONSTITUTE A PERSONAL OBLIGATION OF MR. HANSEN IN THE EXACT SENSE OF THE WORD.

In their presentation to the jury in Federal Court, the prosecutors insinuated that the loan from Mr. Meade had been an improper bribe of some kind, designed to enlist Congressman Hansen's support for a "hydrogen car" project in Australia. The allegation was ridiculous, particularly since Congressman Hansen had done nothing in relation to that project other than to arrange a meeting, at Mr. McAfee's request, in the office of the Secretary of the Army. The Congressman left the meeting after the initial introductions and was neither asked to, nor did, make any follow-up contacts or phone calls. Three and four months after the meeting, he made telephone calls to the Pentagon to complain about possible intimidation and harassment of certain federal employees who had been contacted with regard to that project (Ex. 36; Trial Transcript, pp. 1505).

The prosecutors also insinuated guilt on the part of Congressman Hansen because in April 1982, federal bank examiners discovered that Mr. Meade was involved in bank irregularities. Ultimately, Meade was indicted and pleaded guilty to bank fraud. The evidence established, however, that Congressman Hansen did not know of Mr. Meade's problems until after his 1982 EIGA form had been filed. And he had no way of knowing that Mr. Meade was dishonest when he borrowed money from him for ACT in November 1981.

Conclusive proof that there was no impropriety between Congressman Hansen and Mr. Meade emerges from the unsuccessful efforts the prosecutors made to apply pressure to Meade. When

first sentenced, he was given two years' imprisonment by the District Judge (Ex. 37). He then moved for reduction of his sentence. While the issue of his sentence was pending, he was contacted by the prosecutors, who encouraged him to cooperate in the "investigations of Congressman George V. Hansen." Meade's lawyer communicated to him that "it would probably be to his best interests in the long run to offer cooperation in the prosecution of the cases against Congressman Hansen in hopes of obtaining immunity for himself."

Nonetheless, Meade replied, through his counsel, "that bribery was never considered, much less discussed by him or in his presence, either when he made bank loans to Mr. McAfee and Mr. Rogers to replenish resources from which they made loans to Congressman Hansen, or at the time that Mr. Meade made a personal loan from his individual resources directly to Congressman Hansen. He says he has no knowledge of any events which could reasonably be construed as bribery of Congressman Hansen by himself or anyone else at any time" (Ex. 38; reproduced in full on the following pages). If, notwithstanding the difference staring him in the face between a long jail sentence and a short one (or no imprisonment at all), Mr. Meade had no information to incriminate Congressman Hansen, it is clear that there is simply nothing to the patently absurd insinuation of bribery.

May 4, 1983

The Hon. James M. Cole
The Hon. Reid Weingarten
Attorneys for Public Integrity Section
Criminal Division
United States Department of Justice
315 Ninth Street, 4th Floor
Washington, D.C. 20530

Re: John D. Meade, Jr.

Dear Jim and Reid:

We appreciate your candor in discussing with John D. Meade, Jr. and myself Mr. Meade's potential criminal liability arising from grand jury proceedings and other investigations of Congressman George V. Hansen. Since our conference in your offices on May 4, I have reviewed with my client in great detail the factors discussed.

I have advised Mr. Meade that he should make full and frank disclosure of any and all information he has concerning any wrong doing on the part of Congressman Hansen as it relates to your investigation. I have further advised him that if any such full and frank disclosure would incriminate Mr. Meade, either because of inconsistencies with his sworn testimony before the grand jury, or because of his involvement in any transactions which could be construed as bribery, it would probably be to his best interests in the long run to offer cooperation in the prosecution of the cases against Congressman Hansen in hopes of obtaining immunity for himself.

In his mind and without benefit of a transcript, Mr. Meade has carefully reviewed his grand jury testimony, and he positively affirms that his entire testimony before the grand jury was absolutely true to the best of his knowledge and belief, both then and now.

Further, Mr. Meade assures me that bribery was never considered, much less discussed by him or in his presence, either when he made bank loans to Mr. McAfee and Mr. Rogers to replenish resources from which they made loans to Congressman Hansen, or at the time that Mr. Meade made a personal loan from his individual resources directly to Congressman Hansen. He

says he has no knowledge of any events which could reasonably be construed as bribery of Congressman Hansen by himself or anyone else at any time.

I can understand your being suspicious of the circumstances which have been related to you pertaining to the two loans made to Congressman Hansen by Messrs McAfee and Rogers, and the one loan made to Congressman Hansen by John Meade. However, if it were Mr. Meade's purpose to fabricate a false story, I would hope that he would be clever enough to come up with a story which would be less suspicious and more plausible. As we all know, it is not uncommon for the truth to appear far more suspiciousthan a lie. In the instant case, we have to take the position that these suspicions have no basis in fact.

Mr. Meade would be happy to cooperate with you in any way possible, and he feels no obligation or desire to protect Congressman Hansen or anyone else involved here, but could not truthfully furnish any additional or different testimony other than that which he has already given before the grand jury. If he should, at any later time, recall or learn of any new information which would either directly or indirectly shed light on your case, he has assured me that he will immediately furnish any such information to you through this office.

In the meantime, if I can be of any assistance to you in pursuing any further inquiries in the matters about which John Meade has any information, I would be glad to assist, and I am sure John would, also.

With best regards, I am,

Sincerely,

J. D. BOWIE

JDB:dcb

cc: Mr. John D. Meade, Jr.

III.

WHAT IS CONGRESSMAN HANSEN'S DEFENSE?

A. Mrs. Hansen's Liabilities and Transactions.

The first time he was asked by the FBI in September 1981 why he had failed to report the $87,000 silver profit on his EIGA form, Congressman Hansen replied (Ex. 5):

> [H]e had discussed this matter at length with his attorneys JAMES McKENNA 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.

The evidence presented in Federal Court established that the question whether Mrs. Hansen's assets and liabilities had to be reported on financial disclosure forms had been discussed exhaustively among the Congressman and the two lawyers on whom he relied for legal judgments. They both testified that beginning with 1978 -- when the issue arose in the context of the House's Financial Disclosure Statement -- they had advised the Congressman that Mrs. Hansen's liabilities and transactions were not reportable. Mr. Runft's testimony with regard to 1978 was as follows (Trial Transcript; pp. 1079-80):

Q. What was your opinion, Mr. Runft, concerning whether the debts that had been assigned to Mrs. Hansen under the property settlement agreement had to be reported to the House Ethics Committee on its form as debts of Congressman Hansen?

* * *

My opinion was that under those particular conditions, that the fact that Mrs. Hansen pursued her own separate life and paid her own separate debts was not an item that needed to be reported by Congressman Hansen on his report required under the Ethics Rules.

Furthermore, and always along with this advice to Mr. Hansen, my opinion, secondly, was the Committee had the authority and the duty to review these reports, with knowledge, and advise Congressman Hansen if he was wrong in any way. Mr. Hansen, in my opinion, had a right to rely on this.

With regard to 1979 -- the first year of EIGA reporting -- Mr. Runft said (Trial Transcript, pp. 1086-88):

Q. Did you come to any conclusion regarding whether or not Congressman Hansen was required, by the Ethics in Government Act, to report debts of his wife, of Connie Hansen's, on his Ethics in Government Act form after he had signed the separation of property agreement?

A. Yes, I did.

Q. What conclusion did you arrive at?

A. My conclusion, or my opinion, consists of two parts. First, I believed or I concluded that in light of the property settlement agreement, which separated the property interests of the parties, that a reasonable interpretation of the Act, particularly Section 702(d)(2) would allow the Congressman not to file information concerning his wife's income.

The second part of my opinion was that this was a new Act, just passed. It had not been interpreted yet, and that the provisions of Section 705 of the Act required that the designated committee, which was the Select Committee on Official Conduct of the House of Representatives, was required to review these reports and to set up a procedure whereby the Committee would determine whether the reports were correct, whether they were complete and whether they were in proper form and advise the Congressman if they were not.

So on that basis, if my decision or my interpretation, as a possible remedy, was wrong, if the Committee were advised of what was being done, the Committee then had a duty to advise Congressman Hansen that this is not the right way to go.

So on that two-part advice, one, I think it can be done as a reasonable interpretation of that Act, in light of what the Congressman and his wife have done with their property, and secondly, based on the duties of the Committee on notice, and, of course, the Committee was on notice that the congressman and his wife had filed the property settlement agreement and what it was all about, that the Committee then had the obligation, under the statute, to advise the Congressman if there was any problem, and he had, as a congressman, under that statute, a right to rely on that.

Q. Did you give that advice and that conclusion to Congressman Hansen at or about the time that you did that research in May of 1979?

A. I did.

Q. That was prior to May 15th, 1979?

A. That is correct.

Q. To your knowledge, did Congressman Hansen accept that advice?

A. Yes, he did.

Q. To your knowledge, was that same advice followed in succeeding years?

A. To my knowledge, it was, yes.

Mr. Runft also testified that the matter had been discussed with Mr. McKenna (Trial Transcript, p. 1088):

> Q. Were there discussions on the general subject of the Ethics in Government Act between yourself and Congressman Hansen, and to mention someone else who was mentioned, Mr. McKenna?
>
> A. Yes, there were. Mr. McKenna had, in the interim, come on the George Hansen staff. Mr. McKenna is also a lawyer. He had become a member of George's staff, and in succeeding months, and actually, in different years, we have discussed these matters from time to time; again, based on the Committee's knowing what the Congressman's situation was and his right to rely on the Committee's duty to report any conclusions it would reach different than the Congressman's.

Mr. McKenna testified as follows with regard to his advice concerning Mrs. Hansen's assets and liabilities (Trial Transcript, pp. 1348-51):

Q. WAS THERE A TIME FROM AND AFTER THE PERIOD WHEN YOU BEGAN WORKING FOR CONGRESSMAN HANSEN IN DECEMBER OF 1975 THAT YOU DISCUSSED WITH CONGRESSMAN HANSEN THE EFFECT OF THE ETHICS IN GOVERNMENT ACT ON HIS OBLIGATION TO REPORT VARIOUS FINANCIAL TRANSACTIONS?

A. YES, SIR. IT WAS A SUBJECT OF DISCUSSION ONCE THE ETHICS IN GOVERNMENT ACT WAS PASSED. ALTHOUGH THE NATURE OF THE REPORTING PROCEDURE CHANGED, AS THE NATURE OF THE MECHANICS WENT FROM RULE TO STATUTE.

OUT OF AN EXCESS OF CAUTION, MR. RUNFT EXAMINED THE STATUTE IN GREAT DETAIL. I EXAMINED THE STATUTE AND WE DISCUSSED THE EFFECT OF THE STATUTE WITH THE CONGRESSMAN, THE AFFECTED PARTY.

Q. DID YOU DISCUSS WITH THE CONGRESSMAN THE EFFECT OF THE STATUTE ON HIS OBLIGATION TO REPORT THE ASSETS AND LIABILITIES OF MRS. HANSEN?

A. YES, SIR.

Q. DID THAT HAPPEN ON ONE OCCASION OR ON SEVERAL OCCASIONS?

A. IT HAPPENED ON MORE THAN ONE OCCASION.

Q. AND DID YOU IN THOSE CONVERSATIONS WITH THE CONGRESSMAN EXPRESS YOUR OPINION AS TO WHETHER OR NOT HE HAD AN OBLIGATION UNDER THE ETHICS IN GOVERNMENT ACT TO REPORT ASSETS AND LIABILITIES OF MRS. HANSEN ON THE ETHICS IN GOVERNMENT ACT FORM?

A. YES, I DID.

Q. AND WHAT WAS THAT OPINION?

A. IT WAS MY OPINION THAT GIVEN THE LEGAL STATUS OF THEIR RELATIONSHIP, THAT THEY WERE IN FACT SEPARATE INDIVIDUALS, MY CONCERN WENT FURTHER AS TO WHETHER OR NOT THE CONGRESSMAN EVEN HAD AN OPTION UNDER THE PRIVACY STATUTES IN ORDER TO REVEAL THIS WAS HE NOT PERHAPS GOING BEYOND THE RIGHTS THAT MRS. HANSEN HAD FOR HER PRIVACY. AT THE TIME, MY CONCERN WAS LESS WITH THE REPORTING OR THE OPTION OF THE REPORTING THAN A VOLUNTARY REPORT MIGHT IN FACT HAVE VIOLATED MRS. HANSEN'S RIGHTS.

WE WERE BOTH STRONGLY OF THE OPINION THAT THE ETHICS IN GOVERNMENT ACT DID NOT CONTEMPLATE THE SITUATION THAT MR. AND MRS. HANSEN FOUND THEMSELVES IN BY REASON OF THE SEPARATION AGREEMENT.

Q. AND COULD YOU PLEASE EXPLAIN FOR THE COURT AND JURY WHAT WERE THE GROUNDS FOR YOUR CONCLUSION IN THAT REGARD? WHAT DID YOU BASE THAT CONCLUSION ON?

A. WELL, I BASED THE CONCLUSION ON THE FACT THAT, ONE, THIS SOLUTION HAD IN ESSENCE ALREADY BEEN IN SUBSTANTIAL WAYS WORKED OUT WITH THE DOMINANT COMMITTEE, WHICH REMAINED THE DOMINANT COMMITTEE, THE SUPERVISORY COMMITTEE BOTH UNDER THE RULE AND UNDER THE STATUTE, THAT THE SEPARATION AGREEMENT HAD IN FACT, THEY HAD BEEN APPRISED OF IT; THEY HAD AT LEAST ACQUIESCED IN IT, AND THAT THE STATUTE CONTEMPLATED AN ECONOMIC SPOUSAL RELATIONSHIP THAT WE FELT WAS NO LONGER IN EXISTENCE; THAT THE PARTIES WERE AS TO THEIR ECONOMIC REALITIES WHICH WERE REQUIRED TO BE REPORTED ON THE FORM, ACTUALLY, FROM THAT POINT OF VIEW NO LONGER JOINT AS HUSBAND AND WIFE.

Q. IS IT FAIR TO SAY THEN THAT THERE WERE TWO BASES FOR YOUR DECISION, ONE WAS THE PRACTICE AND THE UNDERSTANDING WITH THE COMMITTEE, AND THE OTHER WAS THE STATUTE AND THE PURPOSE OF THE STATUTE?

A. YES, SIR, THAT IS A FAIR STATEMENT.

The matter was considered totally resolved in Congressman Hansen's mind by the advice of the attorneys. This was demonstrated by Mr. McKenna's testimony on redirect examination (Trial Transcript, pp. 1528-29):

Q. Now, Mr. Weingarten asked you whether you gave specific advice to Congressman Hansen with regard to the form filed in 1980 and 1981, in other words, the forms relating to the silver transaction and the form relating to the loan from Nelson Bunker Hunt, and I believe you replied you did not. You didn't recall that you gave specific advice on those particular transactions?

A. That is correct.

Q. Tell us, Mr. McKenna, on the subject of spousal property, the property owned or liabilities incurred by Mrs. Hansen, by 1980 and 1981, in Congressman Hansen's office, was it necessary to give specific advice on those particular kinds of questions?

A. The subject had been discussed. A conclusion had been reached. The matter was considered closed as far as we were concerned. By "we", I mean both myself and Mr. Ranft. It would not surprise me that the Congressman would not consult us on individual items pursuant to the advice that he had been receiving for four years at that time.

Q. Was there any condition or any qualification whatever

to the advice that you and Mr. Runft had been giving him previously concerning property or transactions which Mrs. Hansen had engaged in or received, property received or transactions she had engaged in?

A. Only were that they joint, they would not drop out, under our consistent advice under the rule.

Q. But if it was her transaction, it was her note, as in 1981, there was no question about that?

A. Right or wrong, it has been our consistent opinion that the arrangement under the Idaho community property law exempted Mrs. Hansen as an independent economic entity as reports from under that act.

Q. A transaction such as a the silver transaction, which she alone was the person on the papers, was also "dropped out", is that right?

A. As far as we were concerned, it was a closed issue.

The advice of Messrs. Runft and McKenna was not undermined at all by the fact -- which the prosecutors emphasized in Federal Court -- that Congressman Hansen made personal use of funds that Mrs. Hansen had obtained through the silver transaction or through the loan from the Dallas bank. Mr. Runft was the Hansen's family lawyer; he knew that they continued to mingle their assets. Indeed, he testified that the Property Settlement Agreement did not require them to act differently (Trial Transcript, pp. 1063-64):

> Q. Does the property settlement agreement prevent them from having joint accounts in any way?
>
> A. No.
>
> Q. Does it prevent the wife from using the husband's property or the husband from using the wife's property?
>
> A. No more so than it would two unmarried people living together. But what it does do, it terminates the aspects of property derived from marriage, such as the right to inherit, the community property rights, the automatic one half equity interest in all income of the other spouse, things of this nature, which, of course, are very, very important in substantive matters.

An element in Mr. Runft's conclusion was his view that this Committee had been advised, through the correspondence that he had helped draft, of the existence of the Property Settlement

Agreement and of the fact that this warranted excluding Mrs. Hansen's liabilities and transactions from the EIGA reports. Mr. McKenna similarly relied on that fact. He also testified that he had personally continued to advise the Committee staff that the Property Settlement Agreement was the reason for the omission of Mrs. Hansen's liabilities and transactions (Trial Transcript, pp. 1347-48):

Q. AND FROM AND AFTER THE TIME THAT YOU JOINED CONGRESSMAN HANSEN'S STAFF, WAS THE HOUSE ETHICS COMMITTEE OR THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT CONTINUALLY NOTIFIED OF THE FACT THAT SUCH AN ARRANGEMENT HAD BEEN ENTERED INTO AND WAS IN EFFECT?

A. YES, SIR.

Q. BY WHOM?

A. I, PERSONALLY, HAVE HAD CONVERSATIONS WITH MEMBERS OF THAT STAFF, SPECIFICALLY INVOLVING THE EXISTENCE AND EFFECT THAT DOCUMENT.

Q. AND DURING WHAT PERIOD OF TIME HAVE YOU HAD SUCH CONVERSATIONS?

A. IT BEGAN?

Q. I AM NOT ASKING FOR SPECIFIC DATES. GIVE ME A BEGINNING AND ENDING TIME.

A. PROBABLY NO LATER THAN EARLY 1990, AND AT LEAST FOUR OR FIVE TIMES SINCE THAT TIME.

Q. AND IN THESE DISCUSSIONS YOU HAVE ADVISED THEM THAT THIS SEPARATION OF PROPERTY AGREEMENT CONTINUES TO BE IN EFFECT?

A. IN TRUTH, I DID NOT HAVE TO ADVISE THEM. THEY WERE AWARE OF IT BEFORE I GOT THERE. BY WHAT MEANS I DON'T KNOW.

In view of the Committee's statutory obligation to review EIGA forms to determine whether they are "complete" (2 U.S.C. § 705), and in view of the requests made by Congressman Hansen for "confirmation" of his reports, the Committee cannot now, in good conscience, condemn the Congressman for having followed a practice that was open and notorious and that the Committee has never sought to correct.

B. The Loans by the Virginia Businessmen.

Mr. McKenna testified that Congressman Hansen customarily consulted him each year on questions relating to the EIGA forms. On each of these occasions, Mr. McKenna had provided his best legal judgment to the Congressman. In May 1982, Mr. McKenna said he was asked about the amount that the Congressman had, by the end of March of that year, advanced to the Association of Concerned Taxpayers (Trial Transcript, pp. 1424-25):

Q DID YOU AT ANY TIME IN MAY OF 1982 HAVE ANY DISCUSSION WITH CONGRESSMAN HANSEN ABOUT THE RELATIONSHIP BETWEEN A.C.T., THE ASSOCIATION OF CONCERNED TAXPAYERS, AND THE ETHICS IN GOVERNMENT ACT FORM WHICH HE WAS TO FILE ON MAY 15TH, 1982?

A WE HAD EXTENSIVE DISCUSSIONS ABOUT IT.

Q O.K. COULD YOU PLEASE DESCRIBE FOR THE COURT AND JURY WHAT DISCUSSIONS YOU HAD WITH CONGRESSMAN HANSEN.

A WELL, AT APPROXIMATELY THAT TIME, I BELIEVE IT WAS TWO DAYS BEFORE THE 15TH, HE FOR THE FIRST TIME ADVISED ME THAT THE FUNDS, OR SOME OF THE FUNDS WHICH HE HAD INVESTED IN A.C.T. HAD IN FACT BEEN BORROWED FROM INDIVIDUALS WITH

THE ANTICIPATION THAT THEY WOULD BE USED IN THIS PROGRAM. AND THE ISSUE WAS ADDRESSED, WHAT DO YOU DO ABOUT IT ON THE LIABILITY PAGE -- ON THE LIABILITY ITEM OF THE DISCLOSURE FORM.

WE HAD EXTENSIVE DISCUSSIONS ABOUT, YOU KNOW, WHAT WAS THE COMMITMENT MADE AT THE TIME AND THAT SORT OF THING. AND HE ADVISED ME THAT HE HAD SOLICITED THIS OBLIGATION, AND QUITE FRANKLY, AT THE TIME I DON'T THINK I WAS AWARE -- IT'S DIFFICULT IN VIEW OF SUBSEQUENT EVENTS, BUT I DON'T THINK I WAS AWARE THERE WAS EVEN A MULTIPLICITY. ALL I WAS AWARE OF WAS THAT THERE WAS AN INDIVIDUAL LENDER INVOLVED AND THAT THE MONEY HAD GONE INTO A.C.T.

IN VIEW OF THE PROMISE OF CONFIDENTIALITY, IN VIEW OF THE FACT THAT AT THAT TIME A.C.T. WAS ACKNOWLEDGING, AND AS FAR AS I KNOW STILL ACKNOWLEDGES, THE LIABILITY TO MR. HANSEN FOR THE FUNDS HE ADVANCED, I ADVISED HIM THAT IT WOULD BE PRUDENT TO LEAVE IT OFF THE FORM ON THE APPREHENSION THAT: ONE, WE HAD PROMISED CONFIDENTIALITY TO DONORS, OR TO FINANCIAL SUPPORTERS IN ANY ONE OF SEVERAL CATEGORIES, DONORS, WHATEVER; THAT A.C.T. HAD BY THAT TIME ACKNOWLEDGED ITS OBLIGATION; AND THAT IN FACT THE MONEY HAD BEEN SPENT AS HE HAD REPRESENTED TO THE LENDERS.

IN ADDITION, I BELIEVE IT'S IN THE NEXT SECTION, WE PUT HIS POSITION AS THE DOMINANT PERSON IN THE A.C.T. ORGANIZATION AND LEFT OFF THE THREE ITEMS ON MY ADVICE THAT IT WOULD NOT CONSTITUTE A PERSONAL OBLIGATION OF MR. HANSEN IN THE EXACT SENSE OF THE WORD.

The Congressman followed Mr. McKenna's advice and did not include the Virginia loan funds -- which had already been utilized by ACT -- as debts that he owed in 1981. In fact, had he listed them, it would have appeared as if he had borrowed these funds for personal use, rather than disclosing the truth -- i.e., that he had been a conduit between the lenders and the organization whose goals the lenders were seeking to promote and encourage.

Congressman Hansen believed in 1982 -- based on Mr. McKenna's advice -- that since these were not truly his personal debts and since there was an implicit obligation to preserve anonymity of the lenders, the loans did not have to be included on his EIGA form. No evidence or legal view asserted by the prosecutors has overcome that legal opinion. It is valid today and justifies the exclusion of the Virginia loans from the EIGA report.

IV.

WAS THE JURY TRIAL FAIR?

This Committee is, of course, not bound in any manner by the verdict returned by the jury on April 2. The Committee's Rules give no weight to the jury finding whatever. The jury verdict is merely a triggering mechanism. Like the filing of a complaint, it initiates a process whereby the facts are investigated and determinations are made.

Nonetheless, it is natural to wonder why the jury returned the verdict it did, particularly if the evidence as conclusively proves innocence as we believe it does. We believe the trial was unfair for many reasons, the most important of which -- in a legal sense -- will be presented on appeal, if an appeal is necessary. We enumerate briefly here some of the major factors that combined to deprive Congressman Hansen of a fair appraisal of his guilt or innocence.

A. The Publicity Immediately Preceding the Trial Prejudiced the Jurors.

The trial began on March 19, the day when publicity concerning the Ethics in Government Act and Mr. Edwin Meese was at its peak. Newspapers -- particularly The Washington Post -- had been covering the revelations regarding Mr. Meese's nondisclosure of his wife's loan (and other assets) for the preceding week on the front pages. It appeared to be a time when public opinion was most heavily tilted against public officials who failed to disclose assets or liabilities on their disclosure forms, and when vindicating the statutory obligation seemed to be a positive citizen's duty.

In this climate, we -- as counsel for Congressman Hansen -- moved for a change of venue from Washington, D.C., to either Richmond, Virginia, or Baltimore, Maryland or any other location where the daily publicity would be less intense. The judge refused to move the trial. She also refused a short continuance until the Meese publicity would die down. She also

refused a longer continuance. Entirely on her own, Judge Green determined that the jury should be sequestered -- i.e., locked up in hotel rooms and removed from their families for the entire duration of the trial.

It developed during the voir dire of the prospective jury that many jurors knew about the Meese allegations. By sequestering the jurors, the judge removed them from society when feeling against Mr. Meese was highest, thereby leaving them with the impression that they would be doing a great public service by convicting any public official who left something off his EIGA form, irrespective of his motive.

B. The Sequestration Influenced the Jurors To Vote for Conviction.

It is commonly accepted among defense counsel that a sequestered jury is more likely to convict a defendant than one that is not sequestered. That is true because the sequestration magnifies the enormity of the offense in the mind of the jurors and, to the extent the jurors feel resentment over being "locked up," they blame it on the defendant.

In preparing a Motion for a New Trial in this case, we consulted a leading Washington psychologist who is an expert in relationships within groups. Dr. Lawrence Sank, who has written extensively on the subject and practices in the field of clinical psychology, also had experience with those who were held hostage during the takeover by Hanafi Moslems of the B'nai B'rith Building, the District Building, and the Islamic Center. Dr.

Sank has provided an extensive affidavit on the consequences of jury sequestration, in which he enumerates the conditions which tilt a sequestered jury decidedly against a defendant in a criminal case. The affidavit is Ex. 39 in our Appendix, and it demonstrates why the jury unfairly returned the verdict it did.

C. Unfair Prosecution Tactics, Which the Judge Refused to Correct, Influenced the Jury Against Congressman Hansen.

The prosecution engaged in a number of tactics that diverted the jury from the true issues in the case. Notwithstanding repeated defense objections, the trial judge failed to keep the evidence within proper bounds.

(1) Huge amounts of money were cited. -- The prosecution emphasized the details of the soybean and silver transactions and provided charts which made it appear as if Mrs. Hansen participated in transactions in which she risked $2,489,700 and $3,877,000. Those enormous inflammatory numbers were paraded before the jury, as was the huge net worth of Nelson Bunker Hunt. The prosecution also described meticulously a transaction in which a $125,000 check was allegedly written on an Idaho account containing only several hundred dollars, as if large amounts of money were being carelessly tossed about by Congressman Hansen and his agents. In fact, the $125,000 check was written only on a banker's assurance that $125,000 would immediately be released from a brokerage account for deposit before the check cleared.

(2) The prosecution was permitted to present a "legal expert." -- The correctness of the legal advice given by Messrs. Runft and McKenna was not a proper issue for the jury. If Congressman Hansen asked for legal advice in good faith and received such advice, he was entitled to rely on it even if other lawyers would disagree with that advice. Nonetheless, the judge permitted the prosecution to call the Chief Counsel of the Office of Government Ethics in the Office of Personnel Management to testify that he disagreed with Mr. Runft. Such testimony is clearly prohibited by applicable court decisions because it carries excessive weight with the jury.

(3) A host of irrelevancies were introduced. -- The prosecutors were permitted to parade before the jury irrelevant checks that Congressman Hansen had written and to impugn his integrity with some loan applications he had submitted. The documents were offered in evidence when Mrs. Hansen was on the witness stand, even though she had no personal knowledge of them and could not explain them. Since Congressman Hansen, on the tactical advice of counsel, exercised his right not to testify, the inflammatory material remained unexplained.

(4) A different legal standard was applied because the defendant was a Congressman. -- Counsel for the defense requested an instruction to the jury that all defendants are equal in the eyes of the law. The prosecutor replied that such an instruction was not necessary because he would be telling the jury that they could not be more strict with Congressman Hansen merely because

he is a Congressman. In fact, during his closing argument, the prosecutor said the following in challenging the Congressman's reliance on the advice of counsel (Trial Transcript, p. 1921):

> THE ADVICE-OF-COUNSEL DEFENSE. IT FAILS FOR THREE SEPARATE REASONS: FIRST, HE WASN'T SEEKING LEGITIMATE ADVICE. 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 THAT ARE PASSED BY CONGRESS. HE KNOWS WHAT CONGRESS WAS UP TO WHEN THEY PASSED THE ETHICS IN GOVERNMENT ACT. HE WASN'T LOOKING FOR A LEGAL INTERPRETATION. HE'S A LAWMAKER. HE WAS LOOKING FOR AN EXCUSE. AND THAT IS NOT A GOOD FAITH REASON FOR GOING TO A LAWYER.

D. The Summation Was Outrageously Inflammatory.

The prosecutor's summation -- in both its opening and closing portions -- were efforts to inflame the jury against Congressman Hansen. The prosecutor first tried to turn this into a case involving "political corruption" -- which was plainly not an issue (Trial Transcript, pp. 1839-40):

> THE LAW IN THIS CASE AND THE ISSUES IN THIS CASE ALL COME DOWN TO ONE THING: WHAT WAS GEORGE HANSEN'S INTENT WHEN HE DIDN'T REPORT THE HUNT DEALS AND THE VIRGINIA LOANS? WAS IT SIMPLY A MISTAKE? WAS IT AN ACCIDENT? WAS HE ACTING IN GOOD FAITH? I SUBMIT TO YOU, LADIES AND GENTLEMEN, THE EVIDENCE IS OVERWHELMING. IT WAS NO MISTAKE; IT WAS NO ACCIDENT; THERE WAS NO GOOD FAITH. THESE TRANSACTIONS, WHEN OPENED TO THE FRESH AIR, WHEN YANKED OUT OF JOHN RUNFT'S OFFICE -- AND I SUBMIT JOHN RUNFT NEVER THOUGHT THAT PROPERTY SEPARATION AGREEMENT WOULD SEE THE LIGHT OF DAY -- WHEN YANKED OUT OF MING'S TOLL RECORDS, MCAFEE'S MEMORY, MEADE'S BANK, IDAHO BANKS, AND MANY OTHER PLACES, EMIT AN ODOR THAT CAN BE PICKED UP ALL THE WAY IN POCATELLO, IDAHO. AND IT'S NOT THE ODOR OF SPRING FLOWERS; IT IS THE STENCH OF POLITICAL CORRUPTION.
>
> GEORGE HANSEN WENT TO GREAT LENGTHS TO HIDE THAT STENCH, TO HIDE IT FROM HIS PEERS ON THE HILL, TO HIDE IT FROM THE PRESS, TO HIDE IT FROM HIS CONSTITUENTS, THE GOOD PEOPLE OF IDAHO, AND TO HIDE IT FROM THE LAW.

And when he stood up in rebuttal, and had the last word to the jury, the prosecutor turned the question of whether the EIGA forms had been deliberately falsified into a test of "ethics in government" (Trial Transcript, pp. 1924-25):

> LADIES AND GENTLEMEN, THE BACKDROP TO THIS CASE IS AN ACT CALLED THE ETHICS IN GOVERNMENT ACT. WHAT GEORGE VERNON HANSEN DID IN THIS CASE IS THE CENTER STAGE. A PHONY SEPARATION AGREEMENT DESIGNED TO GET AROUND THE ETHICS COMMITTEE. IS THAT ETHICS IN GOVERNMENT?
>
> HUNT ENGINEERED AND CONTROLLED DEALS RUN THROUGH HIS WIFE'S NAME TO HIDE HIS INVOLVEMENT. IS THAT ETHICS IN GOVERNMENT?
>
> A $50,000 LOAN TO COVER A $33,000 LOSS THAT'S NEVER PAID BACK. IS THAT ETHICS IN GOVERNMENT?
>
> $87,000 IN HIS WIFE'S NAME THAT HE RUNS THROUGH TWO BANK ACCOUNTS IN CHECKS TO HIMSELF. IS THAT ETHICS IN GOVERNMENT?
>
> $135,000 FROM A BANK SWINDLER THAT HE RECEIVES AND THEN PROMOTES A HOAX AT THE PENTAGON. IS THAT ETHICS IN GOVERNMENT?
>
> THE QUESTION IS SIMPLE: IF IT IS, THAT'S ETHICAL BEHAVIOR, FIND HIM NOT GUILTY; SEND HIM BACK TO CONGRESS WITH A MESSAGE THAT WE EXPECT NO MORE OF ITS MEMBERS.

Each of these assertions -- as well as other improprieties during summation -- were objected to by defense counsel. The judge refused to take any remedial measure.

There were, in addition to the above, numerous other errors in the trial relating to prosecution evidence that was improperly admitted and defense evidence that was improperly excluded. The trial was not a fair presentation of proof to an open-minded jury. It was a parade of irrelevant and prejudicial material to a jury which began and ended with a significant bias against Congressman Hansen.

V.

WAS THERE A VIOLATION OF HOUSE RULES?

A fair appraisal of the evidence leads, we believe, to the conclusion that Congressman Hansen violated no House rule whatever. The way in which he completed the EIGA forms in the years 1979 through 1982 was based on legal propositions expounded by his attorneys, under oath, in a court of law. There was no concealment of what he had done or why he had done it. He acted consistently with the theories of law which entitled Mrs. Hansen in 1977 to solicit contributions to cover the obligations which she had assumed as her own personal debts. It would have been inconsistent with that position to have listed her debts, or the profit she made in the 1979 silver futures transaction, as reportable liabilities or transactions of the Congressman.

Moreover, this Committee took no action during all those years either (1) to advise the Congressman that it disagreed with Mr. Runft's and Mr. McKenna's view of the law or (2) to make any formal request, by way of letter or otherwise, for additional information relevant to a determination. Under these circumstances, Congressman Hansen reasonably concluded that the policy he was following was approved by the Committee.

There is, in addition, another indication that what Congressman Hansen did is not a violation of House rules. A review of the EIGA forms as they have been filed and printed discloses that if Congressman Hansen violated House rules in failing to complete his form properly, many other Members might be subject to similar sanctions.

For example, Section VIII of the present EIGA form requires Members of Congress to respond affirmatively or negatively to the question: "Are you aware of any interests in property or liabilities of a spouse or dependent child or property transaction by a spouse or dependent child which you have not reported because they meet the three standards for exemption?" For 1981, 45 Members failed to respond to that question. For 1980, there were 40 who failed to respond to that question, and for 1975 there were 34. Moreover, there were four Members of Congress who for 1981 refused to report assets of immediate family members and did not satisfy EIGA's statutory exemption standards. (There were, similarly, 4 for 1979 and 2

for 1980. For 1978 -- the first year covered by EIGA -- there were 11 such Members.)

Our review of the filed reports also indicates that for the years 1978 through 1981 there were, respectively, 53, 42, 52 and 49 Members who did not complete at least one of the first seven sections of their EIGA reports. Will all these Members be found to have violated a House rule? Will all of them be disciplined?

This case concerns a single Congressman who unfortunately reported a blackmail threat to the Associate Attorney General and demanded that it be investigated promptly. The blackmailer was ultimately apprehended and found to have committed other crimes. But his offenses did not create headlines, so he was warned and sent on his way. The Justice Department then turned on the target of the blackmail and investigated him from all angles and in all ways. The prosecutors could find no "political corruption" whatever. So they charged the Congressman under a law that has never been enforced before and that cannot be uniformly enforced without subjecting a substantial part of the Congress to the risk of criminal imprisonment and fine.

The Congressman established at his trial -- probably far more cogently than most would be able to do -- that he relied on advice of counsel in completing his forms. Merely because a jury consisting heavily of present and former government

employees has chosen to ignore that undisputed defense, the Congressman now risks discipline under the House's rules.

This result is not what Congress intended when it enacted the Ethics in Government Act. Indeed, as was argued to the District Court -- and as will be argued, if necessary, on appeal -- neither the Act nor its legislative history supports what the Justice Department has done in this case. Authority over the completeness and accuracy of EIGA reports was not intended to be left to federal prosecutors, who could thereby hold a sword over the heads of Members of Congress. The law does not prescribe a criminal sanction for false EIGA reports, and this Committee should make that legislative intention clear, while exonerating Congressman Hansen of any wrongdoing.

Respectfully submitted,

NATHAN LEWIN
STEPHEN L. BRAGA
MILLER, CASSIDY, LARROCA & LEWIN
2555 M Street, N.W., Suite 500
Washington, D.C. 20037
(202) 293-6400

FRANK A.S. CAMPBELL
1111 - 19th Street, N.W.,
Suite 301
Washington, D.C. 20036
(202) 659-0550

Counsel for Congressman Hansen

May 15, 1984

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 Oklahoma. 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 have the money sent to 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 name, 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 made 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.

It is a felony crime to take or make a bribe to a U.S. Congressman.

Perhaps you are expecting that I will demand a blackmail payment. You are wrong. I have the utmost respect for you, Sir. I was furious when the commodity exchanges and the congressmen and the Commodity Futures Trading Commission ganged up on you and accussed you of manipulating the market. Why is just buying it manipulating. They are the ones that manipulated it by changing the rules. They should be investigated, not you.

What we would like is a $440,000 loan for 120 days. This money is to be used to help finance an operation that you would certainly give your full support to if we could provide you with details. Unfortunately, we can not. There are too many lives at stake. I can tell you that the operation does not take place in this country and will break no US laws. It is time that someone started fighting back at the enemies of this country and we are doing it.

To make the point clear, we are asking for a loan of $440,000. If we do not get it, we will give everything we have to the FBI. I am sincerly sorry to have to threaten you like that but many people are depending on us. I repeat, this is a loan. You will be paid back in 120 days. Your money is being used to purchase one item necessary for the operation. The item will not actually go with us on the operation so even if we fail those who remain behind have orders to sell the item and return your money.

You are to wire the money to our account in the Cayman Islands. The account is at the Cayman National Bank and Trust Company, LTD. Grand Cayman, Cayman Islands. The accoun t number is 60615. It is in the name of Gordon Warner. The money must be there as soon as possible but no later than Thursday, April 9. If the money is not in place by April 9, we shall contact the FBI on April 10. That is the last thing in this world we wish to do.

Thank you.

P S You have our word of honor that everything we have relating to the payoff will be destroyed as soon as we receive the money.

Mr. Nelson Bunker Hunt
2500 First National Bank Building
Dallas, TX 75202

URGENT- MUST BE OPENED IMMEDIATELY

SCHEDULE D (Form 1040)
Department of the Treasury
Internal Revenue Service

Capital Gain and Losses

(Examples of property to be reported on this Schedule are gains and losses on stocks, bonds, and similar investments and gains (but not losses) on personal assets such as a home or jewelry.)

▶ Attach to Form 1040. ▶ See Instructions for Schedule D (Form 1040.)

1979
12

BRIEFING BOOK EX. 2

Name(s) as shown on Form 1040: GEORGE V. & CONNIE S. HANSEN

Your social security number: 519 28 4146

NOTICE: Columns f and g are not the same as last year. Most other lines have also been changed.

Part I Short-term Capital Gains and Losses—Assets Held One Year or Less

a. Kind of property and description (Example, 100 shares 7% preferred of "Z" Co.)	b. Date acquired (Mo., day, yr.)	c. Date sold (Mo., day, yr.)	d. Gross sales price less expense of sale	e. Cost or other basis, as adjusted (see instructions page 20)	f. LOSS If column (d) is more than (e) subtract (e) from (d)	g. GAIN If column (d) is more than (e) subtract (e) from (d)
1 COMMODITY CONTRACTS			212,475	125000		87475
2 Enter your share of net short-term gain or (loss) from transactions entered into by partnerships and fiduciaries after 10/31/78					2	
3 Add lines 1 and 2 in column f and column g					3	87475
4 Combine line 3, column f and line 3, column g and enter the net gain or (loss)						4 87475
5 Short-term capital loss carryover from years beginning after 1969 (1)						5 (28,855)
Note: If there is an entry on this line and line 7 or 19, see instructions for lines 7 and 19.						
6 Net gain or (loss), combine lines 4 and 5						6 58,620
7 Enter your share of net short-term gain or (loss) from transactions entered into by partnerships and fiduciaries before 11/1/78						7
8 Net short-term gain or (loss) combine lines 6 and 7						8 58,620

Part II Long-term Capital Gains and Losses—Assets Held More Than One Year

9 SALE OF RESIDENCE - SEE FORM 2119							
(1) SHORT-TERM CAPITAL LOSS CARRYOVER:							
1977	LOSS		33,855				
USED	1977		(2,000)				
USED	1979		(3,000)				
AVAILABLE 1979			28,855				
10 Enter your share of net long-term gain or (loss) from transactions entered into by partnerships and fiduciaries after 10/31/78					10		
11 Add lines 9 and 10 in column f and column g					11		
12 Combine line 11, column f and line 11, column g and enter the net gain or (loss)						12	
13 Capital gain distributions from transactions entered into after 10/31/78						13	
14 Enter gain, if applicable, from Form 4797, line 6(a)(1) from transactions entered into after 10/31/78						14	
15 Enter your share of net long-term gain from transactions entered into by small business corporations (Subchapter S) after 10/31/78						15	
16 Combine lines 12 through 15						16	
17 Long term capital loss carryover from years beginning after 1969						17	( )
Note: If there is an entry on this line and line 7 or 19, see instructions for lines 7 and 19.							
18 Net gain or (loss), combine lines 16 and 17						18	
Enter your share of capital gain distributions and net long term gain or (loss) from transactions entered into by partnerships, fiduciaries, small business corporations, real estate investment trusts, and regulated investment companies before 11/1/78						19	
20 Net long term gain or (loss), combine lines 18 and 19						20	

Note: If you have capital loss carryovers from years beginning before 1970, do not complete Parts III or V. See Form 4798 instead.

BRIEFING BOOK EX. 3

LAW OFFICES OF
SHANK, IRWIN, CONANT, WILLIAMSON & GREVELLE
INTEROFFICE MEMORANDUM

Date April 7, 1981

Attention Mrs. Hansen Silver Matter File

From Ivan Irwin, Jr.

Re:

On April 6, I met with Congressman Hansen, Mrs. Hansen, John Runft from Boise Idaho, and James McKenna, Staff Counsel. I was furnished with some documents by Mrs. Hansen's counsel (Mr. Runft) concerning the opening of her account at Ming, the trading information, the letter and response in connection with the House Ethics Committee. Mrs. Hansen was not real sure of exactly how the silver trading had been done. She knew that Bunker had arranged for her to contact Ming and had recommended him as a broker and may have discussed some timing and the placing of orders in connection with the silver contracts. All counsel agreed that the complete facts should be obtained in connection with the note at First National Bank, and Tom Whitaker began supplying information to me over the course of several phone calls in connection with the entire chronology. It turned out that Bunker had also made an interest payment of approximately $3,100 plus the principal and interest which had been paid off. Before this information was complete, we went to the Department of Justice and met with Rudolf Giuliani and Ken Caruso. I was advised that Giuliani was the Associate Attorney General designate, and was in charge of the criminal section of the Department of Justice. His address was given to me as Suite 4119, United States Department of Justice, 10th and Constitution, Washington, D.C. 20530. There was a general review of the facts relating to the receipt of the letter and what had been done with it. Giuliani said that he was not particularly interested in the facts asserted because he assumed that they were untrue or we would not be there, but was interested in any ideas that we might have on who was responsible for the mailing of the letter which he said was

clearly mail extortion. I gave to Giuliani the cases we had come up with and the statutes. U.S. v. Lance, 536 F.2d 1065; U.S. v. Santoni, 585 F.2d 667, cert. denied, 99 S.Ct. 1221 and U.S. v. Von Der Linden, 561 F.2d 1340. Also, copies of 18 U.S.C. §§873, 876 and 1951.

Congressman Hansen made a fairly complete explanation, supported by John Runft, of the IRS matters, some OCEA matters, and so forth involving Wayne Hayes. He advised that there was no present political issue on the floor before any of his committees.

Giuliani said that he would get a number two man or number three man from Director Webster's office and have them over to Congressman Hansen's office in the afternoon and that the matter would be kept very confidential in view of the sensitive nature of the situation.

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.

At about 5:20, a Tom Hoy and Tim Trailer showed up and conducted interviews of at least some of the people. I was interviewed first and left to return to Dallas. Hoy and Trailer wanted to know if N. B. Hunt, Tom Whitaker and Cecil Casterline would be available for interviews and I said they would and they said they would be sending some Dallas agent over for those interviews. I said I really would prefer that this matter was kept within the Washington office and the investigating team kept to a minimum in light of the confidentiality assurances we had received from Giuliani. Hoy and Trailer were amenable to the idea that they would come to Dallas to continue the interviews but said they did not call the shots, they would have to get approval.

Ivan Irwin, Jr.

Ivan Irwin, Jr.

FD-302 (REV 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

BRIEFING BOOK EX. 4

Date of transcription 4/13/81

On April 7, 1981, at approximately 5:00 p.m., U. S. Congressman GEORGE HANSEN telephonically contacted SA TIMOTHY E. TRAYLOR. HANSEN furnished the following:

Since the FBI interview of him and his wife was conducted in the a.m. hours of April 7, 1981, he has been thinking a lot about attempt to extort money from HUNT. After reading the extortion letter over carefully, HANSEN felt that the clock is ticking towards the deadline and apparently the writers of the letter are under pressure to accomplish their mission. HANSEN said there was the possibility that if the extortion demand was not satisfied, they might follow up with violence and retaliation against a U. S. Congressman was also possible.

HANSEN noted that the Grand Cayman was in the vicinity of Cuba, Nicaragua, and El Savador. Because certain excerpts from the extortion letter indicated the money was to be used to finance an operation outside the U. S., the possibility of exiled Cuban, Nicaraguan or El Savadorian groups based in the U. S. and fighting for the overthrow of their government regimes was conceivable. HANSEN suggested that the State Department or the CIA should be notified of the existence of such a letter.

At this point, SA TRAYLOR reminded HANSEN that the FBI could not insure the confidentiality or discreetness of the investigation should the State Department or CIA be notified of the letter. HANSEN agreed and reiterated his desire not to interfere with the FBI's investigation.

SA TRAYLOR concluded the telephone conversation by offering to discuss HANSEN's proposition with his superiors and thereafter recontact him with a proper decision.

Investigation on 4/7/81 at Washington, D. C. File # WFO 9B-4595 -5

by SA TIMOTHY E. TRAYLOR:kio Date dictated 4/9/81

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/23/81

On April 7, 1981, U. S. Congressman GEORGE VERNON HANSEN, 2nd District of Idaho, was interviewed in his office, 1125 Longworth Building, Washington, D. C. (WDC), by Special Agents (SAs) TIMOTHY E. TRAYLOR and THOMAS S. HOY. Congressman HANSEN furnished the following information:

On March 31, 1981, he received a telephone call from NELSON BUNKER HUNT and IVAN IRWIN, HUNT's attorney. HUNT informed HANSEN that he had received a letter, however, he, HUNT, did not want to discuss its contents over the telephone. Therefore, arrangements were made for IRWIN to travel to Washington, D. C. (WDC) on April 1, 1981, and discuss the letter personally with HANSEN.

HANSEN advised that on April 1, 1981, as planned, IRWIN came to his office and briefed him and his wife, CONNIE HANSEN, on the letter. IRWIN did not bring the letter to WDC, HANSEN recalled. He told IRWIN that based on his knowledge of it, the matter should be referred to the proper authorities. During the meeting, IRWIN told HANSEN that upon return to Dallas, Texas, he would make a copy of the letter and send it to HANSEN. HANSEN stated that on April 2, 1981, he called IRWIN in Dallas, Texas, to determine if the letter had yet been mailed. HANSEN advised that he received a copy of the letter via federal express on April 3, 1981.

After reviewing the letter, HANSEN decided that authorities must be informed because in his opinion a criminal act of extortion through the mail had occurred. HANSEN was also concerned that international forces could possibly be perpetrators of the extortion letter.

Investigation on 4/7/81 at Washington, D. C. File # DL 9A-3800 WFO 9B-4595-12A

by SAS TIMOTHY E. TRAYLOR and THOMAS S. HOY:kio Date dictated 4/10/81

After reviewing the letter, HANSEN called his attorney JOHN RUNFT in Boise, Idaho, and cryptically discussed the extortion letter with him. He requested that RUNFT make arrangements to come to WDC on April 6, 1981. Thereafter, HANSEN discussed the letter with [illegible] JAMES T. MC KENNA, Staff Attorney, because he was privy to certain information set forth in the extortion letter. HANSEN called the Department of Justice (DOJ) and arranged for a meeting on April 6, 1981. Thereafter, he called RUNT and requested that IRWIN return to WDC with the original letter to attend the DOJ meeting scheduled for April 6, 1981.

On April 6, 1981, HANSEN, RUNFT, IRWIN and MC KENNA met with RUDOLPH GUILIANI, Associate Attorney General Designate and his assistant KEN CARUSO at DOJ. HANSEN stated that the original extortion letter and envelope had previously been sealed in plastic and that he, IRWIN, had made only one copy which had been provided to HANSEN. During the meeting, the original letter was turned over to possession of GUILIANI.

HANSEN advised that former Congressman WAYNE HAYS at one time was Chairman of the Campaign Committee for Democrats. In 1974, HAYS was attempting to prove that the Federal Election Commission (FEC) was unnecessary. HAYS became aware of some late campaign reports from HANSEN and pressured DOJ to investigate him. He continued that the FEC began an investigation into the matter in 1974 which culminated in April, 1975. HANSEN indicated that he was charged with several misdemeanors surrounding the FEC investigation, but since that time has received an exoneration from the FEC. Because of litigation involving this investigation, HANSEN incurred a legal debt amounting to hundreds of thousands of dollars. At this point, HANSEN advised that he did not feel WAYNE HAYS was involved in the extortion, adding "I don't think old personalities would be involved. It appears the person involved knew little about the HANSEN side of things."

HANSEN stated that to help alleviate their tremendous legal debt, he and his wife CONNIE divided their property in order to permit her to raise funds. He noted that approximately $100,000 was raised through mail conscriptions. CONNIE HANSEN then decided to invest in commodities in order to raise money toward the legal debt. [illegible] stated that [illegible] transferred $[illegible],

Regarding NELSON BUNKER HUNT, HANSEN said that he, HUNT, has never given a dime to anyone for anything in Idaho, and that he certainly has never approached him for any favors. HANSEN advised that he became acquainted with HUNT at meetings. CONNIE HANSEN also became friends with HUNT at the same meetings and apparently they began to discuss investments. HANSEN recalled his wife asking him one day to speak with LES MING, stock broker, who was on the telephone. MING informed HANSEN that the silver market was rising and was a good investment. HANSEN said that on one other occasion he spoke with MING about the amount of money required to pay the margin call for the silver investment CONNIE had arranged through MING. HANSEN telephonically contacted RICHARD GARVIN, Vice President of First Security Bank, Pocatello, Idaho, and arranged to borrow $125,000 needed to meet the margin call. HANSEN believed that he provided MING's name to GARVIN during their conversation and that GARVIN consented to check out the proposed silver transaction. At HANSEN's request, GARVIN wired $125,000 to Continental Illinois National Bank, Chicago, Illinois, to Cargill Investor Services general bank account number 72-05-201 and then transferred into his wife's Cargill account number 32-32-008.

HANSEN advised that he is well acquainted with GARVIN and judged him to be a very responsible and professional individual. HANSEN further advised that he did not send GARVIN any documents relating to the silver transaction. According to HANSEN, the only individuals outside he and his wife cognizant of the silver transaction were LES MING, RICHARD GARVIN, STEVE SWANSON, HANSEN's CPA in Boise, Idaho, and JOHN RUNFT.

WFO 9B-4595

On [illegible] 7, 1981, U. S. [illegible]

HANSEN opined that it appears whoever wrote the extortion letter apparently knew little about him or his wife. [illegible]

Regarding the extortion letter, HANSEN denied any bribery ever occurring between HUNT and himself. He also denied that HUNT transferred $125,000 to the stock broker in HANSEN's name as alleged in the letter. HANSEN said that the wire transfer of funds went from the First National Bank in Pocatello, Idaho, to Cargill Investors, Chicago, Illinois, and back and that no third party was involved.

HUNT labeled as "preposterous" the statement in the extortion letter that the purpose of the bribe was to secure his support in HUNT's bid for a silver mine in Idaho. According to HANSEN, the silver mine owned by HUNT was not located in his district. Furthermore, HUNT acquired the silver mine before his wife purchased the silver.

HUNT concluded that he did in fact declare the profit derived from the silver investment on his 1979 tax return.

FD-302 (REV. 3-8-77)

BRIEFING BOOK EX. 5

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/29/81

GEORGE VERNON HANSEN, United States Congressman (Second District-Idaho), 1125 Longworth Building, Washington, D. C. (WDC), was interviewed at his business office. Also present was JAMES MC KENNA, HANSEN's attorney. HANSEN provided the following information:

HANSEN advised that NELSON BUNKER HUNT had absolutely no influence, financial or otherwise, or any connection with the $125,000 loan he obtained from the First Security Bank, Pocatello, Idaho, in January, 1979, to pay a margin call on his wife's silver investments.

Special Agent (SA) HOY 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.

SA HOY asked HANSEN why he answered Section IV of his Financial Disclosure Statement for 1979 showing a Category C ($15,001-$50,000) for the First Security Bank when he has already admitted obtaining a $125,000 loan from that bank in January, 1979, to pay his wife's margin call. HANSEN advised he did not disclose the $125,000 loan for two reasons. Firstly, the loan was obtained on his wife's behalf. Secondly, the loan was actually more an overdraft than an actual loan. There was no written loan agreement and the transaction was consumated so rapidly that it was really usage of a line of credit more than an actual loan.

Investigation on 9/24/81 at Washington, D. C. File # WFO 58-1879

by SAS THOMAS S. HOY and ROBERT J. KIRWAN, JR. TSH:kio Date dictated 9/28/81

U.S. Department of Justice

BRIEFING BOOK EX. 6

RHW:mer

Washington, D.C. 20530

James L. Lyons, Esq.
Kellogg, Williams & Lyons
1919 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Dear Mr. Lyons:

I am writing to confirm the following agreement that has been reached between the government and your client, Arthur G. Emens, III:

1. Mr. Emens shall plead guilty in the District of Columbia to the information that was filed in the Northern District of Texas and with which he stands charged (one count of Blackmail, 18 U.S.C. § 873, carrying with it a maximum penalty of one-year imprisonment and a fine of not more than $2,000) and thereafter cooperate with the government as follows:

a. Subsequent to his guilty plea, Mr. Emens shall submit to a complete debriefing with government agents in which Mr. Emens will respond fully and truthfully to all inquiries by the agents;

b. Mr. Emens shall testify fully and truthfully in the grand jury in the District of Columbia as to all matters within his knowledge and relevant to the ongoing grand jury investigation; and

c. Mr. Emens shall testify fully and truthfully at any and all criminal proceedings that may arise from the ongoing grand jury investigation.

2. In return for this consideration by Mr. Emens, the government shall:

a. stand mute at sentencing;

b. not prosecute Mr. Emens for any other United States Code violation in connection with any and all activities of Mr. Emens now known to the United States Department of Justice, except as provided below.

It is understood by Mr. Emens that nothing in this agreement shall be construed to protect him from a perjury prosecution should he testify falsely under oath on any occasion subsequent to this agreement. Likewise, nothing in this agreement protects Mr. Emens from prosecution for (1) criminal acts that he may commit in the future or (2) criminal acts that he has committed in the past that are not covered by this agreement, including prosecution for criminal tax violations.

There are no other promises, undertakings or understandings between Mr. Emens and the government that relate to this plea agreement.

United States District Court
for the District of Columbia
A TRUE COPY

JAMES F. DAVEY, CLERK

By Ann Sevilla
Deputy Clerk

Sincerely,

Reid H. Weingarten
Reid H. Weingarten, Attorney
Public Integrity Section
Criminal Division

I have read this agreement and carefully reviewed every part of it with my attorney. I understand it and I voluntarily agree to it.

Arthur G. Emens III
ARTHUR G. EMENS, III

5.27.82
DATE

I am Mr. Emens' attorney. I have carefully reviewed every part of this agreement with him. To my knowledge, his decision to enter into this agreement is an informed and voluntary one.

By: James L. Lyons
JAMES L. LYONS

5-27-82
DATE

U.S. Department of Justice

BRIEFING BOOK EX. 7

RHW:mer

Washington, D.C. 20530

James L. Lyons, Esq.
Kellogg, Williams & Lyons
1919 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Re: United States v. Arthur G. Emens, III

Dear Mr. Lyons:

Because of your representation that your client Arthur G. Emens, III will file amended tax returns reflecting all of his commodities trading at Ming Commodity Services, this office will discontinue its investigation into Mr. Emens' commodities trading at this time. You understand, of course, that the plea agreement between the government and Mr. Emens does not affect any right of the United States to proceed against Mr. Emens either criminally or civilly for tax violations.

Sincerely,

Reid H. Weingarten

Reid H. Weingarten, Attorney
Public Integrity Section
Criminal Division

United States District Court
for the District of Columbia
A TRUE COPY

JAMES F. DAVEY, CLERK

By Ann Sielaty
Deputy Clerk

BRIEFING BOOK EX. 8

United States District Court

the District of Columbia

DEFENDANT: Arthur G. Burns, III

DOCKET NO.: 82-0269-01(CR)

PROBATION COMMITMENT ORDER

COUNSEL

In the presence of the attorney for the government the defendant appeared in person on this date — MONTH: July DAY: 26 YEAR: 1982

[ ] WITHOUT COUNSEL However the court advised defendant of right to counsel and asked whether defendant desired to have counsel appointed by the court and the defendant thereupon waived assistance of counsel.

[XX] WITH COUNSEL James L. Lyons (Name of counsel)

PLEA

[XX] GUILTY, and the court being satisfied that there is a factual basis for the plea, [ ] NOLO CONTENDERE, [ ] NOT GUILTY

FINDING & JUDGMENT

There being a finding/verdict of [ ] NOT GUILTY. Defendant is discharged [XX] GUILTY.

Defendant has been convicted as charged of the offense(s) of

18 USC 873-Blackmail

The court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to th[illegible] was shown, or appeared to the court, the court adjudged the defendant guilty as charged and convicted and ordered that: The de[illegible]nt is hereby committed to the custody of the Attorney General or his authorized representative for imprisonment for a period of

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 law;
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.

Tape DL61-82; 221-633.

ADDITIONAL CONDITIONS OF PROBATION

In addition to the special conditions of probation imposed above, it is hereby ordered that the general conditions of probation set out on the reverse of this judgment be imposed. The Court may change the conditions of probation, reduce or extend the period of probation and at any time during the probation period or within a maximum probation period of five years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

COMMITMENT RECOMMENDATION

The defendant is committed to the [illegible] United States Marshal for the District of Columbia. The Director of the Department of Corrections is recommended to designate the [illegible] for the District of Columbia.

A TRUE COPY

JAMES F. DAVEY, CLERK

By Ann Sielaty
Deputy Clerk

SIGNED BY

[ ] U.S. District Judge

[XX] U.S. Magistrate

Joan F. Dwyer

Date July 27, 1982

ORIGINAL

UNITED STATES DEPARTMENT OF JUSTICE

BRIEFING BOOK EX. 9

INTERVIEW OF

GEORGE VERNON HANSEN
and
CONNIE CAMP HANSEN

Thursday, June 17, 1982

Longworth House Office Building
Room 1625
Washington, D.C.

PRESENT:

REID H. WEINGARTEN, ESQ.,
JAMES M. COLE, ESQ.,
Special Attorneys
United States Department of Justice

THOMAS HOY, AGENT
Federal Bureau of Investigation

JAMES McKENNA, ESQ.,
Staff Assistant
To Representative George Vernon Hansen

P R O C E E D I N G S

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.

MR. WEINGARTEN: One of the things that would help us is to be able to reconstruct as best we can precisely what happened in January of '79. As you've stated, memories cloud over the years. In the end, if in fact you have available telephone records from your office and from your home back in January of '79 and even December of '78, they would be most helpful. In addition, I don't know if you keep your sign-in sheets back in December of '78 and January of '79, but they would be helpful as well. Now, this would be purely voluntary. I should say that whatever decision you make, we have available to us the subpoena route, and I'm sure you're familiar with the subpoena route of the House, and we in fact issued a subpoena prior to you volunteering to have this interview. Now, we will put that on hold, and it is our preference that it is voluntary compliance, but I will leave that with you, and perhaps at the end of the interview we can discuss this further.

We know that Mr. Hunt received the blackmail letter on Tuesday, March 31, 1981, and we know that you and Ivan Erwin, and I guess Mr. McKenna came too, brought it to the

Assistant Attorney General
Criminal Division

EXHIBIT B
ATTACHMENT TO MEMORANDUM

Department of Justice
Washington 20530

JAN 10 1975

FILED
APR 24 1975
JAMES F. DAVEY, Clerk

Honorable Wayne L. Hays
Chairman, Committee On House
Administration
Suite H-326, U.S. Capitol
Washington, D.C.

BRIEFING BOOK EX 10

Dear Mr. Chairman:

Reference is made to your letters of August 21, 1974, and September 23, 1974, in connection with the referral to the Attorney General by the Clerk of the House of Representatives on August 20, 1974, of the matter concerning Congressman-Elect George V. Hansen.

As you know, the several areas of possible violations reported by the Clerk of the House have been the subject of extensive investigation and evaluation by this Department. Our review of this matter is substantially completed. This status report is being made at this time in view of the continuing interest expressed by your Committee in this investigation.

On the basis of the known information in this matter, it is anticipated that prosecution will be declined on all aspects of the investigation except one or more possible misdemeanor violations of Title III of the Federal Election Campaign Act of 1971, which would involve the manner in which the candidate's reports were filed. Our final prosecutive evaluation of these reporting and disclosure violations is now in progress. For your information, it is not presently anticipated that the remaining investigation will alter the tentative views expressed herein.

Sincerely,

John C. Keeney

JOHN C. KEENEY
Acting Assistant Attorney General

CC: Honorable William Dickinson

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Vol. 121 WASHINGTON, FRIDAY, SEPTEMBER 5, 1975 No. 129

House of Representatives

BRIEFING BOOK EX. //

INVESTIGATION PROVES GEORGE HANSEN HONESTY

The SPEAKER pro tempore (Mr. McFALL). Under the previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 5 minutes.

Mr. CRANE. Mr. Speaker, in any controversy, especially where partisan politics are involved, speculation often obscures the truth. To set the record straight publicly regarding my colleague GEORGE HANSEN'S 1976 primary election campaign finance problems in the Second Congressional District of Idaho, I submit the following pertinent extracts from the official transcript of his final appearance in the U.S. District Court for the District of Columbia of Friday, April 25, 1975. Presiding was the Honorable George L. Hart, chief judge, and appearing for GEORGE HANSEN was his Washington, D.C., attorney, Robert S. Bennett.

After some legal discussion and reexamination of information, the court in dialog with Mr. Bennett stated:

I can't conceive that the Government would have brought this case if that's all that was involved in it.

Mr. BENNETT. Well, Your Honor, let me respond to that in a couple of ways.

Your Honor, I think it is important for you to know that Congressman Hansen kept very careful receipts, and very careful records, all of which were made available to the Government.

At this point in time there is no question that monies have been accounted for, and there has been no finding of siphoning off, no finding of improper use, no finding that these monies were improperly used in any manner or fashion.

Now, Your Honor, Congressman Hansen made a mistake.

He should have said he received the funds at least to the first count, Your Honor, but those funds were reported by the committee.

He didn't report twice. He should have reported as to the first count that he received them, but he considered himself and the committee in a sense, to be one and the same.

Now I ask you this, Judge: If a man is going to try to commit illegal activity, which this statute tries to prevent, he's going to set up dummy committees, he's going to have committees that are not readily identifiable.

George Hansen reported all monies involved through the committee for Hansen, a readily identifiable committee. I mean it is inconceivable that any wrongdoing was attempted to be concealed by using your very name to report these funds, funds which were reported, Judge, prior to the election, prior to the primary, prior to any investigation.

After further statement of fact, Mr. Bennett concluded by saying:

Congressman Hansen was spending his own money to finance this election. Congressman Hansen did not have the luxury, if Your Honor please, of having a large staff with an accountant working full time on these things. He was running as a non-incumbent with his wife and with his children, and he made mistakes, but we're saying they are not the kinds of mistakes that he should go to jail for.

After some additional dialog, the Court then stated:

I must say that when this case came along, it seemed to me a proper case to try by deterrents to stop some of the things that had been going on. Now, if I have used the improper technique to do this, then I will reconsider the matter.

I can't conceive that it all that was done in this case was simply to make a mistake between reporting properly personally and reporting properly by committee, and that it was properly reported in all, that the Government would have brought the case. I just can't conceive it.

Mr. BENNETT. May I make one observation in that regard, Your Honor, and it is this: The Department of Justice, now the Department of Justice—and Your Honor knows this better than any of us—must react and act when something is reported to them.

Again we have no fault with the Department of Justice. I think one reason, Your Honor, in response to your question, why many persons are not before you, is because many alleged violations are not reported to the Justice Department. For example, Your Honor, the other four candidates in Idaho had no complaint made against them.

The COURT. According to the Justice Department, they have been in all the newspapers they can read.

Mr. BENNETT. Your Honor, I would like to point out one simple fact, Your Honor. You hate to get into the motivations of people, but Justice has to act when something is brought to their attention. And the man that Congressman Hansen defeated in the primary, a Mr. Orville Hansen, who was no relation to him, is on the very committee, Your Honor, that reported this matter to the Justice Department.

That is a fact which I think is more than coincidental.

Also, Your Honor, I would point out a letter from the acting Attorney General, Mr. Kerner, who told Mr. Hayes, Congressman Hayes, in reference to your letters of—citing a number of dates—we have thoroughly—I am paraphrasing, Your Honor, and I want that understood, but you have the letter, I have attached it as an exhibit—that after an exhaustive investigation that there were no felonies found, and that there was only one or more possible misdemeanors violations; and the Government has stuck with their position.

That was not the result of plea bargaining, that was not the result of what we have seen in some recent cases where someone comes in and the Justice Department says, well, we can get you on 20 counts, so you cop out to one or two misdemeanors.

What's before Your Honor right now is what is the end product of a very exhaustive investigation.

Now, Your Honor, I appreciate the importance of deterrents, Your Honor. And I can assure you, Your Honor, from my involvement in this case, I bet you the day after you rendered your sentence every Congressman and every Senator pulled out his own reports and pulled out his own forms; and I think there is a deterrence.

Following further discussion between the Court, Mr. Bennett, and the attorney representing the Department of Justice, the Court asked:

Mr. Hansen, is there anything you wish to say?

Mr. HANSEN. Your Honor, I appreciate this opportunity to reappear before you.

I would state this, that I guess in this country I've always felt that this was a place where little people could work, they could operate.

Maybe we were too freewheeling. We should have sought counsel. We should have sought professional advice. I can see these things now.

It is very difficult for a man to be the candidate and the professional bookkeeper, and the newsman and all of the number of things that happen in a major candidacy, and I regret very much that I didn't take proper steps and that I perhaps was not careful.

I do feel that I, in many cases, performed these tasks and did these things with proper intent, not with the intent to deceive. But I can see where, as we have gone through this, that certainly it could create much anticipation and problem, and I'm very humble, very concerned about this, and I apologize very much to everyone concerned, that anything that I may have done may have become a problem of major proportion, because this was certainly not intended to be the case, Your Honor. And I apologize.

I am very humble about this matter, and I put myself at your mercy.

The COURT. All right.

It now appears to the Court insofar as it is possible for the Court to ascertain, that while Mr. Hansen handled his funds negligently, he didn't handle them in a fashion that could be deemed to be evil or felonious.

Insofar as the Court can ascertain, although the wrong named committee made the report of the receipts and expenditures, that a correct reporting of the receipts and expenditures was made. And there seems to be no indication that any of the money for campaign contributions went into Mr. Hansen's pocket.

For that reason, the Court will set aside its previous sentence in this case, and it will fine Mr. Hansen $1,000 on each count.

Mr. Speaker, three things come through loud and clear from the court's final deliberations:

(1) It seemed to me (the Court) a proper case to try by deterrents to stop some of the things that have been going on (in federal elections). Now, if I have used the improper technique to do this, then I will reconsider the matter.

(2) I can't conceive that if all that was done in this case was simply to make a mistake between reporting properly personally and reporting properly by committee, and that it was properly reported in all, that the government would have brought the case.

(3) Insofar as the Court can ascertain, although the wrong named committee made the report of receipts and expenditures, that a correct reporting of receipts and expenditures was made.

Simply stated, the court admitted its own "improper technique," expressed amazement that the case had even considered, and acknowledged that a correct reporting of receipts and expenditures was made. The integrity of GEORGE HANSEN is intact.

BRIEFING BOOK EX. 12

$200 cash deposit. Monday, May 30, was a holiday.

Our reading of the record persuades us that agent Horn deliberately delayed arresting Jernigan until a time when, as he well knew, Jernigan would not be able to go before a magistrate, have bail reset, and be released. We deplore this kind of behavior, and its repetition may lead us to invoke the drastic remedy, dismissal of the indictment, that Jernigan asks us to invoke.

The magistrate who heard the motion to dismiss made no finding as to whether Horn deliberately timed the arrest to assure that Jernigan would spend three days in jail. He concluded that the delay was not unreasonable, a conclusion that we have some difficulty in accepting. He also found that no statements were made by Jernigan during the delay that could be used against him. Jernigan points to no prejudice other than the fact that he spent three days in jail. We think that to vacate Jernigan's conviction and dismiss the indictment would be too drastic a remedy in this case and we decline to invoke it.

Affirmed.

George V. HANSEN and Connie Hansen, husband and wife, Plaintiffs-Appellants,

v.

Melvin MORGAN and Nate Morgan Jewelers of Pocatello, Inc., an Idaho Corporation, Defendants-Appellees.

No. 76-1636.

United States Court of Appeals, Ninth Circuit.

Aug. 18, 1978.

As Amended on Denial of Rehearing Sept. 27, 1978.

Political candidate brought Fair Credit Reporting Act action against persons who had obtained a credit report on the candidate at the behest of one of his opponents. The United States District Court for the District of Idaho, Russell E. Smith, Chief Judge, 405 F.Supp. 1318, granted summary judgment in favor of defendants and political candidate appealed. The Court of Appeals, James M. Carter, Circuit Judge, held that: (1) provision of the Fair Credit Reporting Act imposing criminal liability on persons who obtain reports under false pretenses can provide a basis for imposing civil liability on one who violates it; (2) the report in question was a "consumer report," and (3) if the report had been obtained in the manner alleged by the political candidate, it had been obtained under false pretenses.

Reversed and remanded.

1. Federal Courts ⇐617

Where complaint alleged that defendants had violated specific subdivisions of a statute and "other related" sections of the statute and where they argued to the court below the factors relevant to the application of one of those other sections, the court on appeal could consider the allegations of violations of that other section even though that section was not listed specifically in the complaint as a basis for recovery.

2. Federal Courts ⇐611

Generally, a federal appellate court will not consider an issue not presented below.

3. Federal Courts ⇐755

Where the facts were fully developed in the trial court and where the sole question presented by allegation that there had been a violation of a specific statute was one of law, the reviewing court could consider that claim even if it had not been presented to the district court.

4. Mercantile Agencies ⇐1

Report obtained by merchant, allegedly for political purposes, from a credit bureau which supplied the report in the expectation

that the merchant would use it for purposes consistent with the bureau's form membership contract and consistent with the Fair Credit Reporting Act was a "consumer report" for purposes of the Act. Fair Credit Reporting Act, § 603(d), 15 U.S.C.A. § 1681a(d).

See publication Words and Phrases for other judicial constructions and definitions.

5. Mercantile Agencies ⇐3

Provision of the Fair Credit Reporting Act imposing criminal penalties on one who obtains a consumer report under false pretenses falls within the category of a "requirement imposed under this subchapter" for purposes of statute imposing civil liability on persons who wilfully or negligently fail to comply with the requirements of the Act. Fair Credit Reporting Act, §§ 616, 617, 619, 15 U.S.C.A. §§ 1681n, 1681o, 1681q.

6. Mercantile Agencies ⇐1

Standard for determining when a consumer report has been obtained under "false pretenses" will usually be defined in relation to the permissible purposes of consumer reports; obtaining a consumer report in violation of the terms of the Fair Credit Reporting Act without disclosing the impermissible purpose for which report is desired can constitute obtaining consumer information under false pretenses. Fair Credit Reporting Act, § 619, 15 U.S.C.A. § 1681q.

See publication Words and Phrases for other judicial constructions and definitions.

7. Mercantile Agencies ⇐3

Persons who obtained a consumer report on a political candidate allegedly not for the purpose of extending credit but rather for political purposes to assist a congressional committee could not avoid liability to the candidate for obtaining the consumer report under false pretenses on theory that the report had been obtained to evaluate the candidate's fitness for employment as a public official and thus that the report had been obtained for an "employment purpose." Fair Credit Reporting Act, § 604(3)(B), 15 U.S.C.A. § 1681b(3)(B).

See publication Words and Phrases for other judicial constructions and definitions.

8. Mercantile Agencies ⇐1

Provision of the Fair Credit Reporting Act imposing criminal liability on one who obtains a consumer report under false pretenses was intended to protect consumers as well as consumer reporting agencies. Fair Credit Reporting Act, § 619, 15 U.S.C.A. § 1681q.

John L. Runft (argued), of Runft & Longeteig, Boise, Idaho, for plaintiffs-appellants.

William D. Olson (argued), of Racine, Huntley & Olson, Pocatello, Idaho, for defendants-appellees.

Appeal from the United States District Court for the District of Idaho.

Before CARTER and TANG, Circuit Judges, and KUNZIG,* Judge of the United States Court of Claims.

JAMES M. CARTER, Circuit Judge:

This is an appeal from the district court's grant of summary judgment dismissing appellants' suit for invasion of privacy brought under the Fair Credit Reporting Act (FCRA), 15 U.S.C. §§ 1681 *et seq.* Appellees Melvin Morgan and Nate Morgan Jewelers of Pocatello, Inc. (hereafter sometimes referred to as "the Morgans") obtained a consumer credit report on appellants George and Connie Hansen for a purpose allegedly not permitted by the FCRA. The Hansens filed suit contending the act imposes a requirement on users of consumer credit reports to comply with provisions of the FCRA restricting the purposes for which consumer reports can be furnished and that the act provides a civil remedy for

* Honorable Robert L. Kunzig, Judge of the United States Court of Claims, sitting by designation.

failure of the user to comply. The district court ruled that the requirements relied upon by the Hansens apply only to consumer reporting agencies and that none of the requirements imposed on users of credit reports had been violated by the Morgans.

The major question for review is whether the criminal provision of the FCRA—15 U.S.C. § 1681q—provides a standard for imposition of civil liability under the FCRA. The Morgans contend this issue was never raised below, foreclosing this court from considering it on appeal. In addition, they maintain that even if noncompliance with the act's criminal requirements forms a basis of civil liability, the document at issue on this appeal is not a "consumer report" and thus their conduct is not governed by the FCRA. We conclude (1) that the Hansens' contentions are appropriate for decision on appeal; (2) that the FCRA governs the Morgans' conduct in this case; and (3) that the FCRA authorizes a civil remedy against a user of a credit report who fails to comply with the act's criminal provision—15 U.S.C. § 1681q. We reverse.

I. *Facts.*

This case grew out of a strenuous campaign for the 1974 Republican candidacy for the United States Congress in the Second District of Idaho. Orval Hansen, the incumbent congressman, was defeated in the Republican primary election by appellant George Hansen. Thereafter two Idaho citizens filed complaints with the clerk of the United States House of Representatives alleging improper campaign financing procedures by George Hansen. This caused an investigation of George Hansen by the House Administration Committee, of which incumbent Orval Hansen was a member until his term as Congressman expired.[1]

Judith Austin, who had filed one of the above complaints, was a friend of Orval Hansen. She had a conversation with Orval Hansen in which it was discussed that a credit report on George Hansen could be interesting for what it might disclose about his campaign financing. Therefore Austin later telephoned one Rose Bowman. The substance of Austin's conversation with Bowman is in part disputed, but it is agreed that a credit report on George Hansen was discussed and that Melvin Morgan was considered as someone who might be able to obtain such a report.

Appellee Melvin Morgan is the principal stockholder and chief executive of appellee Nate Morgan Jewelers of Pocatello, a corporation. The corporation is a member of the Pocatello Credit Bureau, entitled to receive credit reports from the Bureau. On about August 10, 1974, Melvin Morgan received a telephone call from Rose Bowman which he construed to be a request for a credit report on George Hansen. Morgan contends he agreed to obtain the report upon the belief that it was desired by Orval Hansen to assist the House Administration Committee's investigation of George Hansen.[2] Upon Melvin Morgan's request the credit report was provided without question by the Pocatello Credit Bureau.[3] The re-

1. George Hansen ultimately won his bid for the congressional seat in the general election in the fall of 1974. Subsequently he pled guilty to a two count information charging violations of the Federal Election Campaign Act of 1971, 2 U.S.C. §§ 434 & 441.

2. The Hansens allege a different purpose motivated Melvin Morgan to obtain the credit report. According to them even though George Hansen had defeated Orval Hansen in the Republican primary election, if George Hansen could have been forced to resign or abandon his nomination as the Republican candidate for the congressional seat, Orval Hansen would have been automatically designated as the succeeding nominee pursuant to 34-715(4) of the Idaho Code. Thus, Morgan's conduct is assertedly a "conscious political act of a volunteer, and not that of a person proceeding upon the belief that he was acting pursuant to a legal request of a governmental entity."

3. The Pocatello Credit Bureau did not inquire of Morgan about the reasons for which he desired the report. Morgan simply identified himself by name and number and made the request. He said, "127, Mel Morgan, I would like a written report update on George V. Hansen." The chief executive of the credit bureau stated in his deposition that the bureau does not inquire of the purpose for which each request they receive is made. Rather, the bureau relies on the member's compliance with the provisions of the membership and service con-

port was issued in the names of both George V. Hansen and his wife, Connie. It contained no information adverse to either of them.

When he received the report, Morgan delivered it personally to Orval Hansen's office in Washington D. C. Eventually the report reached the House Administration Committee.

Upon learning of the existence of the credit report, George and Connie Hansen filed suit against the Morgans and various other parties involved in the obtaining of the report. After extensive discovery, the Hansens dropped their complaint against all parties except the Morgans. Their amended complaint alleged that the Morgans, by willfully or negligently failing to comply with the requirements of § 1681b and § 1681e(a) "and other related Sections" of the FCRA, unlawfully violated the Hansens' right to privacy. Damages were sought under §§ 1681n and 1681o which authorize civil causes of action for noncompliance with the requirements of the act.

The Morgans moved for summary judgment contending as a matter of law that their conduct violated no provision of the FCRA, leaving no basis from which a civil suit based on the FCRA could be launched. In an opinion which reviewed the requirements imposed by each of the noncriminal provisions of the FCRA, the district judge agreed with the Morgans and granted their motion for summary judgment. The Hansens appeal.

II. *Justiciability.*

[1] Initially the Morgans contend that this court should be foreclosed from considering § 1681q as a basis of civil liability for their conduct because the Hansens did not rely on it below and cannot raise it for the first time on appeal. However, this contention too narrowly construes the record. In their amended complaint the Hansens alleged that the Morgans invaded their privacy by "willfully or negligently failing to comply with the requirements of Sections 1681b, 1681e(a), and other related Sections of 15 U.S.C. 1681 . . . ." In their opposition to summary judgment the Hansens argued that under §§ 1681n and 1681o the Morgans were liable for failure to comply with § 1681b. As explained in section IV, *infra*, § 1681b states requirements that often will form the measuring stick of when § 1681q has been violated. The essence of the Hansens' argument was directed at the same concerns reached by § 1681q. If nothing else, the Hansens' general reliance on "other related Sections of 15 U.S.C. 1681" when coupled with their argument of the factors relevant to application of § 1681q sufficiently posed the issue of the applicability of § 1681q below to allow this court to reach it on appeal.

[2] Moreover, even if we concluded the issue of the relationship between § 1681q to civil liability under the FCRA was not properly raised below, we still would not be precluded from reaching it. Generally a federal appellate court will not consider an issue not passed upon below. *Singleton v. Wulff*, 428 U.S. 106, 120, 96 S.Ct. 2868, 49 L.Ed.2d 826 (1976); *United States v. Patrin*, 575 F.2d 708, 712–713 (9 Cir. 1978). However, as we held in *United States v. Patrin, supra*, this rule is not without its exceptions. One of the exceptions recognized in *Patrin* is that when "the issue conceded or neglected in the trial court is purely one of law and either does not affect or rely upon the factual record developed by the parties, [citations omitted], the court of appeals may consent to consider it." *United States v. Patrin, supra*, at 712.

[3] Here the parties fully developed the facts below. The factual issue critical to our holding—whether the Morgans had obtained the credit report for reasons not permitted by the FCRA—was hotly disputed and the subject of extensive discovery. The sole aspect of that issue not treated below was the relationship of the criminal

tract, which requires users to seek information only for purposes permitted by the FCRA. These purposes are enumerated both in the FCRA and in the bureau's membership contract.

provision, 15 U.S.C. § 1681q, to the provisions creating civil liability for noncompliance with the act, 15 U.S.C. §§ 1681n & 1681o. This is purely a legal issue, the injection of which would not have caused the Morgans to develop new or different facts or to advance an alternative legal theory in their defense. Accordingly, if the issue had not been raised adequately below, we would exercise our discretion to consider it upon appeal.

III. *Applicability of the FCRA.*

[4] Before the trial judge the Morgans contended the credit report obtained on the Hansens was not a "consumer report" within the meaning of the FCRA. Implicitly, at least, the trial judge rejected this contention by reaching the merits of the Hansens' claim. Nevertheless, on appeal the Morgans repeat their contention as an alternative ground for affirming the trial court's ultimate holding. This effort is unavailing because the trial judge was correct in treating the credit report as a "consumer report" as defined in the FCRA.

Section 1681a(d) of Title 15 defines "consumer report" to be:

> ". . . *any written, oral, or other communication of any information by a consumer reporting agency* bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living *which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer's eligibility for* (1) credit or insurance to be used primarily for personal, family, or household purposes, or (2) employment purposes, or (3) other purposes authorized under section 1681b of this title. * *" (Emphasis added.)

The credit report issued on the Hansens in this case falls directly within this definition. Since the Pocatello Credit Bureau knew nothing of the Morgans' real reason for requesting the report, it must have supplied this information with the expectation that the Morgans would use it for purposes consistent both with the FCRA and with the Bureau's form membership contract which closely correlated with the restrictions in the act. And unless the Bureau was generally collecting such information for purposes not permitted by the FCRA, it must have collected the information in the report for use consistent with the purposes stated in the act. There has been no suggestion otherwise. Accordingly, the credit report is (1) a written communication of information (2) by a consumer reporting agency (3) bearing on the Hansens' credit worthiness, credit standing or credit capacity (4) which was both expected to be used, and collected in whole or in part, for the purpose of establishing the Hansens' consumer eligibility for credit transactions. As such it is a consumer report under the FCRA.

IV. *Civil Liability under the FCRA.*

Section 1681h(e) of Title 15 limits civil liability under the FCRA as follows:

> "(e) *Except as provided in sections 1681n and 1681o of this title,* no consumer may bring any action or proceeding in the nature of defamation, invasion of privacy, or negligence with respect to the reporting of information against any consumer reporting agency, *any user of information,* or any person who furnishes information to a consumer reporting agency, based on information disclosed pursuant to section 1681g, 1681h, or 1681m of this title, *except as to false information furnished with malice or willful intent to injure such consumer.*" (Emphasis added.)

The information upon which the Hansens based their suit seems to have been disclosed pursuant to sections 1681g and 1681h, but the Hansens make no contention that any information in the credit report obtained about them was false. The district judge specifically found there was no false information contained in the report. Thus any liability of the Morgans to the Hansens must be predicated on either § 1681n or § 1681o.

These sections create civil liability for willful (§ 1681n) or negligent (§ 1681o) noncompliance by a consumer reporting agency or user of information who fails to comply with "any requirement imposed under this subchapter with respect to any consumer . . . ."[4] If the Morgans have negligently or willfully failed to comply with any "requirement" imposed by the FCRA on users of credit information, they can be held liable by the Hansens.

The crucial issue is what constitutes "any requirement imposed under this subchapter" for purposes of § 1681n and § 1681o. The district court apparently concluded only the noncriminal provisions of the FCRA state "requirements" for purposes of civil liability under the act. The opinion below reviewed each of the noncriminal provisions of the act which regulate conduct, concluding that no provision which applies to users of credit information, as opposed to consumer reporting agencies, had been violated by the Morgans. No mention was made of the criminal provision—§ 1681q. *See Hansen v. Morgan*, 405 F.Supp. 1318 (D.Idaho 1976).

[5] However, we conclude § 1681q does state a "requirement imposed under this subchapter". 15 U.S.C. § 1681q provides:

> "Any person who knowingly and willfully obtains information on a consumer from a consumer reporting agency under false pretenses shall be fined not more than $5,000 or imprisoned not more than one year, or both."

This section requires that users of consumer information refrain from obtaining such information from credit reporting agencies under false pretenses. Its violation therefore, forms a basis of civil liability under either § 1681n or § 1681o.

[6, 7] The standard for determining when a consumer report has been obtained under false pretenses will usually be defined in relation to the permissible purposes of consumer reports which are enumerated in 15 U.S.C. § 1681b.[5] This is because a consumer reporting agency can legally issue a report only for the purposes listed in § 1681b. If the agency is complying with the statute, then a user cannot utilize an account with a consumer reporting agency to obtain consumer information for a purpose not permitted by § 1681b without using a false pretense.

We hold that obtaining a consumer report in violation of the terms of the statute without disclosing the impermissible purpose for which the report is desired can

4. These provisions read, respectively:

§ 1681n Civil liability for willful noncompliance

"Any consumer reporting agency or user of information which willfully fails to comply with any requirement imposed under this subchapter with respect to any consumer is liable to that consumer in an amount equal to the sum of—

(1) any actual damages sustained by the consumer as a result of the failure;

(2) such amount of punitive damages as the court may allow; and

(3) in the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court."

§ 1681o Civil liability for negligent noncompliance

"Any consumer reporting agency or user of information which is negligent in failing to comply with any requirement imposed under this subchapter with respect to any consumer is liable to that consumer in an amount equal to the sum of—

(1) any actual damages sustained by the consumer as a result of the failure;

(2) in the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court."

5. This provision reads:

§ 1681b Permissible purposes of consumer reports

"A consumer reporting agency may furnish a consumer report under the following circumstances and no other:

(1) In response to the order of a court having jurisdiction to issue such an order.

(2) In accordance with the written instructions of the consumer to whom it relates.

(3) To a person which it has reason to believe—

(A) intends to use the information in connection with a credit transaction involving

constitute obtaining consumer information under false pretenses, and that the facts in this case demonstrate that the consumer report was so obtained.[6]

This construction of the FCRA is not only consistent with the intent of Congress as revealed by the explicit language of § 1681n, the legislative history, and the stated purpose of the Act, but also comports with Supreme Court precedent relating to civil liability based on criminal provisions of federal statutes in general. When introducing the Fair Credit Reporting Bill in the Senate, Senator Proxmire stated that the bill would require:

> ". . . that credit bureaus have in effect procedures for guaranteeing the confidentiality of the information they collect and that no such information be released to noncreditors such as governmental investigative agencies without the express consent of the person involved." 114 Cong.Rec. 24902 (1968). *See Belshaw v. Credit Bureau of Prescott*, 392 F.Supp. 1356, 1360, n. 4 (D.Ariz.1975).

As explained, § 1681q extends to users of information the requirement that they refrain from obtaining consumer information for such impermissible purposes.

The declared purpose of the FCRA is to assure that "consumer credit, personnel, insurance and other information" is collected, disseminated and used in a manner which will protect the interest of the consumer in "confidentiality, accuracy, relevancy, and proper utilization of such information . . . ." 15 U.S.C. § 1681(b). The principle mechanism for accomplishing this goal is the regulation of reporting of consumer information by consumer reporting agencies. But requirements were also placed on users of credit information. This was necessary because the objectives of the act could be defeated if users could obtain information from consumer reporting agencies under false pretenses with impunity. Even consumer reporting agencies acting in complete good faith cannot prohibit illicit use of consumer information if users are not bound to obtain consumer reports only for permissible purposes. Section 1681q is a response to this concern.

Finally, the Supreme Court, when faced with claims for civil damages based on implication from penal provisions of various federal statutes, has recognized that the intention of Congress often cannot be effectively implemented without both civil and criminal remedies. The Court has stated:

> "In those cases [*Texas & Pacific R. Co. v. Rigsby*, 241 U.S. 33, 36 S.Ct. 482, 60 L.Ed. 874 (1916); *J. I. Case Co. v. Borak*, 377 U.S. 426, 84 S.Ct. 1555, 12 L.Ed.2d 423 (1964)] we concluded that criminal liability was inadequate to ensure the full effectiveness of the statute which Congress had intended. Because the interest of the plaintiffs in those cases fell within the class that the statute was intended to protect, and because the harm that had occurred was of the type that the statute was intended to forestall, we held that civil actions were proper. That conclusion was in accordance with a general rule of the law of torts. See Restatement (Second) of Torts § 286." *Wyandotte Co. v. United States*, 389 U.S. 191, 202, 88 S.Ct. 379, 386, 19 L.Ed.2d 407 (1967).

Here the case is even stronger for there is no need to imply a civil remedy. § 1681n explicitly authorizes one.

> the consumer . . . and involving the extension of credit to, or review or collection of an account of, the consumer; or
>
> (B) intends to use the information for employment purposes; or
>
> (C) intends to use the information in connection with the underwriting of insurance involving the consumer; or
>
> (D) intends to use the information in connection with a determination of the consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status; or
>
> (E) otherwise has a legitimate business need for the information in connection with a business transaction involving the consumer."

6. The Morgans assert that their purpose in obtaining credit report on George Hansen was to assist the House Administration Committee evaluate Hansen's fitness for employment as a public official. They argue this is a permissible "employment purpose" under 15 U.S.C. § 1681b(3)(B). We refuse to extend the definition of "employment purpose" to encompass the Morgans' conduct in this case.

[8] The Morgans reply that § 1681q was not intended to protect the consumer, but rather the consumer reporting agency which is required by the statute to institute reasonable reporting procedures to protect the privacy of consumers. Thus they contend a consumer has no standing to sue under it. However, the FCRA was designed in whole and in virtually each part to protect not consumer reporting agencies, but consumers themselves. If § 1681q helps consumer reporting agencies comply with the act, that result is secondary to the ultimate protection which compliance by users as well as consumer reporting agencies gives to the consumer.

We hold that § 1681q states an explicit "requirement imposed under this subchapter [the FCRA]". Noncompliance with § 1681q thereby forms a basis of civil liability under § 1681n. The Hansens' claim states a valid cause of action under these sections and there were sufficient issues of fact to withstand summary judgment.

V. *Conclusion.*

The judgment of the district court is reversed and remanded for a trial.

UNITED STATES of America, Appellee,

v.

Frederick Lyle McINTYRE, Appellant.

UNITED STATES of America, Appellee,

v.

Dale Irwin VanBUSKIRK, Appellant.

Nos. 77-3623, 77-3716.

United States Court of Appeals,
Ninth Circuit.

Sept. 25, 1978.

Rehearings Denied Nov. 13, 1978.

Defendants were convicted before the United States District Court for the District of Arizona, Mary Anne Richey, J., of violating and conspiring to violate Title III of the Omnibus Crime Control and Safe Streets Act of 1968, and they appealed. The Court of Appeals, Goodwin, Circuit Judge, held that: (1) assistant chief of police had reasonable expectation of privacy in his office; (2) trier of fact could find from all the evidence that defendants "willfully" participated in endeavor to "bug" assistant chief of police's office, and (3) whether assistant made or received any telephone calls during life of "bug" was immaterial where evidence proved that defendants did cause or procure others to try to intercept conversations.

Affirmed.

1. Telecommunications ⇐495

In determining whether violation of Title III of the Omnibus Crime Control and Safe Streets Act of 1968 occurred, inquiry was whether communications overheard were uttered by person who had subjective expectation of privacy that was objectively reasonable. 18 U.S.C.A. §§ 2510(2), 2511 et seq.

2. Searches and Seizures ⇐7(1)

Police officer is not, by virtue of his profession, deprived of protection of the Constitution; this protection extends to warrantless eavesdropping to overhear conversations from official's desk and office.

3. Master and Servant ⇐54

Established regulatory scheme or specific office practice may, under some circumstances, diminish employee's reasonable expectation of privacy.

4. Telecommunications ⇐495

Evidence that other, unconsented, "bugging" may have occurred within police department did not create regulatory scheme or specific office practice that precluded assistant chief of police from having objectively reasonable subjective expecta-

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Congress of the United States
House of Representatives
Washington, D.C.
February 18, 1977

BRIEFING BOOK EX. 13

770585

AOR 1977-7

878

Federal Election Commission
Office of General Counsel
Advisory Opinion Section
1325 K Street, N.W.
Washington, D.C. 20463

re: Request for Advisory Opinion

Gentlemen:

By this letter I am requesting an advisory opinion as to whether a federal office holder may, under certain circumstances, raise personal funds by personal and/or mail solicitation. It is submitted that federal office holders should be afforded the means to supplement their income provided by their federal salary, if it can be done in a manner that will not influence or affect their nomination or election to federal office.

Like persons in other professions, federal office holders have the same needs for financial security. They, too, are subject to extraordinary personal financial burdens that can be imposed by such things as heavy medical expenses resulting from serious illness or accident, as financial losses occasioned by business reverses, and as college expenses of children, to name a few examples. They should be afforded a way to mount an effort to overcome such problems and attain financial security.

However, if federal office holders are held to a standard of "personal gifts customarily received prior to candidacy" and are to be severely limited in their receipt of honorariums and other extra-federal income, they have little prospect of ever overcoming extraordinary personal expenses or losses while pursuing their careers as federal office holders - unless they were wealthy prior to candidacy. There should be some provision by which federal office holders of modest means can overcome the burden of extraordinary personal expenses and losses while continuing to serve the constituency which elected them.

All things considered, solicitation for personal donations would appear to be the avenue most compatible to circumstances of federal office. Clearly, allowance of extra - federal employment would not only take away time from public duties, but would lend itself to long-term, continuing conflicts of interest and influence. Solicitation and receipt of unconditional gifts would tend to avoid these problems. Of course, there could be no denial that such personal gifts would be politically motivated to a substantial degree. However, it is submitted that a plan of solicitation can be devised which would substantially avoid affecting or influencing the nomination or election process.

With reference to The Federal Election Campaign Act of 1971, as amended in 1974 and 1976, and with reference to the proposed Rules and Regulations published by the Federal Election Commission in the Federal Register, Vol. 41, No. 166 on August 25, 1976, I respectfully request an advisory opinion as to whether the following plan for solicitation of personal funds may be allowed:

(1) The personal funds would be solicited either in person or by mail.

(2) In order to overcome the presumption that the donations were contributions, all solicitations for personal gifts would be accompanied or immediately followed up by a letter stating the purpose of the solicitation and requesting the donor to sign a card to be returned with the gift affirming such purpose of the gift. The statement of purpose in the solicitation letter will be as follows:

"The purpose of this solicitation is to obtain personal funds for (name of office holder) for his (her) personal use. Funds obtained by this solicitation will not be used for the purpose of influencing any nomination or election and will not be used in any campaign by or in behalf of (name of office holder) and will not be used by him (her) in any way to promote or to maintain the official activities of (name of office holder)."

The statement of affirmation of purpose and amount of the gift on the card to be signed by the donor and returned with the gift will be as follows:

"I, the undersigned, hereby affirm that the purpose of this gift in the amount of $_____ is donated to (name of office holder) for his personal use only, and that this gift is not given to influence any nomination or election or as a campaign contribution or for the purpose of promoting or maintaining the official activities of (name of office holder)."

(3) No gifts will be solicited, or knowingly accepted, which are prohibited by sections 114.2 and 115.2 of the proposed F.E.C. Rules and Regulations.

(4) No such solicitation will be conducted during any one year period prior to a general election.

(5) The solicitation effort will not be conducted or staffed by persons on the office holder's staff who are on the federal payroll or by persons employed and paid by the office holder or his campaign committee in the immediate past campaign.

(6) The solicitation will not be conducted within the Congressional District of the office holder nor would constituents be knowingly solicited.

(7) The solicitation effort will be self-supporting and will repay personal "start-up" funds advanced by the office holder for its operation.

(8) All disbursements from gifts received will be paid out solely for costs of the solicitation effort or to the personal account of the office holder.

(9) As a condition to allowance of such solicitation for personal funds, the office holder will not make expenditures from personal funds at any time in the future following commencement of the solicitation. An affidavit forswearing future use of personal funds for expenditures will be executed by the office holder in a form approved and/or provided by the Federal Election Commission.

(10) As a condition to allowance of such solicitation for personal funds, the proposed solicitation letter and return affirmation card shall be submitted to the Federal Election Commission for approval.

(11) An accounting of the solicitation effort shall be reported to the Federal Election Commission on a monthly basis or at such other times as requested by the Commission. The accounting shall contain at least the following:

(a) The amount of each gift, the date of its receipt, and the name and address of each donor related to each gift.

(b) The amount of each disbursement, the date of its payment, the name and address of the payee, and the purpose of the payment if not made to the personal account of the office holder.

The foregoing, private fund solicitation pl[illegible] is submitted not only for advisory [illegible]inion as to its feasibility, [illegible]ut for advice as to what additional measures or changes might make it feasible. There is no pride of authorship as to language or terms intended. It is only hoped that this request might point the way to a reasonable plan of relief from the economic freeze imposed upon federal office holders.

In closing, I do have a special request. As the time factor of the next election is less than ten months away, I would appreciate your consideration of this request as soon as possible. Not only is the preparation and implementation of a direct mail solicitation a time consuming process, but the follow-up mailings could easily fall into next year (and would have to be foregone) unless we are able to begin the proposed solicitation almost immediately.

Thank you for your consideration.

Very truly yours,

GEORGE HANSEN
Member of Congress

tour" would probably not be viewed as "equal consideration" for expenses paid by a sponsoring organization.

A similar philosophy of exempting expenses for participation in an event is recognized in clause 3 of House Rule XLVII, which excludes travel, lodging, and meals from calculation of the honorarium paid for a speech or appearance.

A separate question surrounds the reimbursement or payment of similar expenses for the spouse of a Member, officer, or employee. If a sponsoring organization pays the spouse's expenses to attend an event in which the Member participates, would those expenses constitute a gift to the Member under clause 4 of Rule XLIII? Rule XLIII does not specifically address this question. But as a matter of precedent, Federal Election Commission regulations exclude payment of expenses for a spouse as a portion of the honorarium received by a Member, officer, or employee. As a matter of policy, the ability of the spouse to accompany a Member to such events has many positive benefits. If House Rules are interpreted so as to prevent reimbursement of a spouse's travel, food, and lodging expenses, the incentive for Members to participate in meaningful programs will be diminished.

SUMMARY OPINION

A Member, officer, or employee of the House (and the individual's spouse or another family member) may be paid or reimbursed for transportation, food, and lodging expenses when such expenses are directly associated with a conference, meeting, or similar event in which the Member, officer, or employee substantially participates. Such reimbursements or payments aggregating $250 or more from one source would be disclosed in accordance with the provisions of section 102(2)(C) or the Ethics in Government Act (PL 95–521).

ADVISORY OPINION NO. 3

SUBJECT

Applicability of House Rule XLIII, clause 4, to acceptance of free transportation provided by air carriers on inaugural flights.

REASON FOR ISSUANCE

The Select Committee has been requested to issue an advisory opinion on the propriety of Members, officers, or employees of the House of Representatives accepting free transportation provided by air carriers on inaugural flights.

BACKGROUND

Commercial air carriers are authorized, under federal regulations (18 CFR 223.8 and 399.38) and with the approval of the Civil Aeronautics Board, to provide free transportation on "inaugural flights" to invited guests when a new route or new equipment is introduced. Traditionally, the air carriers invite Members and em-

ployees of the House of Representatives, as well as officials of the Executive Branch, on such inaugural flights.

The applicable House Rule in this situation is Rule XLIII, clause 4, which provides, in effect, that a Member, officer, or employee of the House of Representatives shall not accept gifts in any calendar year aggregating $100 or more in value, directly or indirectly, from any party with a direct interest in legislation before the Congress, or from a foreign national.

The air carriers are subject to federal regulation, and thus are deemed to have a direct interest in legislation before the Congress. The question to be determined is whether an inaugural flight constitutes a gift.

In the case of inaugural flights, the Member, officer, or employee of the House does not appear to render any services of equal consideration to the value of the flight, and therefore an inaugural flight would appear to constitute a gift to the Member, officer, or employee. If the value of the transportation provided on an inaugural flight exceeds $100, and the Committee assumes that such would be the case in every instance, acceptance of such a gift would be prohibited under Rule XLIII, clause 4.

The Committee recognizes that the definition of the term "gift" for purposes of Rule XLIII, clause 4, might not include some situation where a trip or event is primarily intended for educational purposes and is directly related to a Member's or officer's or employee's official duties. However, the Committee finds that inaugural flights, as traditionally defined, do not have sufficient educational value to exclude them from the definition of a gift for purposes of the intent of Rule XLIII, clause 4.

SUMMARY OPINION

Acceptance of free transportation provided by air carriers on inaugural flights is prohibited under House Rule XLIII, clause 4.

ADVISORY OPINION NO. 4

SUBJECT

Under House Rules, may a Member of the House or the spouse of a Member solicit cash gifts of less than $100 for personal use through a direct mass mailing?

REASON FOR ISSUANCE

A Member of the House has requested an advisory opinion as to whether his proposal to solicit gifts of less than $100 for personal use would be in violation of House Rule XLIII.

BACKGROUND

Rule XLIII, clause 4, prohibits acceptance of gifts aggregating over $100 from "persons" having a direct interest in legislation before the Congress. Since the proposal would solicit only gifts of less than $100, it would not be in violation of clause 4.

However, Rule XLIII, clause 7, appears to have direct application to the proposed plan to solicit gifts. Before March 3, 1977, Rule XLIII, clause 7, read as follows:

> A Member of the House of Representatives shall treat as compaign contributions all proceeds from testimonial dinners or other fund-raising events if the sponsors of such affairs do not give clear notice in advance to the donors or participants that the proceeds are intended for other purposes.

This provision was designed to deal with situations in which donations were given to Members under the mistaken notion that they were to be used for campaign purposes when, in fact, they were treated as personal gifts. Hence, language was adopted which specified that unless advance notice was given, proceeds from fund-raising events could not be converted to personal use.

The House Commission on Administrative Review recommended that proceeds from testimonial dinners and other fund-raising events should not be allowed to be converted to personal use under any circumstances. Effective March 3, 1977, H. Res. 287 amended clause 7 to read simply:

> A Member of the House of Representatives shall treat as campaign contributions all proceeds from testimonial dinners or other fund-raising events.

In a technical sense, then, the propriety of the proposal turns on the interpretation of a "fund-raising event." There was no legislative history defining the term fund-raising event when Rule XLIII was adopted in 1968.

But in view of the widespread use of mass mailings to raise funds (direct mail solicitation has become a principal fund-raising technique since 1968), it would appear that the proposal under consideration constitutes a fund-raising event. In the age of computerized mass mailings, it is unnecessary for people to gatner together in a common place on a particular date to constitute a "fund-raising event."

Additionally, Rule XLIII, clause 2, would appear to have applicability in this case. The provision states:

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

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

the spouse, the spouse under these circumstances would be acting essentially on behalf of the Member. Thus, the Member would be conducting indirectly the very activities he would be prohibited from engaging in directly.

Consequently, the mass mail solicitation of funds by a spouse for a Member's use also appears to violate the "spirit" of House Rules.

SUMMARY OPINION

A direct mail solicitation by a Member of the House or the spouse of a Member constitutes a "fund-raising event" for purposes of House Rule XLIII, clause 7. Proceeds from a "fund-raising event" for a Member of the House must be treated as "campaign contributions" and cannot be converted to personal use by the Member. Therefore, any such attempt to raise funds for personal use through a mass mailing would be in violation of House Rule XLIII, clause 7. Additionally, any such activity would appear to be contrary to the spirit of House Rules and, therefore, in violation of House Rule XLIII, clause 2.

ADVISORY OPINION NO. 5

SUBJECT

Use of campaign funds to pay for official expenses incurred prior to March 3, 1977.

REASON FOR ISSUANCE

The Select Committee has received several inquiries regarding the use of campaign funds to pay for official expenses incurred prior to the effective date of House Rule XLIII, clause 6, and Rule XLV.

BACKGROUND AND DISCUSSION

House Rule XLIII, clause 6, as amended on March 2, 1977, restricts the use of campaign funds to bona fide campaign purposes. House Rule XLV, also adopted on March 2, 1977, prohibits the acceptance of private contributions to defray ordinary and necessary expenses incurred in the operation of a congressional office. Both Rules changes became effective upon adoption.

Some Members committed excess campaign funds to pay for official expenses incurred on or before March 3, 1977, the effective date of the new Rules, but have not actually expended their campaign funds to pay those debts. In such cases, the campaign funds were contributed prior to the Rules changes and the expenses were incurred before the adoption of the new Rules.

The amendment to Rule XLIII, clause 6, and new Rule XLV were not intended to have an ex post facto effect. Therefore, the Select Committee finds that use of campaign funds contributed prior to the Rules changes to pay for official expenses incurred prior to March 3 is permissible under the Rules.

House Rule XLV clearly prohibits Members who have incurred official expenses either before or after March 3 from raising pri-

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House of Representatives
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March 14, 1977

The Honorable Richardson Preyer, M.C.
Chairman, the Select Committee on Ethics BRIEFING BOOK EX. 15
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.

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Hospitals
Cemeteries and Burial Benefits

Congress of the United States
House of Representatives
Washington, D.C.

April 5, 1977

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The Honorable Richardson Preyer, M.C. BRIEFING BOOK EX. 16
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.

I suggest that the known and accepted structure for soliciting the political funding for elections can also be properly used for raising personal funds as described in my proposal. By this I mean the personal or mail solicitation would be conducted either personally or in the alternative by a committee composed of several persons not a part of my congressional office staff or campaign organization.

In conjunction with the eleven point plan cleared with the FEC, such a committee would operate entirely independent of me in every respect. For example, it would necessarily have to obtain its own seed money and organizational direction and control. The only relationship I would have with the committee would be that I would not accept funds from the committee unless it could clearly demonstrate that all points of the FEC proposal and the under $100 limitation were adhered to. No funds would be accepted personally from members of the committee or close relatives of those members.

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

BRIEFING BOOK 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;

W I T N E S S E T H:

WHEREAS, these parties were married on the 19th day of December, 1952, in Malden, Dunclin County, Missouri, and since that time have been and now are husband and wife; and,

WHEREAS, five children have been born the issue of these parties, namely:

Steven G. Hansen, born October 3, 1953, now age 23;
James V. Hansen, born December 20, 1954, now age 22;
Patricia S. Hansen, born April 18, 1956, now age 21;
William D. Hansen, born May 13, 1959, now age 18;
Joanne Hansen, born April 25, 1960, now age 17; and

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.

2. From the community property of these parties, the Husband shall have as his sole and separate property, free and clear of any right, title and interest of the Wife, the following items:

(a) Earnings of the Husband, subject to a separate maintenance to Wife in the sum of $1,000.00 per month, or such other sum as the parties may hereafter agree;

(b) Husband's United States Retirement Fund, which presently amounts to the sum of $8,735.75;

(c) United States House of Representatives' Sergeant of Arms' account, having the present value of $578.15;

(d) New York Life Insurance Company commission agent residuals, presently amounting to approximately $100.00 per year;

(e) Two whole life insurance policies with New York Life Insurance Company on Wife's life for $65,000.00, with Husband as beneficiary, and which are subject to $6,000.00 loan indebtedness, therefore having little cash value;

(f) Funds in a checking account at the Valley Bank, Pocatello, Idaho, in the amount of $1,100.00;

(g) Husband's clothing and personal effects.

3. From the community property of these parties, the Wife shall have as her sole and separate property, free and clear of any right, title and interest of the Husband, the following items:

(a) All real property of these parties, with improvements thereon, including, but not limited to, the following:

(1) The real property and house situated thereon located at 4700 38th Place North, Arlington, Virginia, presently having an appraised value of $155,800.00;

(2) The real property and house situated thereon, located at 730 Ada, Paragould, Arkansas, presently having an appraised value of $27,000.00;

(3) The real property and building situate thereon, being the present site of the Copy Cat business, located at 420 North Main Street, Pocatello, Idaho, having a present value of $125,000.00;

(b) A real property sales contract in escrow for real property located in Tetonia, Idaho, having the present value of $1,518.49;

(c) The Copy Cat business located at 420 North Main Street, Pocatello, Idaho, and presently worth $40,000.00, including inventory valued at $8,000.00 and printing and other equipment and furnishings having a value of $18,822.00;

(d) Loan accounts receivable in the present amount of $7,500.00;

(e) Office equipment having the present value of $5,000.00;

(f) Household furnishings, fixtures and appliances located in the Arlington, Virginia, house, having the present value of $26,200.00;

(g) Household furnishings, fixtures and appliances located in the Paragould, Arkansas, house and in the Pocatello, Idaho, rented apartment, having the present value of $5,500.00;

(h) Tax refund presently due and owing for the year 1976, having a value of approximately $9,000.00;

(i) Monies in bank, checking and savings accounts located at the following listed banks, which accounts were in the amounts stated as of June 21, 1977:

(1)	Valley Bank, Driggs, Idaho ...	$ 2,100.00
(2)	MFT Bank, Salt Lake City, UT .	2,700.00
(3)	Bank of Idaho, Pocatello, ID .	100.00
(4)	First Security Bank, Pocatello Idaho	105.91

(5) First National Bank, Paragould, Arkansas ..... $ 270.00
(6) Idaho State Bank, Glenns Ferry, Idaho 660.00
(7) Arlington Trust Co., Arlington, Virginia 5,122.76
(8) First Bank of Virginia, Arlington, Virginia 513.73

(j) The following automobiles having a total value of $18,000.00:

(1) One 1976 Hornet two-door hatchback;
(2) One 1977 two-door Chevrolet Monte Carlo;
(3) One 1975 four-door Oldsmobile Regency;
(4) One 1975 four-door Oldsmobile Cutlass.

(k) All right, title and interest in and to the following life insurance policies with New York Life Insurance Company on the life of Husband, in the amounts and face values as follows:

(1) $100,000.00 whole life policy;
(2) $50,000.00 whole life policy;
(3) $50,000.00 whole life policy;
(4) $10,000.00 whole life family plan policy;
(5) $40,000.00 term insurance to the extent assignable.

The parties acknowledge that the foregoing whole life insurance policies are subject to indebtedness that renders their respective cash values virtually a nullity.

(l) Clothing and personal effects of Wife.

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

(a) The indebtedness on all real property of these parties, including, but not limited to, the following properties for the following amounts:

(1) The real property and house situated thereon located at 4700 38th Place North, Arlington, Virginia, presently subject to an indebtedness in the sum of $105,000.00;

(2) The real property and house situated thereon, located at 730 Ada, Paragould, Arkansas, presently subject to indebtedness in the sum of $3,468.69;

(3) The real property and building situated

thereon, being the present site of the Copy Cat business, located at 420 North Main Street, Pocatello, Idaho, presently subject to indebtedness in the sum of $80,000.00;

(b) Secured indebtedness on equipment located in the Copy Cat business in the sum of $9,763.00;

(c) Credit and charge card payables and accounts in the sum of $7,000.00;

(d) Attorneys' fees in the sum of $4,999.39;

(e) Loans from New York Life Insurance Company on the policies on the lives of both Husband and Wife in the total sum of $44,552.77 (including the sum of $9,306.93 required to pay New York Life Insurance Company to reinstate some of the policies for back premiums);

(f) Loan from the United States Retirement Fund in the sum of $23,500.00;

(g) Loan from the Valley Bank, Pocatello, Idaho, in the sum of $10,000.00;

(h) Loan from the Bank of Idaho, Pocatello, Idaho, in the sum of $13,000.00;

(i) Loan from Idaho Bank & Trust, Pocatello, Idaho, in the sum of $10,536.14;

(j) Loan from the First Bank & Trust, Malad, Idaho, in the sum of $22,044.78;

(k) Secured loan on some of the above referenced automobiles from the Valley Bank, Idaho Falls, Idaho, in the sum of $3,700.00;

(l) Loan from the First Security Bank, Pocatello, Idaho, in the sum of $12,150.00;

(m) Loan from the Idaho State Bank, Glenns Ferry, Idaho, in the sum of $10,000.00;

(n) Loan from the Arlington Trust Company in Arlington, Virginia, in the sum of $2,439.58;

(o) Indebtedness to the House of Representatives' Sergeant of Arms' account in the sum of $13,200.00;

(p) Present interest owed on outstanding indebtedness, $17,200.00;

(q) Personal loans in the total sum of none $ --00.00--.

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 .

6. The parties hereby agree to maintain in force the policies of insurance awarded to them by the terms hereof.

7. It is understood and agreed that the Husband may claim all children as may be dependent at any time as exemptions on his income tax returns.

8. The parties acknowledge that funds received by Wife as a result of a personal solicitation, commencing in May and June, 1977, are gifts to the Wife and are therefore her separate property.

9. Husband shall pay to Wife, as and for separate maintenance, the sum of $1,000.00 per month, or such other sum as hereafter agreed to by the parties in writing.

10. Tax refunds from any joint income tax filings by these parties shall be divided between these parties as separate proceeds in proportion to each party's respective reported gross income.

11. All references herein to the term "present", with reference to value, refer to the date of June 21, 1977.

12. Husband shall provide such funds as may be necessary to support and maintain the minor children of these parties.

13. Each of the parties hereto agrees to execute, sign and deliver over to the other party, any and all documents, certificates, titles, deeds and other instruments as

may be necessary to convey and transfer the hereinabove listed real and personal property to the party indicated, and to do so within a reasonable time upon request by the other party.

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.

16. The effective date of this agreement shall be September 30, 1977, and all values as of June 21, 1977, are for reference purposes only.

17. Each of the parties hereto, upon execution of this agreement, waives as to the other any claim, right, title and interest awarded by said agreement to the other, and waives all other claims, save and except as herein provided, and each agrees that he or she will not incur any liability on behalf of the other, recognizing that the property

herein awarded to the other is the sole and separate property of the party to whom so awarded.

18. All matters affecting the interpretation of this agreement and the rights of the parties hereto shall be governed by the laws of the State of Idaho.

19. All provisions of this agreement shall be binding upon the respective heirs, next of kin, personal representatives and assigns of the parties hereto.

20. This agreement shall be executed in quadruplicate, each of which so executed shall be deemed an original and shall constitute one and the same agreement, with an executed copy to be retained by each of the parties hereto.

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

Washington
~~STATE OF IDAHO~~)
District of Columbia) ss.
~~COUNTY OF ADA~~)

On this 30th day of September, 1972, before me, the undersigned, a Notary Public in and for ~~said State~~, personally appeared GEORGE V. HANSEN and CONSTANCE S. HANSEN, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

John L. Runft
Notary Public for State of Idaho,
Residing at Boise, Idaho.

BRIEFING BOOK EX. 18

June 3, 1977

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

Dear Mr. Chairman:

I am writing this letter at the request of my husband, Congressman George Hansen, to advise you of my intentions with regards to certain actions taken by your committee.

As you probably know, my husband plans to abide by your decisions with regard to his request to raise funds to pay off politically-caused personal indebtedness. Neither he, nor I, nor an independent committee will solicit funds in his behalf.

However, I believe the Committee has been totally unreasonable in this matter and I can't help but be disturbed at the double standards I have witnessed.

While my husband has carefully asked the Federal Election Commission and your Committee and other appropriate authority for permission and guidance to solve a very real and legitimate personal problem arising from political dirty tricks and harrassment, I have witnessed instance after instance of Members of Congress taking solicited funds, including campaign contributions, for personal use without asking and the Committee has had little to say about it.

Now, let me inform you that I don't intend to stand by and let a Committee of Congress or anyone else deprive me of the basic rights of a citizen of this nation to pay my bills and protect my home. Many members of your Committee talk a good story about civil rights and the equality of women but then they sit there smugly and deny those very rights to the wife of a Member of Congress.

I am a citizen of Idaho which is a community property state and therefore I stand liable for half of this politically-caused indebtedness. Furthermore, if my husband should die, it is all my responsibility.

And the debt in question is the result of a concentrated political smear campaign which occurred during my husband's candidacy for Congress as a non-incumbent in 1974.

The economic effects to us personally were disastrous. We found our total time consumed month after month in defending against these malicious attacks which included serious and irresponsible charges led by former Congressman Wayne Hays and surreptitious acquisition of our personal credit records by the State Treasurer of the Democratic Party in Idaho.

This drum roll of false accusations and misleading press releases from Washington as well as Idaho almost overwhelmed us and left us no time to manage our personal business operations which resulted in heavy expenses and loses -- a situation which has taken many months to reverse.

Not only were we incurring business losses and heavy legal and professional expenses, but my husband was precluded from earning income because his total effort was required to counter the vicious attacks.

As a result of these false accusations, my husband has had to endure three years of investigations by various federal agencies which have proved nothing but his honesty.

Therefore, faced with this burdensome personal indebtedness, I have as a matter of love for my husband and children and financial preservation of our family insisted upon a financial settlement between my husband and myself legally and properly dividing our property. In part the property settlement provides that my husband assume such debts as those of the family, the home, cars, charge cards and such and that I assume a substantial portion of those debts politically incurred.

This separation of personal finances is done with considerable difficulty to us as a family, not only now but for years to come -- which seems a strange way for you to treat the victims of ugly politics.

However, I do what I must. Let me advise you that as a matter of personal and family survival, I plan to raise funds at an early date to pay my half of the debts in proper and legal fashion. Your arbitrary rules may extend to my husband as a Member of Congress, but I do not belong to that body. I am a free agent with rights and responsibilities of my own and I'll take my case to the courts and to the people if necessary.

Sincerely,

Lenore B. Hansen

Mrs. George V. Hansen

RICHARDSON PREYER
9TH DISTRICT, NORTH CAROLINA

2344 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

COMMITTEES:
INTERSTATE AND FOREIGN COMMERCE
GOVERNMENT OPERATIONS
SELECT COMMITTEE ON ASSASSINATIONS
CHAIRMAN KENNEDY SUBCOMMITTEE

BRIEFING BOOK EX. 19

Congress of the United States
House of Representatives
Washington, D.C. 20515

DISTRICT OFFICES:
103 FEDERAL BUILDING
BURLINGTON, N.C. 27215

249 FEDERAL BUILDING
GREENSBORO, N.C. 27401

409 LAW BUILDING
HIGH POINT, N.C. 27260

RICHMOND COUNTY

June 8, 1977

Mrs. George Hansen
4700 38th Place North
Arlington, Virginia 22207

Dear Mrs. Hansen:

Thank you for your letter of June 3 advising me of your intention to proceed with a personal fund-raising effort to retire certain debts that you have assumed.

I hope that you will understand that the content of the advisory opinions addressing issues referred to us by your husband were in no way meant to infringe on your civil rights nor on your equality as a woman. Neither were those opinions aimed in any personal way against your husband or your family.

The Code of Ethics adopted by the House on March 2 resulted directly from sustained public criticism of some Members' actions prior to that date. Your statement that Members converted campaign contributions to personal use before the ethics code was adopted is entirely correct. It is also true that such conversion was not prohibitied before March 2 as it is now.

I have asked the Select Committee's Staff Director if our staff is aware of any such conversions since the code was adopted. He advised me that no such situations have been brought to his attention.

Thank you again for your advice and views.

Cordially,

Richardson Preyer

RP:bjb

MRS. GEORGE HANSEN
4700 38th Place, North
Arlington, Va., 22207

Dear Friend: **BRIEFING BOOK EX. 20**

I'm the wife of a conservative Congressman and I need your help. My family and I are the victims of a long political nightmare and our fight for survival now depends on me. Let me explain why I'm writing this letter to you.

Quite frankly, I'm appealing to your sense of justice and fair play. Here's why.

Three continuous vicious years of personal and political attacks on my husband by powerful liberals and labor bosses led by such people as Wayne Hays have forced us into outrageous expenses and a huge politically-caused personal debt.

My husband, Congressman George Hansen (Idaho), a nationally known conservative leader, has for two straight elections withstood every assault the liberal opposition could muster.

They have charged him wildly and pushed him into investigation after investigation which never proved anything but his honesty. Their ugly attempts even included the use of illegal means to invade our private tax and credit records.

These tactics cost his campaign committee over $400,000 for the past two elections in a state where such races average $75,000 each.

This means our friends and supporters have been forced by dirty tricks and harassment to overspend by a quarter of a million dollars more than we should have needed to win. With great effort most of this campaign money has been raised.

However, the attacks and dirty tricks took their toll personally and we find ourselves faced with a huge politically-caused personal debt similar in amount to the campaign expenditures.

My husband planned to solicit funds to pay these politically-caused personal debts and he submitted his proposal to the Federal Election Commission which found no objection.

But now he has run into the political double standards of Congress! The new House Ethics Committee arbitrarily says he can't raise such funds even though they are for political reimbursement and not for personal gain!

To show the inconsistency of their reasoning, during the same period while my husband was carefully asking permission, one Democrat Congressman transferred $99,000 from his political campaign fund to his private funds. And another fund-raising activity was going on for another Democrat Congressman, raising $22,500 to build a new wing on his house!

My husband has beaten the attacks by the liberals now for three years. They couldn't destroy him by investigation and their harassment couldn't keep him from effectively doing his job or prevent his great achievements in the battle to keep our nation strong and free.

This has been accomplished because of George's dedication and long hours and I've helped him by working full time in his office, without pay, I might add.

However, they have wounded us badly financially, and now have succeeded in stopping him personally from any financial repair, short of resigning from Congress. This is what the liberals want, of course. If they can't defeat you at the polls, it seems they won't quit until they ruin you financially.

Well, they haven't won this battle because I have some rights, too.

Those chivalrous liberals on the House Ethics Committee who are always talking women's rights have just tried to sentence me as a wife and mother of five to an impossible debt burden. But they're not going to get away with it

My husband is abiding by the decision of the Committee--the so-called Club rules. However, I am not a member of Congress and I am not bound by them.

Idaho, you see, is a community property state and I am liable for half my husband's debts and if he should die, I'll have the full burden.

So here's what I've decided. George and I have arrived at a legal and equal division of property and indebtedness where he has assumed the debts of the family-

the house, the cars, the charge cards and so forth, which he will pay properly from his pay check.

And I have assumed a substantial portion of those debts arising from the political dirty tricks--debts of hundreds of thousands of dollars--and I urgently ask your help to save my family from financial disaster.

Our three-year battle for survival against the horrors of the liberal harassment will all be for nothing unless I can win this final battle which I have been forced to do by myself.

Please note. I am abiding by the guidelines of my husband's agreement with the FEC--no funds from corporations will be accepted, nor from federal employees, nor in gifts of $100 or more from one person.

I urgently need your help. The burden on us has been unbelievable. Won't you help me by sending as much as you possibly can, $99, or $75, or even $50, $25, or $10?

I promise you that I will deposit your donation promptly into a special bank account I've set up to pay off these debts.

I anxiously await your reply as soon as possible.

Gratefully yours,

Lenni Hansen

Mrs. George Hansen

P.S. I'm sending you copies of some of the clippings regarding our situation.

GEORGE HANSEN
2nd District, Idaho

1123 Longworth Building
Washington, D.C. 20515
Tel.: (202) 225-5531

Committees-Subcommittees:
BANKING, FINANCE AND URBAN AFFAIRS
Domestic Monetary Policy (Ranking Member)
Financial Institutions Supervision
Oversight and Reinvestigation
VETERANS' AFFAIRS
Cemeteries and Burial Benefits
Medical Facilities and Benefits

Congress of the United States
House of Representatives
Washington, D.C.

Idaho District Offices:
UPPER SNAKE RIVER VALLEY
211 Federal Building
Box 740, Idaho Falls, Idaho 83401
Tel.: 523-5541
SOUTHEASTERN IDAHO
220 Federal Building
250 S. 4th Avenue
Pocatello, Idaho 83201
Tel.: 232-0969
MAGIC VALLEY
1661 Blue Lakes Boulevard North
Twin Falls, Idaho 83301
Tel.: 734-8466
WESTERN IDAHO
442 Boman Federal Building
304 North 8th Street
Boise, Idaho 83701
Tel.: 384-1876

May 9, 1978

BRIEFING BOOK EX. 21

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2

Dear Mr. Chairman:

By reason of information which appeared in a May 7th newspaper in my Congressional District I have been subjected to innuendo that my recent Financial Disclosure Statement filed pursuant to Rule XLIV is in some manner inadequate or incomplete. I immediately contacted Staff Directors Donald Terry of the Select Committee on Ethics and John M. Swanner of the House Committee on Standards of Official Conduct and certain Members of those committees to protest the quotes ascribed to a staff member in that article.

At my request I met with Mr. Terry and Attorney James Haltiwanger of the Standards Committee Monday afternoon in company with my Attorney James T. McKenna. Mr. Haltiwanger advised me that the reporter in question, Mr. David Morrissey of the Twin Falls Times News, had telephoned him several times last week and that he had answered all questions in a purely hypothetical manner. He stated that the reporter had misused the quotes, leaving out the essential hypothetical nature of the answers and most particularly he had omitted Mr. Haltiwanger's statement that my report was complete on its face and that he knew of no irregularities. Mr. Haltiwanger said that on Thursday the conversation was so warped he was compelled to tell the reporter that his contentions were a lie and believes it possible that he was named in the article as an act of vengeance.

While there is no doubt as to the sincerity and integrity of Mr. Haltiwanger, the misuse of the quotations has the potential for causing me great embarrassment. You will remember that prior to arranging my affairs in order to satisfy the requirements of my situation, that your committees were kept advised at all times of the manner in which I planned to proceed and then of my wife's intended course of action and the details of her decision.

At considerable expense I retained legal counsel to procure a ruling from the Federal Election Commission and to assure my compliance with the legal matters under jurisdiction of the Justice Department before moving to satisfy the rules and standards of the House as administered by the Select Committee on Ethics and the Committee on Standards of Official Conduct.

My entire course of action was predicated upon conforming to the law and to the rulings of both committees, and my wife has proceeded likewise when it became necessary for her to act independently. We executed a specific property division agreement effective in June 1977 in compliance with the law and House Rules to enable each party to be free of any "constructive control" of the other. This was done at my wife's insistence that her civil rights were being violated by arbitrary Congressional Rules threatening her survival and that she was entitled to independently protect and provide for herself by her own devices.

This property division agreement was not arbitrarily or opportunely made for reporting purposes but rather done at an early date to satisfy House Rules and according to legal guidelines. Nevertheless this created an exemption of spouse reporting according to Rule XLIV which states, "The interest of a spouse or any other party, if constructively controlled by the person reporting, shall be considered to be the same as the interest of the person reporting."

Rule XLIV under provisions adopted effective July 1, 1977 further states, "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."

Advisory opinion #12 issued December 1, 1977 specifically acknowledges the exclusion of spouses not under "constructive control" in providing additional detailed requirements for spouse disclosure--requirements which clearly do not apply to those not under "constructive control" as in the case of my wife whose financial situation has been legally separated from my own.

Any disclosure of my wife's interests now by me is not possible and would be an infringement upon her legal independence and privacy and unilaterally abortive of the settlement agreement made earlier in compliance with House Rules.

I am confident that my filing, done carefully with advice of legal counsel, is completely in accord 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.

In addition, my filing was made timely and in good faith and comments by staff with the potential for severe damage to me and to my wife are particularly inappropriate. This is not the first time the Ethics staff has been victimized by designing elements of the press where I am concerned and I must assume that Mr. Haltiwanger joins with me in condemning the shoddy reportorial technique which produced the article of which I complain. I would expect that your committees will take early steps to correct the record in this matter.

Sincerely yours,

GEORGE HANSEN
Member of Congress

GH:mw

cc: Hon. Charles E. Wiggins
Ranking Minority Member
Select Committee on Ethics

Hon. Bill Frenzel
Member
Select Committee on Ethics

Hon. John J. Flynt
Chairman
Standards of Official Conduct

Hon. Floyd D. Spence
Ranking Minority Member
Standards of Official Conduct

4700 38th Place North
Arlington, Virginia 22207

May 11, 1978

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2
Washington, D. C. 20515

BRIEFING BOOK EX. 22

Dear Mr. Chairman:

A property settlement agreement between me and my husband, Congressman George Hansen, effective in June of 1977 was duly executed in accordance with Idaho law.

This was done necessarily to protect my civil rights, personal privacy and individual financial right to survive.

Assets and debts assumed by me were precisely what an equitable legal division would allow, and nothing else.

Having gone to this trouble and expense I consider myself an independent citizen absolutely and legally not under the "constructive control" of my husband. And I might add, he is also an independent citizen not under my "constructive control."

I plan to take care of my financial needs and problems in accordance with the law and the highest standards of ethics and will in no way be adversely influencing my husband's life or responsibilities as a Member of Congress or whatever capacity he might hold.

But beyond this, what I do with my private life is legally my private business. I am not a Member of Congress and have no further obligation to you or your committee.

What my husband does may be yours to supervise, but he is in no legal position to involve me.

Sincerely,

Connie Hansen

(Mrs.) CONNIE S. HANSEN

GEORGE HANSEN
SECOND DISTRICT, IDAHO

1125 LONGWORTH BUILDING
WASHINGTON, D.C. 20515
TEL.: (202) 225-5531

COMMITTEES-SUBCOMMITTEES:
BANKING, FINANCE AND URBAN AFFAIRS
DOMESTIC MONETARY POLICY (RANKING MEMBER)
FINANCIAL INSTITUTIONS SUPERVISION
OVERSIGHT AND RENEGOTIATION
VETERANS' AFFAIRS
CEMETERIES AND BURIAL BENEFITS
MEDICAL FACILITIES AND BENEFITS

Congress of the United States
House of Representatives
Washington, D. C.

June 2, 1978

IDAHO DISTRICT OFFICES:
UPPER SNAKE RIVER VALLEY
211 FEDERAL BUILDING
BOX 760, IDAHO FALLS, IDAHO 83401
TEL.: 523-5341
SOUTHEASTERN IDAHO
220 FEDERAL BUILDING
250 S. 4TH AVENUE
POCATELLO, IDAHO 83201
TEL.: 232-0900
MAGIC VALLEY
1061 BLUE LAKES BOULEVARD NORTH
TWIN FALLS, IDAHO 83301
TEL.: 734-6466
WESTERN IDAHO
442 BORAH FEDERAL BUILDING
304 NORTH 8TH STREET
BOISE, IDAHO 83701
TEL.: 384-1878

BRIEFING BOOK EX. 23

Honorable Richardson Preyer
Chairman, Select Committee on Ethics
3557 House Office Building, Annex #2

Daer Mr. Chairman:

On May 9th I wrote to you regarding my Financial Disclosure Statement, recently filed as required, apprising you of a recurring problem of improper disclosure by Ethics and Standards Committee staff members of information regarding my situation and requesting a confirmation of the validity of my report as filed.

The real problem as I then stated is the obvious determination of some elements of the press, irregardless of time and finances involved, to actually stir up problems for me.

I enclose two recent press releases which are typical and which demonstrate my point, one from the Idaho State Journal of 5-8-78 and one from the Idaho Statesman dated 5-12-78. Each picks up where the ill-advised and twisted Morrissey article of May 7 leaves off. They not only rehearse the scenario set by Morrissey, but they suggest the means to push a complaint against me.

If you question the use of the phrase "push a complaint," then please read the first paragraph of the Statesman article by Bill Dietrich of the Gannett News Service. In phrasing which is nothing less than an invitation to action, the paragraph begins, "a formal complaint from a member of the public will probably be needed..."

Now if you will place this in context with the enclosed statement from Committee Attorney Jim Haltiwanger, you will see what is happening to the Committee and to me. We are both being manipulated into unnecessary and embarrassing circumstances which have little or nothing to do with ethics or proper disclosure.

Now this isn't new to me, Mr. Chairman. In fact, this has been the name of the game for four years now, four years of phony charges by my political

opposition, phony charges given distorted credibility and sensational coverage by scandal-mongering and politically-oriented elements of the press.

Fighting these trumped-up charges has cost me a fortune and is the reason why my case ever came before you in the first place.

I had hoped not to get into all the problems of the past particularly because of the questionable involvements of certain elements here in the Congress, but it now appears that it is necessary to tell you where it all began and what it is about. And you might keep in mind how such selective political persecution could also happen to you or any Member of Congress or any aspiring candidate.

In 1974 I was involved in a primary election with an incumbent Congressman who coincidentally was a Member of the House Administration Committee and a good friend of its Chairman Wayne Hays. I had been a Member of Congress for two terms in the sixties before dropping out to run unsuccessfully for the U.S. Senate in 1968. I subsequently spent three years in an administrative position with the U.S. Department of Agriculture and then returned to private business for another three years before again running for Congress.

The 1974 race was one which received some national exposure because the candidates were all named Hansen. It was George Hansen vs. Orval Hansen in the Primary and George Hansen vs. Max Hanson in the General.

My Primary election success against the incumbent Orval apparently came as a shock to him and certain of his supporters who reacted quite bitterly.

Certain people close to the defeated incumbent wrote letters of complaint to the Clerk of the House and House Administration Committee making random complaints about my campaign reports which, of course, prompted inquiry.

A team came to Idaho at the close of the Primary election in early August 1974 including Mr. John Warren McGarry, personal investigator for Wayne Hays, who never adequately identified himself as any more than an observer.

This group returned to Washington giving the impression they were reasonably satisfied that campaign reporting was adequate and asking that I clarify certain matters regarding the nature of a number of small checks received--checks ranging from $10 to $200 which needed clarification as to whether corporate funds were involved (the FBI later established the funds were not corporate and therefore legal.) I gave them copies of the checks at my own expense, copies that were not even required to be kept.

Before any clarification was possible the press reported that McGarry had appeared before the HAC (this was Tuesday morning and he had been in Idaho only two days before on the weekend) and charged massive campaign violations mostly involving the checks, but so much fabrication and distortion in the material presented to the committee and in statements and actions thereby prompted that my attorney soon found it necessary to threaten legal action against Hays and the Committee to put an end to this exploitive behavior and stabilize the situation.

Hays was engaging in his usual extroverted display which, of course, produced screaming headlines in the media and I was immediately made to look grossly guilty of something without ever having opportunity to directly or indirectly present my side of the issue. Certain non-Idaho Members of Congress on the House Administration Committee seemed to become instant experts on Idaho law publicly suggesting that I resign so my opponent, a member of the committee, could be reinstated on the ballot for the General Election.

Hays, it should be remembered, was fighting Common Cause and others to retain his czardom over elections and other House activities and was using select examples to point out the adequacy of the existing laws and rules. Press releases at the time showed this to be central to his thinking, however the welfare of my defeated primary opponent who served on his Committee and who was his good friend certainly only made the matter more to his liking as other records show.

In an attempt to get out of Hays' political shooting gallery and before an objective forum, I contacted certain HAC Members and asked that they refer the matter to the Justice Department as quickly as possible. The atmosphere was so poisoned that Hays couldn't avoid such action and the Federal Bureau of Investigation soon appeared on the scene. Of course, the press played this unanimous referral to the Justice Department as evidence of apparent guilt rather than need for an impartial forum for developing factual information.

In the meantime I was tipped off by my Democratic General Election opponent that my Republican Primary Election opponent had asked a certain prominent Democrat businessman to get my credit report. This was done by Pocatello businessman Mel Morgan who was the Democratic State Treasurer in an apparent illegal act that prompted a second and concurrent FBI Investigation which resulted in action to prosecute.

A lawsuit resulting from this purloining of my credit report is currently active and was recently heard before the U.S. Court of Appeals in San Francisco on May 12, 1978.

Depositions and Court records show the credit report was sent from Pocatello to Mr. Morgan in Los Angeles who upon receiving it took it immediately to Washington for personal delivery to Orval Hansen (who had requested the report). Orval then turned this illegally procured report over to John Warren McGarry for transmission to Hays, a particularly dangerous operation actually involving an official body of the House of Representatives in an apparent violation of the law and basic right of privacy.

However, this violation of the civil rights and privacy rights of me and my wife in the 1974 Congressional election was not confined to the credit report; it happened several times regarding our private bank accounts. Even Internal Revenue Service confidentiality was obviously breached, a situation which developed in the 1976 election into a wholesale illegal and erroneous IRS disclosure of my income tax filing records, disclosure which is now being investigated and prosecuted by Federal Agents.

In 1974 the FBI was pushed back into the field on my case time and again by Hays who wasn't satisfied that they had found nothing more than possible minor unintentional bookkeeping errors common to most any political campaign. However, this was finally certified to Hays in a letter from the Acting Attorney General who verified that after an exhaustive investigation that there were no felonies found.

A baffled federal judge in U.S. District Court proceedings on April 25, 1975, expressed repeatedly, "I can't conceive that the Government would have brought this case if that's all that was involved in it." and "I can't conceive that if all that was done in this case was simply to make a mistake between reporting personally and reporting properly by committee, and that it was reported properly in all, that the Government would have brought the case. I just can't conceive it."

The Judge was then told, "What's before your Honor right now is what is the end product of a very exhaustive investigation" and "that was not the result of plea bargaining..." The matter of being singled out for selective application of justice was discussed in light of reports that thousands of similar infractions common to most campaigns including "the other four candidates in Idaho" had never come before the Courts. It was then stated "Justice has to act when something is brought to their attention. And the man that Congressman Hansen defeated in the Primary, a Mr. Orval Hansen, who was no relation to him, is on the very committee... that reported this matter to the Justice Department."

The Court admitted to its own error in an earlier hearing on this case when it attempted to impose a jail sentence by stating, "I must say that

when this case came along, it seemed to me like a proper case to try by deterrents to stop some of the things that had been going on. Now if I have used the improper technique to do this, then I will reconsider the matter."

The Court's reconsideration concluded that "although the wrong committee made the report of receipts and expenditures, that a correct reporting of the receipts and expenditures was made" but that didn't prevent a continued application of selective justice, assessing of a fine of $1000 on each of the two counts which is excessive and unreasonable by all contemporary standards.

Compare my situation where only unintentional, technical bookkeeping errors are involved with all funds accounted for, and the numerous other publicized cases of recent years where smaller fines and penalties (or none at all) were given for problems much more serious than mine, such as non-filing, non-disclosure, receipt of large and corporate funds.

And I am not just speaking of House Members, I am also referring to Senate races such as the 1974 bid for re-election in Idaho of a seasoned veteran who had a key financial committee miss several reporting periods without repercussion and again in 1976 as a presidential candidate he experienced several significant publicized reporting deficiencies without penalty. The 1976 Presidential campaigns of Jimmy Carter, Gerald Ford and Ronald Reagan also experienced several large campaign report discrepancies without suffering a personal assault on their character and integrity or an unending series of politically prompted and financially burdensome government investigatory fishing expeditions into their personal and public activities.

Perhaps the most recent case-in-point to illustrate the overkill I experienced is that of White House assistant Midge Constanza, who with serious intentional violations involving a large amount of money was only fined $500 by the FEC, and then only reluctantly.

Defending myself against all of this left me and my campaign deeply in debt. By early 1976 the campaign fund alone was $90,000 in the red. To rectify this, I launched a nationwide direct mail campaign fund-appeal which successfully paid off the debt by attracting thousands of contributors.

The contributions were generally small and too numerous to itemize on reports which only require such itemization of contributions over $100 in guaranteeing the basic right of privacy to small donors. Nevertheless, sensing the blood of a wounded prey after the dirty tricks of the 1974 election, the opposition complained to the FEC of non-disclosure and played to the press about a huge coverup of campaign funds.

Of course there were large amounts received, but little more than enough to pay off the debts of the previous campaign investigation and the cost of new charges lodged with the FEC.

The funds, available for actual campaign use after "survival costs" were deducted for legal, professional, and other related fees and bills, were less than adequate. We had to win the past two hotly-contested elections without even an ad on TV while the opposition had substantial messages appearing on the seven major commercial stations in the District, not to mention the educational channels.

The absence of this kind of media, to offset the continued untrue and distorted charges by the opposition of irregularities in my campaign finance reports, income tax filings, and other matters of finance, obviously put my campaign efforts at a distinct disadvantage.

Of course the FEC finally announced several months after the election on April 1, 1977, that there had been no campaign violations by either me or my committee. And in September of 1977 I received a letter of apology from a high ranking IRS official for an improper disclosure of my tax filing records, a disclosure that contained serious error and which was grossly distorted and sensationalized in the press.

While some political strategists may believe in the dirty-tricks strategy of keeping an opponent and his organization tied up in terms of time and money by making unfounded charges, I personally believe such practices are destructive of our process of self-government. And worse yet, when such tactics are accompanied by the breaking of the law, it is reprehensible and must be stopped immediately.

For nearly four years this has been happening to me. It began in the 1974 primary election with irresponsible charges made to the House Administration Committee and elements of that committee being involved in the apparent illegal invasion of my credit report. Then during the general election shaded allegations were made regarding my income taxes which, considered in light of events during the 1976 election, would suggest probable illegal disclosure.

In the 1976 election, charges of violations of campaign Reporting requirements were washed out as mentioned above, but the fact that complaints were made directly and indirectly to the FEC by officials of my opponent's organization without being recognized and his campaign also being investigated equally as required by law is a matter of concern.

The end of the 1976 campaign, however, brought a massive invasion of my Federal tax filing records involving key and high ranking officials of the Internal Revenue Service, my opponent's campaign organization and elements