Page 4 of 4

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

GERALDINE A. FERRARO

Continuation Sheet

Part	Source, Type, Amount, Category, Description or Value (As Applicable)	TYPE	AMOUNT
A	BROOKINGS INST SPEECH	HONORARIA	200
	OUTDOOR ADVERTISING ASSOC OF NY SPEECH	"	500
	COMMODITY EXCHANGE INC NEW YORK - SPEECH	"	1000
	WASHINGTON CAUCUS - SPEECH	"	500
	CHICAGO MERCANTILE EXCHANGE - TOUR OF EXCHANGE AND SPEECH	"	1000
	AMERICAN UNIV - SEMESTER PROGRAM - SPEECH	"	60
	NEW YORK UNIVERSITY - SPEECH	"	50
	TOTAL		3310

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

EXHIBIT NO. 34

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1983

FORM A—For use by Members, officers, and employees

Geraldine A. Ferraro
(Full Name)

22 Deepdene Road
(Mailing Address)

Forest Hills, NY 11375

MAY 15 P 9 36

(Office Use Only)

Check the appropriate box and fill in the blanks.

☐ Check if amended Statement.

☒ Member of the U.S. House of Representatives—District 9 State N. Y.

☐ Officer or Employee—Employing Office _____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type and amount of income (including honoraria and date received) aggregating $100 or more in value received from any source during calendar year 1982. Exclude income from current U.S. Government employment. *Do not include here income reported in part I–B below.*

SOURCE	TYPE	AMOUNT
Schedule Attached		3,600.

B. The source, type, and category of value of income from *dividends*, interest, rent, and *capital gains* received from any source during calendar year 1982 which exceeds $100 in value. *Notes:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY
Interest	Savings	A
Dividends	Investment Fund	A
Interest	Bonds	F

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of *gifts of transportation, lodging, food, or entertainment* aggregating $250 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of *all other gifts* aggregating $100 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION	VALUE
None		

C. The source and a brief description of *reimbursements* aggregating $250 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION
Chinese Cultural University	Air fare: New York-Taiwan Taiwan -New York; Food and lodging

(OVER)

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001-$15,000; C—$15,001-$50,000; D—$50,001-$100,000; E—$100,001-$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during calendar year 1983 in a trade or business, or for investment or the production of income, which had a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY
Ridgewood Savings Bank	A
Congressional Credit Union	A
East River Savings Bank	A
Dreyfus Liquid Fund	A
Dreyfus Reserve Fund	A
Bonds - MAC	C
N.Y.C. G.O.	C
Gloversville	B
Common Stock -	
(1) Sh. P. Zaccaro Co., Inc.	B

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded $10,000 at any time during calendar year 1983.

IDENTITY	CATEGORY
None	

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during calendar year 1983 which exceeded $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY
Purchase Bonds - 25M MAC	1/12/83	C
25M N.Y.C. G.O.	1/13/83	C
10M Gloversville	2/9/83	B

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION
Secretary & Treasurer	P. Zaccaro Co , Inc.

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT
None		

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES X NO ____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other exempted trust? (See Instructions) YES ____ NO X

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. § 706 and 18 U.S.C. § 1001).

Signature	Date
	May 8, 1984

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

Geraldine A. Ferraro

Continuation Sheet

Part	Source, Type, Amount, Category, Description or Value (As Applicable)	TYPE	AMOUNT
A	Avon Products Co. - Speech	Honoraria	2,000.
	IMPACT - Briefing	"	100.
	New York State Home Economics Assoc. - Speech	"	100.
	American Univ. Washington Semester Program - Speech	"	50.
	Union of American Hebrew Cong. - Speech	"	100.
	Outdoor Advertising Assoc. of America - Speech	"	500.
	Institute of Outdoor Advertising - Speech	"	500.
	Center for Study of Democratic Inst. - Speech	"	50.
	American Enterprises Inst. Congress Project Dinner	"	200.
		TOTAL	3,600.

UNITED STATES HOUSE OF REPRESENTATIVES

Office of the Clerk
Washington, D.C.

EXHIBIT NO. 35

ETHICS IN GOVERNMENT ACT OF 1978 (2 U.S.C. §§ 701–709)

FINANCIAL DISCLOSURE STATEMENT

_____
(Full Name)

_____
(Mailing Address)

_____

ID # _____
(OFFICE USE ONLY)

☐ Check if this is an amended Statement.

INDIVIDUAL REPORTING STATUS

(Check one only)

☐ MEMBER OF U.S. HOUSE OF REPRESENTATIVES—DISTRICT _____ STATE _____

☐ CURRENT OFFICER/EMPLOYEE/PRINCIPAL ASSISTANT—EMPLOYING OFFICE _____

_____

☐ NEW OFFICER/EMPLOYEE/PRINCIPAL ASSISTANT—EMPLOYING OFFICE _____

_____

NOTE: Requirements for new officers/employees/principal assistants differ substantially from those of Members of Congress and current officers/employees/principal assistants. Please read Instructions on reverse side carefully.

_____ _____
(Date) (Signature)

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. See 2 U.S.C. § 706 and 18 U.S.C. § 1001.

RETURN COMPLETED COVER PAGE AND STATEMENT
(WITH 2 COPIES OF EACH) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

U.S. GOVERNMENT PRINTING OFFICE: 80-000-0

ETHICS IN GOVERNMENT ACT OF 1978—FINANCIAL DISCLOSURE STATEMENT

Name of Person Filing _____ Page _____ of _____

NOTE: See reverse side for Detailed Filing Instructions and Exemptions. If additional space is required, use continuation sheets provided. *Complete all parts. (If None, so indicate)*

SECTION I

A. INCOME (including honoraria) from any source received during preceding calendar year aggregating $100 or more in value. Exclude income from current U.S. Government employment.

SOURCE	TYPE (salary, pension, honorarium, etc.)	AMOUNT/VALUE

B. INCOME from dividends, interest, rent, capital gains including trusts or other financial arrangements, received during the preceding calendar year exceeding $100 in value. NOTE: For Section I.B. indicate Category of Value: Category I—$100.01–$1,000; II—$1,000.01–$2,500; III—$2,500.01–$5,000; IV—$5,000.01–$15,000; V—$15,000.01–$50,000; VI—$50,000.01–$100,000; VII—Over $100,000.

SOURCE	TYPE	CATEGORY OF VALUE (I. II. III. IV. V. VI. VII)

SECTION II

A. GIFTS of transportation, lodging, food or entertainment aggregating $250 or more in value received from any source during the preceding calendar year.

IDENTITY OF SOURCE	BRIEF DESCRIPTION

B. GIFTS other than transportation, lodging, food or entertainment aggregating $100 or more in value received from any source during preceding calendar year.

SOURCE	BRIEF DESCRIPTION	VALUE

C. REIMBURSEMENTS received from any source aggregating $250 or more in value in preceding calendar year.

IDENTITY OF SOURCE	BRIEF DESCRIPTION

NOTE: For Sections III–V below, indicate Category of Value: Category I—$1,000.01–$5,000; II—$5,000.01–$15,000; III—$15,000.01–$50,000; IV—$50,000.01–$100,000; V—$100,000.01–$250,000; VI—Over $250,000.

IMPORTANT—For new Officers and Employees Only: In Sections III, IV, VI, and VII, the Reporting Individual Should List the Information Required as of Date Not More Than 31 Days Prior to the Date of Filing. The Information Listed Below is Current as of _____ (Date)

SECTION III

INTEREST IN PROPERTY HELD during preceding year in a trade or business, or for investment or production of income including trusts or other financial arrangements with a fair market value exceeding $1,000 at the close of the preceding calendar year.

IDENTITY	CATEGORY OF VALUE (I. II. III. IV. V. VI)

SECTION IV

LIABILITIES (total) owed to any creditor which exceeds $10,000 at any time in the preceding calendar year and any revolving charge account with an outstanding liability over $10,000 at the *close* of the calendar year.

IDENTITY	CATEGORY OF VALUE (I. II. III. IV. V. VI)

SECTION V

PURCHASE, SALE OR EXCHANGE during the preceding calendar year which exceeds $1,000 in real property, stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY OF VALUE (I. II. III. IV. V. VI)

SECTION VI

POSITION HELD on or before date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or educational or other institution other than the United States.

POSITION	ORGANIZATION

SECTION VII

AGREEMENTS AND ARRANGEMENTS with respect to future employment, leave of absence, during the period of the reporting individual's Government service, continuation of payments by a former employer other than the U.S. Government, and any continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS

Page ..... of .....

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

(Name)

CONTINUATION SHEET

Section	Indicate: Date/Source/Identity/Brief Description/Type/ Parties To/Terms (As Applicable)	Indicate: Amount/Category of Value/Value (As Applicable)

U.S. GOVERNMENT PRINTING OFFICE

DETAILED FILING INSTRUCTIONS AND EXEMPTIONS

MEMBERS OF CONGRESS AND CURRENT AND FORMER OFFICERS/EMPLOYEES/PRINCIPAL ASSISTANTS

SPECIFIC INFORMATION

Each Member in Office on May 15 SHALL FILE—A FINANCIAL DISCLOSURE STATEMENT ON OR BEFORE MAY 15 OF THAT CALENDAR YEAR.

Any individual who is an Officer/Employee of the Legislative Branch during any calendar year and is paid at a rate equal to or greater than GS–16 or who is a designated Principal Assistant of a Member of Congress and who performs the duties of his position or office for a period in excess of 60 days in that calendar year SHALL FILE—

A FINANCIAL DISCLOSURE STATEMENT ON OR BEFORE MAY 15 OF THE SUCCEEDING YEAR IF THE INDIVIDUAL IS EMPLOYED IN THE FOLLOWING OFFICES:

Architect of the Capitol	Government Printing Office
Botanic Gardens	Library of Congress
Congressional Budget Office	U.S. House of Representatives

PLEASE BE AWARE THAT THIS STATEMENT MUST BE FILED EVEN THOUGH THE INDIVIDUAL MAY NO LONGER BE EMPLOYED BY THE ABOVE LISTED OFFICES ON THE DATE OF FILING

NEW OFFICERS/EMPLOYEES/PRINCIPAL ASSISTANTS

SPECIFIC INFORMATION

Officers/Employees new to the Legislative Branch and paid at a rate equal to or greater than GS–16 and all employees newly designated as Principal Assistants to Members of Congress SHALL FILE—

A FINANCIAL DISCLOSURE STATEMENT WITHIN 30 DAYS OF ASSUMING SUCH POSITION IN THE FOLLOWING OFFICES:

Architect of the Capitol	Government Printing Office
Botanic Gardens	Library of Congress
Congressional Budget Office	U.S. House of Representatives

EXCEPT: Those individuals who have left another GS–16 or above or principal assistant position within the Legislative Branch (see note below) within 30 days prior to assuming new position.

NOTE: For purposes of this section, the Legislative Branch includes the U.S. House of Representatives, the U.S. Senate, the Architect of the Capitol, the Botanic Gardens, the Congressional Budget Office, the Cost Accounting Standards Board, the General Accounting Office, the Government Printing Office, the Library of Congress, the Office of the Attending Physician, and the Office of Technology Assessment.

INCOME: New officers/employees must include income (Sections I.A. and I.B.) for current year of filing as *well* as previous calendar year.

SECTION II: New Officers/Employees—Disregard this section.

SECTION V: New Officers/Employees—Disregard this section.

GENERAL INFORMATION

WHERE TO FILE: Clerk, U.S. House of Representatives, Office of Records and Registration, Room 1036, Longworth House Office Building, Washington, D.C. 20515. Telephone Number (202) 225–1300.

HONORARIA: In reporting any honorarium, the individual must also list the date the honorarium was received.

HOUSE RULES: Title I of the Ethics in Government Act (2 U.S.C. §§ 701–709) shall be deemed to be a Rule of the House as it pertains to Members, Officers, and employees.

POLITICAL CAMPAIGN FUNDS: Political campaign funds, including campaign receipts and expenditures, need not be included in any report filed pursuant to this title.

DESIGNATED COMMITTEE OF THE HOUSE: The Committee on Standards of Official Conduct of the U.S. House of Representatives, Room 2360, Rayburn House Office Building, Washington, D.C. 20515, telephone number (202) 225–7103, is the designated committee of the House.

EXEMPTIONS

SECTION I.A.—INCOME: Exclude income from current U.S. Government employment and any income listed in Section I.B.

SECTION I.B.—INCOME: The reporting individual need ONLY report the CATEGORY of the amount of income received by him, his spouse, or dependents from a trust (i) which was not created directly by such individual, his spouse, or any dependent; (ii) with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; and (iii) a qualified blind trust. [See 2 U.S.C. § 702(e)(3)].

SECTION II.A.—GIFTS: Exclude any gifts received from a relative of the reporting individual in the preceding calendar year; any food, lodging or entertainment received as personal hospitality of an individual; and for purposes of this section, any gift with a fair market value of $35 or less need not be aggregated.

SECTION II.B.—GIFTS: Exclude those gifts reported in Section II.A.; gifts from a relative of the reporting individual; and for purposes of this section, any gift with a fair market value of $35 or less need not be aggregated. (A gift need not be aggregated if in unusual circumstances a publicly available waiver is granted.)

SECTION III—INTEREST IN PROPERTY HELD: Exclude any liability owed to the reporting individual by a relative and any deposits aggregating $5,000 or less in personal savings accounts. In reporting property holdings, one should not simply list "stocks"—the name of each company in which stock worth over $1,000 is held must be listed separately. In listing real property holdings, the reporting individual should include a brief description of the property (such as number of acres and indication of any improvements), and its location. In listing the category of value of any property where it is difficult to determine an approximate fair market value, the individual may use any recognized indication of value provided that the method of valuation is indicated on the disclosure form. [See 2 U.S.C. 702(c)(2) for method of valuation].

SECTION IV—LIABILITIES: Exclude any liability owed to a relative; a mortgage on real property that is the reporting individual's/spouse's personal residence; a loan on a personal motor vehicle, or household furniture or appliance secured at a value that does not exceed the value of the item.

SECTION V—PURCHASE, SALE OR EXCHANGE: Exclude property used solely as a personal residence of the reporting individual or his spouse and any transaction solely by and between the reporting individual, his spouse, or dependent children.

SECTION VI—POSITION HELD: Exclude those positions held in any religious, social, fraternal or political entity and positions solely of an honorary nature.

SPOUSE AND DEPENDENT DISCLOSURE

The financial interests of the spouse and dependent children should be reported as follows:

SECTION I.A.—INCOME: The source, but not amount, of spouse and dependent child-earned income which exceeds $1,000.

SECTION I.B.—INCOME: Include all information required with respect to income derived from any asset reported by the spouse or dependent child under Section III.

SECTION II.B.—GIFTS: Exclude any gift received totally independent of the spouse's relationship to the reporting individual.

SECTION II.C.—GIFTS: Exclude any reimbursement received totally independent of the spouse's relationship to the reporting individual.

SECTIONS III, IV, AND V: Exclude items (i) which the reporting individual certifies represent the spouse or dependent child's sole financial interest or responsibility and which the reporting individual has no knowledge of; (ii) which are not in any way, past or present, derived from the income, assets, or activities of the reporting individual; and (iii) from which the reporting individual neither derives, nor expects to derive, any financial or economic benefit.

SECTION VI: Spouse disclosure not required.

SECTION VII: Spouse disclosure not required.

No report is required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation or with respect to income or obligations of an individual arising from a divorce or permanent separation from his spouse.

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1979

FORM A—For use by Members, officers, and employees

(Full Name)

(Mailing Address)

EXHIBIT NO. 36

(Office Use Only)

Check the appropriate box and fill in the blanks. ☐ Check if amended Statement.

☐ Member of the U.S. House of Representatives—District ____ State ____

☐ Officer or Employee—Employing Office ____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type, and amount of income (including honoraria and date received) aggregating $100 or more in value received from any source during the preceding calendar year. Exclude income from current U.S. Government employment.

SOURCE	TYPE	AMOUNT

B. The source, type, and category of value of income from dividends, interest, rent, and capital gains received from any source during the preceding calendar year which exceeds $100 in value. *Note:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received from any source during the preceding calendar year.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of all other gifts aggregating $100 or more in value received from any source during the preceding calendar year.

SOURCE	BRIEF DESCRIPTION	VALUE

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

SOURCE	BRIEF DESCRIPTION

(OVER)

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which has a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeds $10,000 at any time during the preceding calendar year.

IDENTITY	CATEGORY

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeds $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES ____ NO ____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement where holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES ____ NO ____

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. 706 and 18 U.S.C. 1001).

Signature	Date

U.S. GOVERNMENT PRINTING OFFICE 1978-0-000

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

FORM A—For use by Members, officers, and employees of the House of Representatives and related offices

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

- Each Member in office on May 15 must file a Financial Disclosure Statement on or before May 15 of that calendar year.

- Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS–16 of the General Schedule for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an officer or employee on May 15.

- Any employee of a Member who has been designated as a principal assistant for purposes of the Act and who performs the duties of his or her position for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an employee on May 15.

WHERE TO FILE: Clerk, U.S. House of Representatives, Office of Records and Registration, Room 1036, Longworth House Office Building, Washington, D.C. 20515.

WHERE TO SECURE ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room 2360, Rayburn House Office Building, Washington, D.C. 20515. Telephone No. (202) 225–7103. Additional forms and instructions may be obtained from the Committee office.

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. Extension requests should be directed to the chairman of that Committee in writing and should state the reason the extension is necessary.

REPORTING INSTRUCTIONS

REPORTING PERIOD: The period covered by this Disclosure Statement is the preceding calendar year, unless otherwise indicated. Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.

INCOME: The term "income" is intended to be all-inclusive, as defined in the Act. The identity of the source and the amount or category of value of all income which exceeds $100 from any one source must be disclosed separately. Gross income should be listed, but the net income derived from business may also be reported. The type of income should be identified as salary, commission, pensions, honoraria, dividends, interest, etc. In reporting any honoraria, include the date of receipt and indicate which honoraria, if any, were assigned to charity. The amount of the honorarium should be the net figure; any payment for travel expenses should be disclosed as a reimbursement. *Exclusion:* Income from current U.S. Government employment.

GIFTS: In reporting tangible gifts, it is not necessary that exact dollar figures be reported in every case. If the exact value of a gift is not reasonably ascertainable, a good-faith estimate and a brief description of the gift is sufficient for disclosure purposes. In disclosing gifts of entertainment or travel-related expenses, the individual should include a brief description of the itinerary and the nature of the expenses provided. *Exclusions:* Gifts from relatives and gifts of personal hospitality of an individual. Gifts with a value of $35 or less need not be aggregated towards the $100 or $250 disclosure threshold. Political campaign contributions also need not be reported. *Note:* House Rule XLIII, clause 4 prohibits acceptance of gifts aggregating $100 or more in value from certain sources.

REIMBURSEMENTS: This category would include items such as travel expenses provided in connection with a speaking engagement or fact-finding event related to official duties, whether those expenses were reimbursed to the individual or paid directly by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses is required rather than exact dollar figures. *Exclusions:* Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds.

HOLDINGS: Business interests, stocks and bonds, real estate, savings accounts, and any other investment or income-producing property should be reported by category of value. Property held at any time during the calendar year must be listed; however, the value of the holding should reflect the fair market value as of the end of the year. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See 2 U.S.C. 702 (c) for methods of valuation.) In listing securities, the name of each company in which stock worth over $1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. *Exclusions:* Any deposits aggregating $5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported unless any part of the residence produces rental income. The cash value of a life insurance policy, and equity in any retirement fund need not be reported.

LIABILITIES: All personal obligations aggregating over $10,000 owed to one creditor at any time during the year, whether secured or not, and regardless of the repayment terms or interest rates, must be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed. *Exclusions:* Mortgages secured by the personal residence of the reporting individual or his spouse; any loan secured by a personal motor vehicle, or household furniture or appliances; and any liability owed to a relative.

TRANSACTIONS: The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is not related to any capital gain or loss on the transaction. Indicate whether the property was purchased, sold, or exchanged. *Exclusions:* Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

POSITIONS HELD: Any nongovernmental position held by the reporting individual, whether compensated or uncompensated, in any business entity, nonprofit organization, labor group, educational or other institution must be reported. *Exclusions:* Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature.

AGREEMENTS: Continued payments or benefits from a former employer would include interests in or contributions to a pension fund, profit-sharing plan, or life or health insurance; buy-out agreements; severance payments, etc.

SPOUSE AND DEPENDENT DISCLOSURE

In general, the reporting individual is required to include financial information concerning his or her spouse or dependent children. However, in certain limited circumstances, the truly independent financial interests of a spouse or dependent would be exempt from disclosure.

Information concerning a spouse or dependent child should be reported as follows: (1) the source, but not amount, of spouse earned income which exceeds $1,000; (2) the source and category of value of income derived from any asset of the spouse or dependent reported under Part III of the Disclosure Statement; (3) gifts or reimbursements to the spouse, unless received totally independent of the spouse's relationship to the reporting individual; and (4) assets, liabilities, and transactions of the spouse or dependent child.

Disclosure of the financial interests and liabilities of a spouse or dependent under Parts III, IV, and V of the Statement is exempted when all three of the following circumstances are met: (1) the item is the sole interest or responsibility of the spouse or dependent child and the reporting individual has no knowledge of the item; (2) the item was not in any way, past or present, derived from the income, assets, or activities of the reporting individual; and (3) the reporting individual neither derives, nor expects to derive, any financial or economic benefit from the item. *Note:* If the reporting individual does not disclose certain financial interests or liabilities of the spouse or dependent children because these three standards for exemption are met, he or she must so indicate in Part VIII of the Statement.

The information concerning a spouse or dependent child must be reported in the same manner as that of the reporting individual. However, the person reporting need not identify which items belong to a spouse or dependent. No information is required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation; or with respect to any income or obligations of an individual arising from the dissolution of the marriage or permanent separation.

TRUSTS

The holdings of and income from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. However, the reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "qualified blind trust," as defined in section 102(e)(3) of the Act. Such a trust must be approved by the Committee on Standards of Official Conduct before it will be deemed a qualified blind trust under the Act.

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. 701 et seq.). The Statements will be made publicly available to any requesting person upon written application, and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (see 2 U.S.C. 706 and 18 U.S.C. 1001).

DETACH AND RETURN COMPLETED STATEMENT
(WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1980

FORM A—For use by Members, officers, and employees

EXHIBIT No. 37

(Full Name)

(Mailing Address)

(Office Use Only)

Check the appropriate box and fill in the blanks. ☐ Check if amended Statement.

☐ Member of the U.S. House of Representatives—District _____ State _____

☐ Officer or Employee—Employing Office _____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type, and amount of income (including honoraria and date received) aggregating $100 or more in value received from any source during the preceding calendar year. Exclude income from current U.S. Government employment. *Do not include here income reported in part I–B below.*

SOURCE	TYPE	AMOUNT

B. The source, type, and category of value of income from *dividends, interest, rent,* and *capital gains* received from any source during the preceding calendar year which exceeds $100 in value. *Note:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of *gifts of transportation, lodging, food,* or *entertainment* aggregating $250 or more in value received from any source during the preceding calendar year.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of *all other gifts* aggregating $100 or more in value received from any source during the preceding calendar year.

SOURCE	BRIEF DESCRIPTION	VALUE

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

SOURCE	BRIEF DESCRIPTION

(OVER)

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during the preceding calendar year in a trade or business, or for investment or the production of income, which had a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded $10,000 at any time during the preceding calendar year.

IDENTITY	CATEGORY

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during the preceding calendar year which exceeded $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES ____ NO ____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES ____ NO ____

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. § 706 and 18 U.S.C. § 1001).

Signature	Date

U.S. GOVERNMENT PRINTING OFFICE 81—727[illegible]

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

FORM A—For use by Members, officers, and employees of the House of Representatives and related offices

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

o Each Member in office on May 15 must file a Financial Disclosure Statement on or before May 15 of that calendar year.

o Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS–16 of the General Schedule for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an officer or employee on May 15.

o Any employee of a Member who has been designated as a principal assistant for purposes of the Act and who performs the duties of his or her position for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an employee on May 15.

WHERE TO FILE: Clerk, U.S. House of Representatives, Office of Records and Registration, Room 1036, Longworth House Office Building, Washington, D.C. 20515.

WHERE TO SECURE ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room 2360, Rayburn House Office Building, Washington, D.C. 20515. Telephone No. (202) 225–7103. Additional forms and instruction booklets may be obtained from the Committee office.

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. Extension requests should be directed to the chairman of that Committee in writing and should state the reason the extension is necessary.

REPORTING INSTRUCTIONS

REPORTING PERIOD: The period covered by this Disclosure Statement is the preceding calendar year, unless otherwise indicated. *Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.*

INCOME: The term "income" is intended to be all-inclusive, as defined in the Act. The identity of the source and the amount or category of value of all income which exceeds $100 from any one source must be disclosed separately. Gross income should be listed, but the net income derived from business may also be reported. The type of income should be identified as salary, commission, pensions, honoraria, dividends, interest, etc. In reporting any honoraria, include the date of receipt and indicate which honoraria, if any, were assigned to charity. The amount of the honorarium should be the net figure; any payment for travel expenses should be disclosed as a reimbursement. *Exclusions:* Income from current U.S. Government employment.

GIFTS: In reporting tangible gifts, it is not necessary that exact dollar figures be reported in every case. If the exact value of a gift is not reasonably ascertainable, a good-faith estimate and a brief description of the gift is sufficient for disclosure purposes. In disclosing gifts of entertainment or travel-related expenses, the individual should include a brief description of the itinerary and the nature of the expenses provided. *Exclusions:* Gifts from relatives and gifts of personal hospitality of an individual. Gifts with a value of $35 or less need not be aggregated towards the $100 or $250 disclosure threshold. Political campaign contributions also need not be reported. *Note:* House Rule XLIII, clause 4 prohibits acceptance of gifts aggregating $100 or more in value from certain sources.

REIMBURSEMENTS: This category would include items such as travel expenses provided in connection with a speaking engagement or fact-finding event related to official duties, whether those expenses were reimbursed to the individual or paid directly by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses is required rather than exact dollar figures. *Exclusions:* Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds.

HOLDINGS: Business interests, stocks and bonds, real estate, savings accounts, and any other investment or income-producing property should be reported by category of value. Property held at any time during the calendar year must be listed; however, the value of the holding should reflect the fair market value as of the end of the year. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See 2 U.S.C. § 702 (*) for methods of valuation.) In listing securities, the name of each company in which stock worth over $1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. *Exclusions:* Any deposits aggregating $5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported unless any part of the residence produces rental income. The cash value of a life insurance policy, and equity in any retirement fund need not be reported.

LIABILITIES: All personal obligations aggregating over $1,000 owed to one creditor at any time during the reporting year, whether secured or not, and regardless of the repayment terms or interest rates, must be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed. *Exclusions:* Mortgages secured by the personal residence of the reporting individual or his spouse and any loan secured by a personal motor vehicle, or household furniture or appliances; and any liability owed to a relative.

TRANSACTIONS: The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is not related to any capital gain or loss on the transaction. Indicate whether the property was purchased, sold, or exchanged. *Exclusions:* Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

POSITIONS HELD: Any nongovernmental position held by the reporting individual, whether compensated or uncompensated, in any business entity, nonprofit organization, labor group, educational or other institution must be reported. *Exclusions:* Positions held in any religious, social, fraternal or political entities, and positions solely of an honorary nature.

AGREEMENTS: Continued payments or benefits from a former employer would include interests in or contributions to a pension fund, profit-sharing plan, or life or health insurance; buy-out agreements, severance payments, etc.

SPOUSE AND DEPENDENT DISCLOSURE

In general, the reporting individual is required to include financial information concerning his spouse or dependent children. However, in certain limited circumstances, the truly independent financial interests of a spouse or dependent would be exempt from disclosure.

Information concerning a spouse or dependent child should be reported as follows: (1) the source and amount, of a spouse's earned income which exceeds $1,000; (2) the source and category of value of income derived from any asset of the spouse or dependent reported under Part III of the Disclosure Statement; (3) gifts or reimbursements to the spouse, unless received totally independent of the spouse's relationship to the reporting individual; and (4) assets, liabilities, and transactions of the spouse or dependent child.

Disclosure of the financial interests and liabilities of a spouse or dependent under Parts III, IV, and V of the Statement is exempted when all three of the following circumstances are met: (1) the filer has no beneficial interest or responsibility of the spouse or dependent child and the reporting individual has no knowledge of the item; (2) the item was not in any way, past or present, derived from the income, assets, or activities of the reporting individual; and (3) the reporting individual neither derives, nor expects to derive, any financial or economic benefit from the item. *Note:* If the reporting individual does not disclose certain financial interests or liabilities of the spouse or dependent children because these three standards for exemption are met, he or she must so indicate in Part VIII of the Statement.

The information concerning a spouse or dependent child must be reported in the same manner as that of the reporting individual. However, the person reporting need not identify which items relate to a spouse or dependent. No information is required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation; or with respect to any income or obligations of an individual arising from the dissolution of a marriage or permanent separation.

TRUSTS

The holdings of and income from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent child must be disclosed. However, the reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by the individual, his spouse, or any dependent, and with respect to which such individual, his spouse, or dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "qualified blind trust" as defined in section 102(e)(3) of the Act. Such a trust must be approved by the Committee on Official Conduct before it will be deemed a qualified blind trust under the Act.

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. § 701 et seq.). The Statements will be made available to any requesting person upon written application, and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions, (see 2 U.S.C. § 706 and 18 U.S.C. § 1001).

DETACH AND RETURN COMPLETED STATEMENT (WITH TWO COPIES) TO:

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1036 Longworth House Office Building
Washington, D.C. 20515

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1981

FORM A—For use by Members, officers, and employees

EXHIBIT NO. 38

(Full Name)

(Mailing Address)

(Office Use Only)

Check the appropriate box and fill in the blanks. ☐ Check if amended Statement.

☐ Member of the U.S. House of Representatives—District ____ State ____

☐ Officer or Employee—Employing Office ____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type, and amount of income (including honoraria and data received) aggregating $100 or more in value received from any source during calendar year 1981. Exclude income from current U.S. Government employment. *Do not include here income reported in part I–B below.*

SOURCE	TYPE	AMOUNT

B. The source, type, and category of value of income from *dividends, interest, rent,* and *capital gains* received from any source during calendar year 1981 which exceeds $100 in value. *Notes:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of *gifts of transportation, lodging, food,* or *entertainment* aggregating $250 or more in value received from any source during calendar year 1981.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of *all other gifts* aggregating $100 or more in value received from any source during calendar year 1981.

SOURCE	BRIEF DESCRIPTION	VALUE

C. The source and a brief description of *reimbursements* aggregating $250 or more in value received from any source during calendar year 1981.

SOURCE	BRIEF DESCRIPTION

(OVER)

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during calendar year 1981 in a trade or business, or for investment or the production of income, which had a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded $10,000 at any time during calendar year 1981.

IDENTITY	CATEGORY

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during calendar year 1981 which exceeded $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION,	DATE	CATEGORY

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES ____ NO ____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES ____ NO ____

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. § 706 and 18 U.S.C. § 1001).

Signature	Date

U.S. GOVERNMENT PRINTING OFFICE 83—661311-1

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT--FINANCIAL DISCLOSURE STATEMENT

FORM A—For use by Members, officers, and employees of the House of Representatives and related offices

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

o Each Member in office on May 15 must file a Financial Disclosure Statement on or before May 15 of that calendar year.

o Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS-16 of the General Schedule for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an officer or employee on May 15.

o Any employee of a Member who has been designated as a principal assistant for purposes of the Act and who performs the duties of his or her position for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an employee on May 15.

WHERE TO FILE: Clerk, U.S. House of Representatives, Office of Records and Registration, Room 1036, Longworth House Office Building, Washington, D.C. 20515.

WHERE TO SECURE ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room 2360, Rayburn House Office Building, Washington, D.C. 20515. Telephone No. (202) 225-7103. Additional forms and instruction booklets may be obtained from the Committee office.

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. Extension requests should be directed to the chairman of that Committee in writing and should state the reason the extension is necessary.

REPORTING INSTRUCTIONS

REPORTING PERIOD: The period covered by this Disclosure Statement is calendar year 1981, unless otherwise indicated. *Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.*

INCOME: The term "income" is intended to be all-inclusive, as defined in the Act. The identity of the source and the amount or category of value of all income which exceeds $100 from any one source must be disclosed separately. Gross income should be listed, but the net income derived from business may also be reported. The type of income should be identified as salary, commission, pensions, honoraria, dividends, interest, etc. In reporting any honoraria, include the date of receipt and indicate which honoraria, if any, were assigned to charity. The amount of the honorarium should be the net figure; any payment for travel expenses should be disclosed as a reimbursement. *Exclusion:* Income from current U.S. Government employment.

GIFTS: In reporting tangible gifts, it is not necessary that exact dollar figures be reported in every case. If the exact value of a gift is not reasonably ascertainable, a good-faith estimate and a brief description of the gift is sufficient for disclosure purposes. In disclosing gifts of entertainment or travel-related expenses, the individual should include a brief description of the itinerary and the nature of the expenses provided. *Exclusions:* Gifts from relatives and gifts of personal hospitality of an individual. Gifts with a value of $35 or less need not be aggregated towards the $100 or $250 disclosure threshold. Political campaign contributions also need not be reported. *Note:* House Rule XLIII, clause 4 prohibits acceptance of gifts aggregating $100 or more in value from certain sources.

REIMBURSEMENTS: This category would include items such as travel expenses provided in connection with a speaking engagement or fact-finding event related to official duties, whether those expenses were reimbursed to the individual or paid directly by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses is required rather than exact dollar figures. *Exclusions:* Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds.

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LIABILITIES: All personal obligations aggregating over $10,000 owed to one creditor at any time during 1981, whether secured or not, and regardless of the repayment terms or interest rates, must be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed. *Exclusions:* Mortgages secured by the personal residence of the reporting individual or his spouse; any loan secured by a personal motor vehicle, or household furniture or appliances; and any liability owed to a relative.

TRANSACTIONS: The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is not related to any capital gain or loss on the transaction. Indicate whether the property was purchased, sold, or exchanged. *Exclusions:* Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

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Information concerning a spouse or dependent child should be reported as follows: (1) the source, but not amount, of a spouse's earned income which exceeds $1,000; (2) the source and category of value of income derived from any asset of the spouse or dependent reported under Part III of the Disclosure Statement; (3) gifts or reimbursements to the spouse, unless received totally independent of the spouse's relationship to the reporting individual; and (4) assets, liabilities, and transactions of the spouse or dependent child.

Disclosure of the financial interests and liabilities of a spouse or dependent under Parts III, IV, and V of the Statement is exempted when all three of the following circumstances are met: (1) the item is the sole interest or responsibility of the spouse or dependent child and the reporting individual has no knowledge of the item; (2) the item was not in any way, past or present, derived from the income, assets, or activities of the reporting individual; and (3) the reporting individual neither derives, nor expects to derive, any financial or economic benefit from the item. *Note:* If the reporting individual does not disclose certain financial interests or liabilities of the spouse or dependent children because these three standards for exemption are met, he or she must so indicate in Part VIII of the Statement.

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TRUSTS

The holdings of and income from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. However, the reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "qualified blind trust," as defined in section 102(e)(3) of the Act. Such a trust must be approved by the Committee on Standards of Official Conduct before it will be deemed a qualified blind trust under the Act.

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1036 Longworth House Office Building
Washington, D.C. 20515

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1982

FORM A—For use by Members, officers, and employees

EXHIBIT NO. 39

(Full Name)

(Mailing Address)

(Office Use Only)

Check the appropriate box and fill in the blanks. ☐ Check if amended Statement.

☐ Member of the U.S. House of Representatives—District _____ State _____

☐ Officer or Employee—Employing Office _____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type, and amount of income (including honoraria and data received) aggregating $100 or more in value received from any source during calendar year 1982. Exclude income from current U.S. Government employment. *Do not include here income reported in part I–B below.*

SOURCE	TYPE	AMOUNT

B. The source, type, and category of value of income from *dividends*, *interest*, *rent*, and *capital gains* received from any source during calendar year 1982 which exceeds $100 in value. *Note:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of *gifts of transportation, lodging, food,* or *entertainment* aggregating $250 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of *all other gifts* aggregating $100 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION	VALUE

C. The source and a brief description of *reimbursements* aggregating $250 or more in value received from any source during calendar year 1982.

SOURCE	BRIEF DESCRIPTION

(OVER)

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during calendar year 1982 in a trade or business, or for investment or the production of income, which had a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded $10,000 at any time during calendar year 1982.

IDENTITY	CATEGORY

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during calendar year 1982 which exceeded $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES _____ NO _____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES _____ NO _____

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. § 706 and 18 U.S.C. § 1001).

Signature	Date

U.S. GOVERNMENT PRINTING OFFICE 83—16713-Tm

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

FORM A.—For use by Members, officers, and employees of the House of Representatives and related offices

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

o Each Member in office on May 15 must file a Financial Disclosure Statement on or before May 15 of that calendar year.

o Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS–16 of the General Schedule for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an officer or employee on May 15.

o Any employee of a Member who has been designated as a principal assistant for purposes of the Act and who performs the duties of his or her position for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an employee on May 15.

WHERE TO FILE: Clerk, U.S. House of Representatives, Office of Records and Registration, Room 1036, Longworth House Office Building, Washington, D.C. 20515.

WHERE TO SECURE ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room 2360, Rayburn House Office Building, Washington, D.C. 20515. Telephone No. (202) 225–7103. Additional forms and instruction booklets may be obtained from the Committee office.

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. Extension requests should be directed to the chairman of that Committee in writing and should state the reason the extension is necessary.

REPORTING INSTRUCTIONS

REPORTING PERIOD: The period covered by this Disclosure Statement is calendar year 1982, unless otherwise indicated. *Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.*

INCOME: The term "income" is intended to be all-inclusive, as defined in the Act. The identity of the source and the amount or category of value of all income which exceeds $100 from any one source must be disclosed separately. Gross income should be listed, but the net income derived from business may also be reported. The type of income should be identified as salary, commission, pensions, honoraria, dividends, interest, etc. In reporting any honoraria, include the date of receipt and indicate which honoraria, if any, were assigned to charity. The amount of the honorarium should be the net figure; any payment for travel expenses should be disclosed as a reimbursement. *Exclusion:* Income from current U.S. Government employment.

GIFTS: In reporting tangible gifts, it is not necessary that exact dollar figures be reported in every case. If the exact value of a gift is not reasonably ascertainable, a good-faith estimate and a brief description of the gift is sufficient for disclosure purposes. In disclosing gifts of entertainment or travel-related expenses, the individual should include a brief description of the itinerary and the nature of the expenses provided. *Exclusions:* Gifts from relatives and gifts of personal hospitality of an individual. Gifts with a value of $35 or less need not be aggregated towards the $100 or $250 disclosure threshold. Political campaign contributions also need not be reported. *Note:* House Rule XLIII, clause 4 prohibits acceptance of gifts aggregating $100 or more in value from certain sources.

REIMBURSEMENTS: This category would include items such as travel expenses provided in connection with a speaking engagement or fact-finding event related to official duties, whether those expenses were reimbursed to the individual or paid directly by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses is required rather than exact dollar figures. *Exclusions:* Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds.

HOLDINGS: Business interests, stocks and bonds, real estate, savings accounts, and any other investment or income-producing property should be reported by category of value. Property held at any time during calendar year 1982 must be listed; however, the value of the holding should reflect the fair market value as of the end of the year. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See 2 U.S.C. § 702 (c) for methods of valuation.) In listing securities, the name of each company in which stock worth over $1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. *Exclusions:* Any deposits aggregating $5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported unless any part of the residence produces rental income. The cash value of a life insurance policy, and equity in any retirement fund need not be reported.

LIABILITIES: All personal obligations aggregating over $10,000 owed to one creditor at any time during 1992, whether secured or not; and regardless of the repayment terms or interest rates, must be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed. *Exclusions:* Mortgages secured by the personal residence of the reporting individual or his spouse; any loan secured by a personal motor vehicle, or household furniture or appliances; and any liability owed to a relative.

TRANSACTIONS: The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is not related to any capital gain or loss on the transaction. Indicate whether the property was purchased, sold, or exchanged. *Exclusions:* Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

POSITIONS HELD: Any nongovernmental position held by the reporting individual, whether compensated or uncompensated, in any business entity, nonprofit organization, labor group, educational or other institution must be reported. *Exclusions:* Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature.

AGREEMENTS: Continued payments or benefits from a former employer would include interests in or contributions to a pension fund, profit-sharing plan, or life or health insurance; buy-out agreements; severance payments, etc.

SPOUSE AND DEPENDENT DISCLOSURE

In general, the reporting individual is required to include financial information concerning his or her spouse or dependent children. However, in certain limited circumstances, the truly independent financial interests of a spouse or dependent would be exempt from disclosure.

Information concerning a spouse or dependent child should be reported as follows: (1) the source, but not amount, of a spouse's earned income which exceeds $1,000; (2) the source and category of value of income derived from any asset of the spouse or dependent reported under Part III of the Disclosure Statement; (3) gifts or reimbursements to the spouse, unless received totally independent of the spouse's relationship to the reporting individual; and (4) assets, liabilities, and transactions of the spouse or dependent child.

Disclosure of the financial interests and liabilities of a spouse or dependent under Parts III, IV, and V of the Statement is exempted when all three of the following circumstances are met: (1) the item is the sole interest or responsibility of the spouse or dependent child and the reporting individual has no knowledge of the item; (2) the item was not in any way, past or present, derived from the income, assets, or activities of the reporting individual; and (3) the reporting individual neither derives, nor expects to derive, any financial or economic benefit from the item. *Note:* If the reporting individual does not disclose certain financial interests or liabilities of the spouse or dependent children because these three standards for exemption are met, he or she must so indicate in Part VIII of the Statement.

The information concerning a spouse or dependent child must be reported in the same manner as that of the reporting individual. However, the person reporting need not identify which items belong to a spouse or dependent. No information is required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation; or with respect to any income or obligations of an individual arising from the dissolution of the marriage or permanent separation.

TRUSTS

The holdings of and income from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. However, the reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "qualified blind trust," as defined in section 102(e)(3) of the Act. Such a trust must be approved by the Committee on Standards of Official Conduct before it will be deemed a qualified blind trust under the Act.

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. § 701 et seq.). The Statements will be made available to any requesting person upon written application, and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions, (see 2 U.S.C. § 706 and 18 U.S.C. § 1001).

DETACH AND RETURN COMPLETED STATEMENT
(WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1983

FORM A—For use by Members, officers, and employees

(Full Name)

(Mailing Address)

EXHIBIT NO. 40

(Office Use Only)

Check the appropriate box and fill in the blanks. ☐ Check if amended Statement.

☐ Member of the U.S. House of Representatives—District ____ State ____

☐ Officer or Employee—Employing Office ____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type and amount of income (including honoraria *and date received*) aggregating $100 or more in value received from any source during calendar year 1983. Exclude income from current U.S. Government employment. *Do not include here income reported in part I–B below.*

SOURCE	TYPE	AMOUNT

B. The source, type, and category of value of income from *dividends, interest, rent,* and *capital gains* received from any source during calendar year 1983 which exceeds $100 in value. *Note:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of *gifts of transportation, lodging, food,* or *entertainment* aggregating $250 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of *all other gifts* aggregating $100 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION	VALUE

C. The source and a brief description of *reimbursements* aggregating $250 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION

(OVER)

NOTE: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during calendar year 1983 in a trade or business, or for investment or the production of income, which had a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded $10,000 at any time during calendar year 1983.

IDENTITY	CATEGORY

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during calendar year 1983 which exceeded $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES _____ NO _____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES _____ NO _____

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. § 706 and 18 U.S.C. § 1001).

Signature	Date

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

FORM A—For use by Members, officers, and employees of the House of Representatives and related offices

GENERAL INFORMATION

WHO MUST FILE AND WHEN:

- Each Member in office on May 15 must file a Financial Disclosure Statement on or before May 15 of that calendar year.

- Any officer or employee of the Legislative Branch compensated at a rate equal to or in excess of the annual rate of basic pay in effect for grade GS–16 of the General Schedule for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an officer or employee on May 15.

- Any employee of a Member who has been designated as a principal assistant for purposes of the Act and who performs the duties of his or her position for a period in excess of 60 days in a calendar year, shall file a Financial Disclosure Statement on or before May 15 of the succeeding calendar year if he or she continues to be such an employee on May 15.

WHERE TO FILE: Clerk, U.S. House of Representatives, Office of Records and Registration, Room 1036, Longworth House Office Building, Washington, D.C. 20515.

WHERE TO SECURE ASSISTANCE: Committee on Standards of Official Conduct, U.S. House of Representatives, Room HT–2, Capitol Building, Washington, D.C. 20515. Telephone No. (202) 225–7103. Additional forms and instruction booklets may be obtained from the Committee office.

EXTENSIONS: The Committee on Standards of Official Conduct may grant reasonable extensions of time for filing any Disclosure Statement. Extension requests should be directed to the chairman of that Committee in writing and should state the reason the extension is necessary.

REPORTING INSTRUCTIONS

REPORTING PERIOD: The period covered by this Disclosure Statement is calendar year 1983, unless otherwise indicated. *Gifts or reimbursements received during any period in the calendar year when the reporting individual was not a Member or employee need not be disclosed.*

INCOME: The term "income" is intended to be all-inclusive, as defined in the Act. The identity of the source and the amount or category of value of all income which exceeds $100 from any one source must be disclosed separately. Gross income should be listed, but the net income derived from business may also be reported. The type of income should be identified as salary, commission, pensions, honoraria, dividends, interest, etc. In reporting any honoraria, include the *date of receipt* and indicate which honoraria, if any, were assigned to charity. The amount of the honorarium should be the net figure; any payment for travel expenses should be disclosed as a reimbursement. *Exclusion:* Income from current U.S. Government employment.

GIFTS: In reporting tangible gifts, it is not necessary that exact dollar figures be reported in every case. If the exact value of a gift is not reasonably ascertainable, a good-faith estimate and a brief description of the gift is sufficient for disclosure purposes. In disclosing gifts of entertainment or travel-related expenses, the individual should include a brief description of the itinerary and the nature of the expenses provided. *Exclusions:* Gifts from relatives and gifts of personal hospitality of an individual. Gifts with a value of $35 or less need not be aggregated towards the $100 or $250 disclosure threshold. Political campaign contributions also need not be reported. *Note:* House Rule XLIII, clause 4 prohibits acceptance of gifts aggregating $100 or more in value from certain sources.

REIMBURSEMENTS: This category would include items such as travel expenses provided in connection with a speaking engagement or fact-finding event related to official duties, whether those expenses were reimbursed to the individual or paid directly by the sponsoring organization. Only a brief description of the itinerary and the nature of the expenses is required rather than exact dollar figures. *Exclusions:* Travel-related expenses provided by federal, state, and local governments, or by a foreign government within a foreign country, and reimbursements paid from campaign funds.

HOLDINGS: Business interests, stocks and bonds, real estate, savings accounts, and any other investment or income-producing property should be reported by category of value. Property held at any time during calendar year 1983 must be listed; however, the value of the holding should reflect the fair market value as of the end of the year. In listing the category of value of any item where it is difficult to determine an approximate fair market value, any recognized indication of value may be used provided that the method of valuation is included on the Disclosure Statement. (See 2 U.S.C. § 702 (c) for methods of valuation.) In listing securities, the name of each company in which stock worth over $1,000 is held must be listed separately. In reporting real property holdings, a brief description of the property (such as number of acres and indication of any improvements), and its location should be included. *Exclusions:* Any deposits aggregating $5,000 or less in personal savings accounts as of the end of the year, and any personal liability owed to the reporting individual by a relative. A personal residence would not be reported unless any part of the residence produces rental income. The cash value of a life insurance policy and equity in any retirement fund need not be reported.

LIABILITIES: All personal obligations aggregating over $10,000 owed to one creditor at any time during 1983, whether secured or not, and regardless of the repayment terms or interest rates, must be listed. The identity of the liability should include the name of the individual or organization to which the liability is owed, and the amount disclosed should be the category of value of the largest amount owed during the calendar year. Any contingent liability, such as that of a guarantor or endorser, or the liabilities of a business in which the reporting individual has an interest need not be listed. *Exclusions:* Mortgages secured by the personal residence of the reporting individual or his spouse; any loan secured by a personal motor vehicle, or household furniture or appliances; and any liability owed to a relative.

TRANSACTIONS: The amount to be reported in disclosing transactions in real property or securities is the category of value of the total purchase price or total sales price, and is not related to any capital gain or loss on the transaction. Indicate whether the property was purchased, sold, or exchanged. *Exclusions:* Any purchase or sale of a personal residence, and any transactions solely by and between the reporting individual, his spouse, or dependent children.

POSITIONS HELD: Any nongovernmental position held by the reporting individual, whether compensated or uncompensated, in any business entity, nonprofit organization, labor group, educational or other institution must be reported. *Exclusions:* Positions held in any religious, social, fraternal, or political entities, and positions solely of an honorary nature.

AGREEMENTS: Continued payments or benefits from a former employer would include interests in or contributions to a pension fund, profit-sharing plan, or life or health insurance; buy-out agreements; severance payments, etc.

SPOUSE AND DEPENDENT DISCLOSURE

In general, the reporting individual is required to include financial information concerning his or her spouse or dependent children. However, in certain limited circumstances, the truly independent financial interests of a spouse or dependent would be exempt from disclosure.

EXCEPTION: Information concerning a spouse or dependent child should be reported as follows: (1) the source, but not amount, of a spouse's earned income which exceeds $1,000; (2) the source and category of value of income derived from any asset of the spouse or dependent reported under Part III of the Disclosure Statement; (3) gifts or reimbursements to the spouse, unless received totally independent of the spouse's relationship to the reporting individual; and (4) assets, liabilities, and transactions of the spouse or dependent child.

Disclosure of the financial interests and liabilities of a spouse or dependent under Parts III, IV, and V of the Statement is exempted when all three of the following circumstances are met: (1) the item is the sole interest or responsibility of the spouse or dependent child and the reporting individual has no knowledge of the item; (2) the item was not in any way, past or present, derived from the income, assets, or activities of the reporting individual; and (3) the reporting individual neither derives, nor expects to derive, any financial or economic benefit from the item. *Note:* If the reporting individual does not disclose certain financial interests or liabilities of the spouse or dependent children because these three standards for exemption are met, he or she must so indicate in Part VIII of the Statement.

The information concerning a spouse or dependent child must be reported in the same manner as that of the reporting individual. However, the person reporting need not identify which items belong to a spouse or dependent. No information is required with respect to a spouse living separate and apart from the reporting individual with the intention of terminating the marriage or providing for permanent separation, or with respect to any income or obligations of an individual arising from the dissolution of the marriage or permanent separation.

TRUSTS

The holdings of and income from a trust or other financial arrangement in which a beneficial interest in principal or income is held by the reporting individual, his spouse, or any dependent children must be disclosed. However, the reporting individual need only report the category of the amount of income received by him, his spouse, or dependents from: (1) a trust which was not created directly by such individual, his spouse, or any dependent, and with respect to which such individual, his spouse, and dependents have no knowledge of the holdings or sources of income of the trust; or (2) a "qualified blind trust," as defined in section 102(e)(3) of the Act. Such a trust must be approved by the Committee on Standards of Official Conduct before it will be deemed a qualified blind trust under the Act.

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended (2 U.S.C. § 701 et seq.). The Statements will be made available to any requesting person upon written application, and will be reviewed by the Committee on Standards of Official Conduct. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions, (see 2 U.S.C. § 706 and 18 U.S.C. § 1001).

DETACH AND RETURN COMPLETED STATEMENT (WITH TWO COPIES) TO:

The Clerk, U.S. House of Representatives
Office of Records and Registration
1036 Longworth House Office Building
Washington, D.C. 20515

HAND DELIVERED

EXHIBIT No. 41

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

GERALDINE A. FERRARO
9TH DISTRICT, NEW YORK

May 17, 1983

Benjamin Guthrie
Clerk of the House
H105 The Capitol
Washington, D.C. 20515

MC/

Dear Sir:

I recently received notification from the Committee on Standards of Official Conduct that dates for honoraria received for 1982 were not included in my recently filed disclosure form. I am attaching the information you requested.

I am sorry for any inconvenience this omission may have caused the Committee and/or your office.

Sincerely,

Geraldine A. Ferraro
Member of Congress

E
Enclosure

MEV

Honoraria - 1982

Brookings Institution	200.00	2/11/82
American University, Washington Semester Program	25.00	3/12/82
Outdoor Advertising Assoc. of New York	500.00	3/31/82
Commodity Exchange, Inc., NY	1,000.00	6/28/82
American University, Washington Sem. Program	35.00	8/16/82
New York University	50.00	8/31/82
Chicago Mercantile Exchange & Chicago Board of Trade	1,000.00	11/23/82
Akin, Gump, Strauss, Hauer & Feld	500.00	12/9/82

9 0 7 0 1 1 2 0 5 2

UNITED STATES HOUSE OF REPRESENTATIVES

Committee on Standards of Official Conduct

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT FOR 1983

FORM A--For use by Members, officers, and employees

Geraldine A. Ferraro
(Full Name)

22 Deepdene Road
(Mailing Address)

Forest Hills, NY 11375

EXHIBIT NO. 42

MC
(Office Use Only)

Check the appropriate box and fill in the blanks. ☒ Check if amended Statement

☒ Member of the U.S. House of Representatives—District 9 State N. Y.

☐ Officer or Employee—Employing Office _____

Note: Please read instructions carefully. Sign this form on the reverse side. Attach additional sheets if needed; identify each sheet by showing your name and the section being continued. Complete all parts. (If None, so indicate.) Please type or print clearly.

I. INCOME

A. The source, type and amount of income (including honoraria *and date received*) aggregating $100 or more in value received from any source during calendar year 1983. Exclude income from current U.S. Government employment. *Do not include here income reported in part I–B below.*

SOURCE	TYPE	AMOUNT
Schedule Attached		3,600.

B. The source, type, and category of value of income from *dividends, interest, rent,* and *capital gains* received from any source during calendar year 1983 which exceeds $100 in value. *Note:* For this part only, indicate Category of Value, as follows: Category A—not more than $1,000; B—$1,001–$2,500; C—$2,501–$5,000; D—$5,001–$15,000; E—$15,001–$50,000; F—$50,001–$100,000; G—over $100,000.

SOURCE	TYPE	CATEGORY
Interest	Savings	A
Dividends	Investment Fund	A
Interest	Bonds	F

II. GIFTS AND REIMBURSEMENTS

A. The source and a brief description of *gifts of transportation, lodging, food,* or *entertainment* aggregating $250 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION

B. The source, a brief description, and value of *all other gifts* aggregating $100 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION	VALUE
None		

C. The source and a brief description of *reimbursements* aggregating $250 or more in value received from any source during calendar year 1983.

SOURCE	BRIEF DESCRIPTION
Chinese Cultural University	Air fare: New York-Taiwan Taiwan -New York; Food and lodging

(OVER)

A 0 7 0 1 1 2 0 5 3

*: For Parts III, IV, and V below, indicate Category of Value, as follows: Category A—not more than $5,000; B—$5,001–$15,000; C—$15,001–$50,000; D—$50,001–$100,000; E—$100,001–$250,000; F—over $250,000.

III. HOLDINGS

The identity and category of value of any interest in property held during calendar year 1983 in a trade or business, or for investment or the production of income, which had a fair market value exceeding $1,000 as of the end of the year.

IDENTITY	CATEGORY
Ridgewood Savings Bank	A
Congressional Credit Union	A
East River Savings Bank	A
Dreyfus Liquid Fund	A
Dreyfus Reserve Fund	A
Bonds - MAC	C
N.Y.C. G.O.	C
Gloversville	B
Common Stock -	
(1) Sh. P. Zaccaro Co., Inc.	B

IV. LIABILITIES

The identity and category of value of the total liabilities owed to any creditor which exceeded $10,000 at any time during calendar year 1983.

IDENTITY	CATEGORY
None	

V. TRANSACTIONS

A brief description, the date, and category of value of any purchase, sale, or exchange during calendar year 1983 which exceeded $1,000 in real property, or in stocks, bonds, commodities futures, or other forms of securities.

BRIEF DESCRIPTION	DATE	CATEGORY
Purchase Bonds - 25M MAC	1/12/83	C
25M N.Y.C. G.O.	1/13/83	C
10M Gloversville	2/9/83	B

VI. POSITIONS

The identity of all positions held on or before the date of filing during the current calendar year as an officer, director, trustee, partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise, any nonprofit organization, any labor organization, or any educational or other institution.

POSITION	NAME OF ORGANIZATION
Secretary & Treasurer	P. Zaccaro Co., Inc.

VII. AGREEMENTS

A description of the date, parties to, and terms of any agreement or arrangement with respect to: future employment; leave of absence during period of government service; continuation of payments by a former employer other than the U.S. Government; and continuing participation in an employee welfare or benefit plan maintained by a former employer.

DATE	PARTIES TO	TERMS OF AGREEMENT
	None	

VIII. ADDITIONAL INFORMATION

A. Are you aware of any interests in property or liabilities of a spouse or dependent child or property transactions by a spouse or dependent child which you have not reported because they meet the three standards for exemption? (See Instructions) YES X NO ____

B. Do you, your spouse or dependent child receive income from or have a beneficial interest in a trust or other financial arrangement whose holdings were not reported because the trust is a "qualified blind trust" or other excepted trust? (See Instructions) YES ____ NO X

NOTE: Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (2 U.S.C. § 706 and 18 U.S.C. § 1001).

Signature	Date
	May 8, 1984

U.S. GOVERNMENT PRINTING OFFICE 84—379[illegible]-Loc

ETHICS IN GOVERNMENT ACT—FINANCIAL DISCLOSURE STATEMENT

Geraldine A. Ferraro
(Name)

Continuation Sheet

Part	Source, Type, Amount, Category, Description or Value (As Applicable)	TYPE	AMOUNT
A	Avon Products Co. - Speech	Honoraria	2,000.
	IMPACT - Briefing	"	100.
	New York State Home Economics Assoc. - Speech	"	100.
	American Univ. Washington Semester Program - Speech	"	50.
	Union of American Hebrew Cong. - Speech	"	100.
	Outdoor Advertising Assoc. of America - Speech	"	500.
	Institute of Outdoor Advertising - Speech	"	500.
	Center for Study of Democratic Inst. - Speech	"	50.
	American Enterprises Inst. Congress Project Dinner	"	200.
		TOTAL	3,600.

U.S. GOVERNMENT PRINTING OFFICE : 1981 O—[illegible]

94TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 94–1364

EXHIBIT NO. 43

IN THE MATTER OF A COMPLAINT AGAINST REPRESENTATIVE ROBERT L. F. SIKES

JULY 23, 1976.—Referred to the House Calendar and ordered to be printed

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

REPORT

together with

MINORITY VIEWS

[To accompany H. Res. 1421]

INTRODUCTION TO REPORT

This report of the Committee on Standards of Official Conduct of the House of Representatives (hereinafter "Committee") is divided into five parts. Part I explains the manner in which a formal complaint against a Member of Congress, Representative Robert L. F. Sikes of Florida, was transmitted to the Committee for investigation. Part II is a summary of the Committee's findings, conclusions and recommendations after its investigation. Part III addresses the Committee's view of its jurisdiction to investigate conduct by a Member, officer or employee of the House and the law, rule, regulation or standard of conduct applicable. Part IV is the Committee's analysis of each of the allegations in the complaint against Representative Sikes and the explanatory statements of Representative Sikes or his counsel. Part V contains the documents which are cited as references in part IV of the report.

PART I.—BACKGROUND OF COMPLAINT

On or about April 6, 1976, forty-four (44) Members of the House of Representatives [1] transmitted to the Committee a complaint,[2] in writing and under oath, from Common Cause, 2030 M Street, N.W., Washington, D.C. 20036, containing certain allegations against Representative Robert L. F. Sikes, and asked the Committee to investigate the allegations of the complaint.[3]

[1] Exhibit 1.
[2] Exhibit 2.
[3] House Rule X 4(e)(2)(B) provides:
"(B) Except in the case of an investigation undertaken by the committee on its own initiative, the committee may undertake an investigation relating to the official conduct of an individual Member, officer, or employee of the House of Representatives only—
"(i) upon receipt of a complaint, in writing and under oath, made by or submitted to a Member of the House and transmitted to the committee by such Member."

On April 28, 1976, by a vote of 9 to 0, with one Member voting present, the Committee ordered that an inquiry be conducted into the allegations of the complaint.

On May 6, 1976, the Committee met in executive session to determine the scope of additional inquiry or investigation needed to enable the Committee to act upon the complaint. Representative Sikes and his counsel, and representatives for Common Cause and its counsel, were invited to remain in attendance at the executive session, but the representatives for Common Cause and its counsel withdrew during the course of the meeting. Upon the conclusion of the executive session, the Committee voted to make the transcript of the session public.

On May 12, 1976, the Committee, meeting in executive session, resumed its inquiry and by a vote of 9 to 0 ordered an investigation into the facts surrounding the allegations of the complaint.

The Committee met on June 9, 1976, to receive reports from Committee counsel and staff on the progress of the investigation.

On July 1, 1976, the Committee met in executive session and by a vote of 8 to 0 agreed to reports its findings, conclusions and recommendations.

On July 21, 1976, the Committee by a vote of 10 to 2 agreed to this report, with Mr. Hébert's minority views to be included therein.

Part II.—Summary of Committee's Findings and Conclusions in the Matter of Representative Robert L. F. Sikes

The Committee, after prolonged deliberation and upon full consideration of the allegations in the complaint, the Committee's investigation of the facts surrounding those allegations, and the statements of Representative Sikes and his counsel, has agreed to report the following findings, conclusions and recommendations:

With respect to the Committee's jurisdiction to investigate the charges in the complaint against Representative Sikes, and the law, rule, regulation, or standard of conduct to be applied, the Committee finds that:

1. On April 3, 1968, the House adopted House Resolution 1099, which established this Committee as a permanent standing committee of the House, and provided a Code of Official Conduct to be observed by Members, employees and officers of the House.

2. Rule X of the Rules of the House authorizes the Committee to investigate conduct which occurred prior to the establishment of the Committee and adoption of the Code of Official Conduct in 1968, as well as that occurring after. The law, rule, regulation or standard of conduct to be applied by the Committee in such an investigation must be the law, rule, regulation or standard of conduct to be observed at the time of the conduct under investigation.

3. Members of the House have always been expected to observe traditional ethical standards which prohibit conflicts of interests and use of an official position for personal benefit. The standards of ethical conduct applicable to Members of the House are best expressed in principle in the Code of Ethics for Government Service, embodied in House Concurrent Resolution 175, approved July 11, 1958 (72 Stat., pt. 2, B 12).

4. Although the Code of Ethics for Government Service was adopted as a concurrent resolution, and, as such, may have expired with the adjournment of the 85th Congress, the standards of ethical conduct expressed therein represent continuing traditional standards of ethical conduct to be observed by Members of the House at all times, which were supplemented in 1968 by a specific Code of Official Conduct.

With respect to the charges against Representative Sikes, the Committee concludes that:

1. Representative Sikes failed to report in annual disclosure statements his ownership of stock in Fairchild Industries, Inc., for each of the years 1968 through 1973 as required by House Rule XLIV (A)(1).

2. Representative Sikes failed to report in annual disclosure statements his ownership of stock in the First Navy Bank for the year 1974 as required by House Rule XLIV(A)(1).

3. Representative Sikes' vote on August 6, 1974, for a defense appropriations bill in excess of $82 billion for fiscal year 1975 (H.R. 16243) which contained, inter alia, an appropriation of over $73 million for 30 A–10 aircraft to be built by Fairchild Industries, Inc., a publicly held corporation in which he then owned 1,000 shares of common stock, was not in violation of House Rule VIII(1).

4. The evidence obtained in the investigation shows that from August of 1965 through April of 1973 Representative Sikes was active in promoting the establishment of a new bank at the Pensacola Naval Air Station to replace the banking facility that had been operated there by Florida First National Bank.

The investigation has not produced any competent evidence to support the allegation that Representative Sikes acted in violation of any law, rule, regulation or other standard of conduct applicable to Members of the House in urging responsible State and Federal Government officials to authorize the establishment of the First Navy Bank at Pensacola Naval Air Station in Florida.

The investigation has produced evidence which shows that during the period of time Representative Sikes was active in promoting the establishment of the First Navy Bank he approached (in late 1972 or early 1973) one of the two organizers of the bank and inquired about the possibility of buying stock in the Bank, and was subsequently able to purchase 2,500 shares of the Bank's privately held stock on January 4, 1973.

The standard of ethical conduct Members should observe, as is expressed in principle in Section 5 of the Code of Ethics for Government Service, and which prohibits any person in Government service from accepting "for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties", was not observed by Representative Sikes in approaching organizers of the Bank and inquiring about the possibility of purchasing stock in a bank which he had been active in his official position in establishing.

5. Representative Sikes sponsored legislation in 1961 to remove a reversionary interest and restrictions on the commercial development of land in Florida in which he had a personal financial interest by virtue of his stock ownership in two corporations that held leasehold

interests in such land, without disclosing such interest to Congress at any time during consideration of the legislation.

The standard of ethical conduct that should be observed by Members of the House, as is expressed in principle in the Code of Ethics for Government Service, and which prohibits conflicts of interests and the use of an official position for any personal benefit, was not observed by Representative Sikes in sponsoring the legislation.

The Committee has found that certain actions of Representative Sikes, which were the subject of its investigation, have violated standards of conduct applicable to all Members of Congress, as follows:

(1) The failure to report the ownership of stock in Fairchild Industries, Inc. for the years 1968 through 1973 and the First Navy Bank for the year 1974, as required by House Rule XLIV.

(2) The purchase of stock in the First Navy Bank during the period of its organization and following active efforts in his official capacity to obtain a charter and federal insurance of deposits.

(3) The sponsorship of legislation in 1961 to remove restrictions on land without disclosing to the Congress the fact he had a beneficial interest in the land affected by the legislation.

In view of the foregoing findings of the Committee we have had to address the very serious question of what if any punishment should be imposed on Representative Sikes by the House.

1. With respect to failure by Representative Sikes to report his ownership of stock in Fairchild Industries, Inc. and the First Navy Bank, the Committee believes that violations of House Rule XLIV occurred. In neither instance does it appear that the failure to report was motivated by an effort to conceal the financial holding from the Members of the House or the public. But the Committee believes that the failure to report as required by Rule XLIV is deserving of a reprimand. The adoption of this report by the House shall constitute such reprimand.

2. We have expressed our serious concern about the investment by Representative Sikes in the stock of the First Navy Bank at the Pensacola Naval Air Station. If an opinion had been requested of this Committee in advance about the propriety of the investment, it would have been disapproved. Accordingly, the Committee recommends a reprimand and the adoption of this report by the House will be considered as such reprimand.

3. The Committee is most concerned with the action of Representative Sikes in sponsoring legislation in 1961 which created an obvious and significant conflict of interest. The purpose of the legislation was to remove a reversionary interest and restrictions on property which were inhibiting its commercial development, and Representative Sikes failed to disclose his substantial interest in the affected property. Although Representative Sikes maintains he was unaware the legislation affected his property interest on Holiday Isle, there can be no doubt it covered his property interest on Santa Rosa Island. This latter interest was acquired by Representative Sikes before the legislation was introduced, but he failed to disclose these facts during the House hearings on the bill. The fact that Representative Sikes sold his property interest on Santa Rosa Island after the bill passed the House, but before passing the Senate, although tending to mitigate, failed to absolve the consequences of the conflict of interest. If such activity

had occurred within a relatively recent time frame and had just now become a matter of public knowledge, the recommendation of some form of punishment would be a matter for consideration by the Committee. However, the fact is we are confronted with events that occurred approximately 15 years ago and at least to some extent appear to have been known to Representative Sikes' constituency which has continually reelected him to Congress. For these reasons the Committee declines to make a recommendation now of formal punishment.

The Committee recommends that the House of Representatives adopt a resolution in the following form.

HOUSE RESOLUTION 1427

Resolved, that the House of Representatives adopt the Report of the Committee on Standards of Official Conduct, dated July 23, 1976, on the investigation of a complaint against Representative Robert L. F. Sikes.

Part III.—The Committee's Jurisdiction

On April 3, 1968, the House by a vote of 405–1 adopted House Resolution 1099, establishing the Committee on Standards of Official Conduct as a permanent, standing committee of the House, and providing a Code of Official Conduct for the Members, employees and officers of the House. Prior to the adoption of this resolution, matters of official conduct were consigned to separate select committees, a method which proved to be "cumbersomely slow" in resolving these matters.[4] This Committee was therefore charged by the House with the responsibility of overseeing the conduct of Members and employees of the House and was invested with broad powers of investigation to enable it to discharge this heavy responsibility.[5]

The Committee is authorized under House Rule X 4(e)(1)(B) "to investigate . . . any alleged violation, by a Member, officer, or employee of the House, of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities. . . ."[6]

The Committee's authority in this regard is limited, however, by the provision of Rule X 4(e)(2)(C) that:

> No investigation shall be undertaken by the committee of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation.

The meaning of this provision has been the subject of debate during the course of the Committee's investigation into the facts surrounding the allegations made in the complaint against Representative Sikes. A review of the legislative history of House Resolution 1099 has been helpful to the Committee in resolving any ambiguity.

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[4] 114 Cong. Rec. 8778 (Apr. 3, 1968).

[5] House Report No. 1176, 90th Cong., 2d Sess. 12, 13 (March 14, 1968); 114 Cong. Rec. 8778 (Apr. 3, 1968).

[6] House Rule X 4(e)(1)(B) states: "The Committee on Standards of Official Conduct is authorized: . . . (B) to investigate, subject to subparagraph (2) of this paragraph, any alleged violation, by a Member, officer, or employee of the House, of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities, and, after notice and hearing, to recommend to the House by resolution or otherwise, such action as the committee may deem appropriate in the circumstances; * * *."

In the floor discussion of House Resolution 1099 a question by Mr. Gross of Iowa on the meaning of this provision prompted the following discussion:

Mr. GROSS. Mr. Chairman, on page 4 lines 14 through 16, it is provided that:
(3) No investigation shall be undertaken of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation.
I would ask the gentleman from Illinois as to precisely the meaning of this language?
Mr. PRICE of Illinois. This in effect means that this resolution is not retroactive through the creation and adoption of the resolution in the House.
Mr. GROSS. So that it is all prospective. Is it being provided that an investigation cannot go back on any Member who may have been here 20 years or 30 years; consider the past conduct of a Member if that Member should run afoul of this committee in the future?

* * * * * * *

Mr. HALLECK. If the gentleman will yield further, it seems to me it is inherent in the very essence of the law of our country that an ex post facto law is not proper; that you cannot today say that something was wrong last year, because no person could be on notice.
But, obviously, any conduct that was in violation of any law prior to this time would be subject to such criminal action or other action that might be desirable, or expected and supported.

* * * * * * *

Mr. PRICE of Illinois. The gentleman from Indiana is correct. There may be laws already in existence. There may be some rules already in existence. There may be some legislation already in existence. But this code has not been in existence and will not be in existence until the House adopts this resolution this afternoon. I do not think the committee should go back into charges of violations of a law that was not in existence prior to the passage of this resolution.

* * * * * * *

Mr. ALBERT. * * * Of course, the House can go back and investigate into the activities, criminal or otherwise, of any Member. The question is, Should we, in contravention of the spirit of the Constitution, which prohibits ex post facto laws, take it upon ourselves today to investigate Members retroactively under this resolution?

* * * * * * *

Mr. ALBERT. There is no restriction in the resolution with respect to laws or rules that are now in effect.

* * * * * * *

Mr. BELCHER. The expression "ex post facto" may not ring a bell with every Member of the House. Apparently it does not with the gentleman from Iowa. What the term means is that, if it were ex post facto, you could make a charge under this code of ethics before it was adopted by the House. That is all in the world it means. It means that a Member who has violated any rule of the House, any law, or any standard of official conduct or anything else which the House of Representatives could investigate, this resolution would not have anything in the world to do with it. 114 Cong. Rec. 8779, 8780 (Apr. 3, 1968).

The Committee finds that its investigative authority extends to conduct which occurred prior to adoption of the Code of Official Conduct in 1968, as well as that occurring after. The above-quoted language of Rule X 4(e)(2)(C) makes plain, however, that the standards to be applied in any investigation must be the ones in existence at the time of the alleged violation, and not ones developed subsequently. Conduct which was not improper at the time must not be made to appear improper by retroactive application of standards which were not then in existence. At the same time, it is clear to the

Committee from the legislative history of House Resolution 1099 that it was never the intent of the House to preclude the Committee from investigating acts which were improper when committed.

Although the adoption of the Code of Official Conduct in 1968 may have provided the House with its first permanent official code of ethics, the Committee is convinced that Members of the House have always been expected to conform to familiar ethical standards prohibiting conflicts of interests and the use of official position to benefit oneself.

In House Report No. 1176, 90th Cong., 2d Sess. (March 14, 1968) which recommended establishment of the Committee on Standards of Official Conduct as a standing committee, it was noted that:

> [A]*lthough there have been rules and constitutional provisions relating to the official conduct of Members from the First Congress*, there never has existed an institutionalized body or means expressly directed toward monitoring them. Historically, infractions usually have been dealt with when the severity or exposure of them took on such public weight as to demand that the House appoint a special committee to deal with a problem ad hoc. There have been instances when standing committees pursuing other avenues of investigation chanced upon apparent misconduct on the part of a Member and sought permission of the House by resolution to extend the scope of their investigation to deal with the discovered infraction. But both of these approaches are slow of implementation and tend to become effective only after unsavory practices have proliferated into abuse (at p. 12). (Emphasis added.)

The Committee's view is also supported by House precedents. In 1870, for example, the House censured Representatives John T. DeWeese, B. F. Whittemore, and Roderick R. Butler for the sale of appointments to the U.S. Military and Naval Academies.[7] In 1873, Representatives Oakes Ames and James Brooks were censured in connection with the Credit Mobilier Co. bribery scandal: Representative Ames, for selling stock in Credit Mobilier to Members of Congress at prices below the value of the stock in order to influence their votes, and Representative Brooks, for procuring Credit Mobilier to issue stock to one Charles H. Neilson for Representative Brooks' own benefit.[8]

Precedents of the House of Representatives might also be compared with those of the Senate. Senator Bingham of Connecticut was censured in 1929 for having placed on the Senate payroll, and used as a consultant on a pending tariff bill, one Charles L. Eyanson, who was simultaneously in the employ of the Manufacturers Association of Connecticut. Senator Bingham was censured, notwithstanding the absence of "corrupt motives" on his part, for conduct "contrary to good morals and senatorial ethics and [which] tends to bring the Senate into dishonor and disrepute".[9] In 1967 Senator Dodd of Connecticut was censured for using political funds for his personal benefit, conduct which, in the words of the censure resolution, "is contrary to accepted morals, derogates from the public trust expected of a Senator, and tends to bring the Senate into dishonor and disrepute".[10]

The Committee believes that these standards of conduct traditionally applicable to Members of the House are perhaps best ex-

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[7] 2 Hinds. secs. 1239, 1273, 1274.
[8] 2 Hinds. sec. 1286.
[9] 6 Cannon, sec. 239.
[10] Sen. Res. 112, 113 Cong. Rec. 17011, 90th Cong., 1st Sess. (June 23, 1967).

pressed in the Code of Ethics for Government Service embodied in House Concurrent Resolution 175, which was appoved on July 11, 1958.[11] Although the Code was adopted as a concurrent resolution, and, as such, may have no legally binding effect,[12] the Committee believes the Code of Ethics for Government Service nonetheless remains an expression of the traditional standards of conduct applicable to Members of the House prior both to its adoption and the adoption of the Code of Official Conduct in 1968. As is explained in House Report No. 1208, 85th Congress, 1st Session, August 21, 1957:

> House Concurrent Resolution 175 is essentially a declaration of fundamental principles of conduct that should be observed by all persons in the public service. It spells out in clear and straight forward language *long-recognized* concepts of the high obligations and responsibilities, as well as the rights and privileges, attendant upon services for our Government. It reaffirms the *traditional standard*—that those holding public office are not owners of authority but agents of public purpose—concerning which there can be no disagreement and to which all Federal employees unquestionably should adhere. It is not a mandate. It creates no new crime or penalty. Nor does it impose any positive legal requirement for specific acts or omissions. (Emphasis added.)

Thus, even assuming that House Concurrent Resolution 175 may have "died" with the adjournment of the particular Congress in which it was adopted, as one commentator seems to suggest,[13] the traditional standards of ethical conduct which were expressed therein did not.

The Committee is cognizant of the fact that these traditional standards of conduct as expressed in the Code of Ethics for Government Service, and as revealed in House precedents, are not delineated with any great exactitude and may therefore prove difficult in enforcement. The Committee is likewise aware that because of the generality of these standards their violation is easily alleged, and that this may be subject to some abuse. However, the Committee believes it was for the very purpose of evaulating particular situations against existing standards, and of weeding out baseless charges from legitimate ones, that this Committee was created. As was stated in House Report No. 1176, 90th

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[11] CODE OF ETHICS (72 Stat., pt. 2, B 12, July 11, 1958).—
Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the following Code of Ethics should be adhered to by all Government employees, including officeholders:

CODE OF ETHICS FOR GOVERNMENT SERVICE

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

[12] See Floyd M. Riddick, United States Congress Organization and Procedure, 1949, p. 21.
[13] 5 Hinds, § 7053, p. 1023, n. 1. See also "Deschler's Procedure", chap. 17, § 4.4 (1975).

Cong. 2d Sess. (March 14, 1968) in recommending the creation of this Committee as a standing committee of the House:

Some instrumentality, preferably the continuing committee, must necessarily serve as the determinant of the subjective terms necessary in spelling out the Code of Official Conduct. An essential difference between a statute and a standard is that the former usually is capable of precise definition and therefore may be objectively tested, whereas the latter can only be stated in subjective language and must rely on the facts as determined in each situation. If it should be necessary to measure an allegation against a standard, that measurement will be as meaningful as the depth to which the measuring body draws out the facts and nuances. Clearly this can be done better by a body smaller and more flexible than the entire House, and one that is more acquainted with the history and development of the standards and enforcement procedures, than special committees created to deal only with individual cases as they arise. (at p. 13).

Part IV.—Committee's Analysis of the Allegations

I. Allegations Concerning Failure to Disclose Certain Stock Ownership

The complaint alleges that Representative Sikes failed to disclose ownership of certain stock in violation of House Rule XLIV(A)(1). Adopted in 1968, Rule XLIV provides:

Financial Disclosure

Members, officers, principal assistants to Members and officers, and professional staff members of committees shall not later than April 30, 1969, and by April 30 of each year thereafter, file with the Committee on Standards of Official Conduct a report disclosing certain financial interests as provided in this rule. 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. The report shall be in two parts as follows:

Part A-1 provides that the report shall:

PART A

1. List the name, instrument of ownership, and any position of management held in any business entity doing a substantial business with the Federal Government or subject to Federal regulatory agencies, in which the ownership is in excess of $5,000 fair market value as of the date of filing or from which income of $1,000 or more was derived during the preceding calendar year. Do not list any time or demand deposit in a financial institution, or any debt instrument having a fixed yield unless it is convertible to an equity instrument.

A. OWNERSHIP OF FAIRCHILD INDUSTRIES, INC. STOCK

1. Case presented in complaint to support allegation

The complaint alleges that in the early 1960's Representative Sikes purchased 1,000 shares of stock in Fairchild Industries, Inc. (hereinafter "Fairchild") and held the stock until July 8, 1975. The complaint maintains "it is clear that Fairchild was 'doing a substantial business with the Federal Government.' since it was listed by the Department of Defense among the top 103 defense contractors since 1968, and the top 50 since 1971." The value of these shares, the complaint continues, "at all times during the years 1968 through 1972, and at certain times during 1973, was in excess of $5,000."

The complaint asserts that Representative Sikes was required but failed to disclose his ownership of Fairchild stock for each year from 1968 through 1972 and "perhaps" was required to file for 1973 as well. The complaint notes that Representative Sikes filed a report in 1975 with the Committee listing his ownership of the Fairchild stock in 1974.

2. Explanatory statements by Representative Sikes

In a July 8, 1975, letter to the Chairman of the Committee, Representative Sikes stated that he was selling his 1,000 shares of stock in Fairchild that day and that following the transaction neither he nor any member of his family would own stock in that company. In that letter, Representative Sikes explained that he acquired the Fairchild stock in the early 1960's "to show confidence in the company and appreciation for the fact that it was employing residents in my District." He continued "Questions have been raised about the propriety of this stock ownership by the liberal press which is apparently unable to comprehend considerations such as those which governed my action." [14]

In an October 28, 1975, letter from Representative Sikes to his House colleagues he said, "I admit an omission in failing to report ownership of the Fairchild stock for several years. This simply was an oversight. The stock has subsequently been sold. I realized no profit on the transaction." [15]

Representative Sikes filed a statement with the Committee on May 6, 1976, which he also submitted for printing in the Congressional Record. In that statement he explained his failure to file the reports as follows:

> When the rules of disclosure were adopted in 1968, I made a judgment common to others (i.e., that if less than $1,000 a year was realized on any security it was not required to be reported) . . . when advised that disclosure was required by the Committee's interpretation even if my income involved only $150 a year, I promptly and formally advised the Committee that mine was an inadvertent omission and the stock was sold.[16]

Counsel for Representative Sikes filed a statement with the Committee on May 6, 1976,[17] in which he also complained that the reporting requirement of Rule XLIV(A)(1) was unclear in this regard. That statement was submitted by Representative Sikes for printing in the Congressional Record on May 7, 1976.

3. Committee's findings and conclusions

On May 12, 1976, the Committee addressed interrogatories to Representative Sikes requesting that he provide the Committee with all information relating to his acquisition and sale of stock in Fairchild during the years in question.[18]

According to Representative Sikes' sworn answers to the interrogatories, he initially acquired stock in Fairchild in April of 1964. He acquired at that time 500 shares of common stock, at a price of $7 per share.[19] Three more purchases were made in the next five years:

[14] Exhibit 2, Attachment Y.
[15] Exhibit 2, Attachment B.
[16] Exhibit 3.
[17] Exhibit 4.
[18] Exhibit 6.
[19] Exhibit 6, Answers to Questions 2 & 3.

(1) on June 10, 1965, 500 shares were acquired at $7½ per share; (2) on August 13, 1968, 500 shares were acquired at $15⅝ per share; and (3) on June 17, 1969, 300 shares were acquired at $14 per share.[20]

Thus between April of 1964 and June of 1969 Representative Sikes acquired a total of 1,800 shares of Fairchild stock at a cost of more than $19,000.

During 1968, the first year for which disclosure was required by Rule XLIV(A)(1), Representative Sikes owned 1,500 shares of Fairchild stock. During this period, a share of Fairchild stock listed on the New York Stock Exchange at between $14⅜ and $23⅞ per share.

During 1969, by which time Representative Sikes had increased his holdings to 1,800 shares of Fairchild stock, the range of Fairchild stock on the New York Stock Exchange was between $10⅞ and $24¼ per share.

During 1970, when Representative Sikes held 1,800 shares of Fairchild stock, the range of the stock on the New York Stock Exchange was between $6 and $13½ per share.

In December of 1971, Representative Sikes sold 800 of his 1,800 shares. Fairchild stock was listed on the New York Stock Exchange at between $7⅝ and $13⅜ per share in 1971.

By 1972, Representative Sikes had, as noted, reduced his holding of Fairchild stock to 1,000 shares. Fairchild stock was listed on the New York Stock Exchange at between $9 and $14¼ per share during that year. As of March 29, 1973, the filing date of Representative Sikes' 1972 report,[21] Fairchild stock was listed at $9¼ per share.

During 1973 Fairchild stock listed at between $3¾ and $13⅜ per share. As of April 9, 1974, the filing date of his 1973 report, Fairchild stock was listed at $5¼ per share.

Thus, taking the price at which Fairchild stock was listed on the New York Stock Exchange during each of the years 1968 through 1973,[22] and as of March 29, 1973, and April 9, 1974, as an indication of the "fair market value" of that stock, the Committee finds that Representative Sikes' Fairchild stock had a fair market value in excess of $5,000 and was required to be disclosed for each of the years 1968 through 1973.

Representative Sikes did disclose his ownership of Fairchild stock in his report for 1974 which was filed with the Committee on April 24, 1975. On July 10, 1975, Representative Sikes states he sold his remaining shares of Fairchild stock for $8,250 ($8¼ per share), for a loss of $4,173.19, inclusive of purchase and sales costs.[23]

The Committee must reject the argument that House Rule XLIV can be interpreted that if less than $1,000 a year in income is realized on any security it is not required to be reported. The language of Rule XLIV reads: "in which the ownership is in excess of $5000 fair market value as of the date of filing or from which income of $1000 or more was derived during the preceding calendar year." The defini-

[20] Exhibit 6; Answers to Questions 2 & 3.
[21] House Rule XLIV(A)(1) states: "in which the ownership is in excess of $5,000 fair market value as of the date of filing. . . ."
[22] According to the New York Stock Exchange Stock Reports published by the Standard and Poor's Corporation, 1975 ed.
[23] Exhibit 6, Answer to Question 4.

tion of income contained in instructions for the report states: "*Income* ($1,000 or more, previous calendar year): Received from a single source in dividends, retainer, salary, consulting fees or other. (Note that *either* the $5,000 fair market value criteria, *or* this provision, determine the requirement for listing under item 1 of Part A.)". (italicized words are italicized in the instructions.)

The Committee believes that in any case in which a Member thinks there is an ambiguity in the reporting requirements it should either be resolved in favor of disclosure or an advisory opinion sought from the Committee.[24]

B. OWNERSHIP OF FIRST NAVY BANK STOCK

1. Case presented by complaint to support allegation

The complaint cites Representative Sikes' ownership of shares of common stock in the First Navy Bank on Pensacola Naval Air Station in Florida from October 24, 1973, until January 19, 1976. The complaint maintains that the bank was subject to regulation by a Federal agency, i.e., the Federal Deposit Insurance Corporation, and throughout the period from late 1973 to 1975 the fair market value of Representative Sikes' stock was at least $21,000.

The complaint asserts that Representative Sikes was required but failed to disclose in his 1974 report to the Committee his ownership of First Navy Bank stock during 1973, in violation of House Rule XLIV(A)(1). The complaint notes that Representative Sikes filed a report in 1975 that listed his ownership of this stock in 1974.

2. Explanatory statements by Representative Sikes

In his October 28, 1975, letter to his colleagues, Representative Sikes discussed his ownership of 1,400 shares of First Navy Bank stock, noting that the Comptroller of the State of Florida "has said publicly that my involvement is legal and proper."[25] In a January 19, 1976, letter to the Chairman of the Committee, Representative Sikes stated he had sold the remainder of his stock in the First Navy Bank.[26]

In his May 6, 1976, statement filed with the Committee, Representative Sikes states it was his opinion and that of his office staff that a state bank insured by the Federal Deposit Insurance Corporation (hereinafter "FDIC") was not subject to a Federal regulatory agency as contemplated by Rule XLIV(A)(1). For this reason, according to Representative Sikes, his ownership of stock in the First Navy Bank was not reported. In his statement of May 6, 1976, Representative Sikes also states that upon being informed the First Navy Bank had become a member of the Federal Reserve System on August 30, 1974, the stock was reported.[27]

Counsel for Representative Sikes also argues that disclosure of Representative Sikes' ownership of First Navy Bank stock in his 1973

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[24] House Rule X(e)(1)(D) states: "The Committee on Standards of Official Conduct is authorized . . . (D) to give consideration to the request of any Member, officer, or employee of the House for an advisory opinion with respect to the general propriety of any current or proposed conduct of such Member, officer or employee and, with appropriate deletions to assure the privacy of the individual concerned, to publish such opinion for the guidance of other Members, officers, and employees of the House."

[25] Exhibit 2, Attachment B.

[26] Exhibit 7.

[27] Exhibit 3.

report was not required because First Navy Bank, as a state chartered bank, was not at that time subject to a Federal regulatory agency.[28] He notes that the instructions which are part of the disclosure form prepared pursuant to Rule XLIV state that generally the test to be applied in determining whether any business entity is subject to federal regulatory agencies is, whether a "Federal regulatory body is authorized to grant or deny licenses, franchises, quotas, subsidies, etc., that could substantially affect the fortunes of the business entity involved." He argues that the FDIC does not grant or deny licenses, franchises, quotas, or subsidies, and thus the First Navy Bank stock was not under the purview of House Rule XLIV.[29]

3. Committee's findings and conclusions

The Committee also addressed interrogatories to Representative Sikes on May 12, 1976, requesting that he provide certain information relating to his ownership of stock in First Navy Bank. Representative Sikes, in answer to the Committee's interrogatories, admits under oath that he purchased on January 4, 1973, 2500 shares of stock in the bank at $15 per share. Representative Sikes states he retained these 2500 shares until late 1974, whereupon he sold 100 shares at $15 per share on June 12, 1974, and in two separate transactions on December 24, 1974, he sold 1000 shares at $20 per share.[30]

Representative Sikes first disclosed ownership of his remaining 1,400 shares of First Navy Bank stock in his report for 1974, filed with the Committee on April 24, 1975.

The First Navy Bank was insured from November 22, 1972, on by the FDIC.[31] The Committee takes notice of the fact the FDIC has extensive powers with respect to State banks insured by it,[32] including the power to terminate their insured status, to issue cease-and-desist orders, and to suspend or remove directors and officers of the banks, the exercise of which could, in the opinion of the Committee, substantially affect a member bank.

Accordingly, the committee rejects the argument that a State bank which is insured by the FDIC is not subject to a Federal regulatory agency as contemplated by House Rule XLIV(A)(1).

The Committee would note this very question was raised on the floor of the House during the debate on House Resolution 1099 to which Representative Price, a member of this Committee and then chairman, replied unequivocally that yes, a State bank regulated by the FDIC would fall under the disclosure requirements of Rule XLIV(A)(1).[33] Any question that Representative Sikes may have had about the status of FDIC regulated banks might have been referred to the Committee in a request for an advisory opinion.

It is in any case clear that Representative Sikes was required to disclose ownership of First Navy Bank stock in his report for 1973.

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[28] Exhibit 4.
[29] Exhibit 4.
[30] Exhibit 6, Answer to Question 13.
[31] See Exhibit 6, Attachment 17P.
[32] See 12 U.S.C. §§ 1811–1832.
[33] Mr. BINGHAM. I thank the gentleman.
I have a further question as to line 7 of the same page, with reference to "business entity" and "subject to Federal regulatory agencies." Would that include, for example, a State bank whose deposits are regulated by the FDIC?
Mr. PRICE of Illinois. Yes, it would. 114 Cong. Rec. 8807 (Apr. 3, 1968).

II. Allegation Concerning Failure to Abstain From Voting

The complaint alleges that Representative Sikes voted for passage of a Defense Appropriations bill in which he had "a direct pecuniary interest" and thus violated House Rule VIII. Section 1 of that rule, cited by the complaint, states:

> Every Member shall be present within the Hall of the House during its sittings, unless excused or necessarily prevented; and shall vote on each question put, unless he has a direct personal or pecuniary interest in the event of such question.

1. Case presented in complaint to support allegation

The complaint states that on August 6, 1974, Representative Sikes voted for passage of the Defense Appropriations bill for Fiscal 1975, H.R. 16243. This bill, the complaint continues—

> contained an appropriation of over $73.2 million for procurement of airframes for 30 A–10 close air support aircraft to be built by Fairchild Industries, Inc. At the same time that Rep. Sikes cast this vote favoring Fairchild, he was the owner of 1,000 shares of stock in that corporation. . . . Thus, Rep. Sikes had a direct pecuniary interest in the Defense Appropriations bill for Fiscal 1975. His vote on that bill was in violation of House Rule VIII.

2. Explanatory statements by Representative Sikes

In his October 28, 1975, letter to House colleagues, Representative Sikes observed that the basis for criticism by Common Cause was "that I owned 1,000 shares of stock in the company when I voted for funds for the A–10 which is manufactured by Fairchild." He defended his action by stating:

> I voted for the A–10 because it had won grueling and intensive competition in a flyoff with other aircraft and had been recommended by the Air Force and the Department of Defense as the best available close-support aircraft which would also serve as a tank killer and be best able to survive in the battlefield environment of the 1980's. If I had sought to profit from Fairchild, I would have purchased much more.

Representative Sikes stated further that when he sold his Fairchild stock in July, 1975, he "realized no profit on the transaction." [34]

3. Committee's findings and conclusions

On August 6, 1974, Representative Sikes joined 349 of his colleagues in voting for a defense appropriations bill for Fiscal 1975 (H.R. 16243) which contained, inter alia, an appropriation of over $73 million for airframes for 30 A–10 aircraft to be built by Fairchild Industries, Inc. At the time of the vote Representative Sikes was the owner of 1,000 shares of Fairchild common stock [35] which fact was not reported to the House until April 24, 1975.

According to the statements of Representative Sikes, he acquired the Fairchild stock in order to show his appreciation and support for the company after it opened a branch plant in his Congressional District in 1963.[36]

The Committee notes that the appropriations which were earmarked for Fairchild in H.R. 16243 represented the third increment purchase of A–10 aircraft from Fairchild, the contract to build the A–10 having been signed by Fairchild and the U.S. Air Force early in 1973.[37] The

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[34] Exhibit 2, Attachment B.
[35] See Exhibit 6, Answer to Question 4.
[36] Exhibit 3.
[37] Hearings on Department of Defense Appropriations for 1975 (H.R. 16243) before Subcommittee of House Committee on Appropriations, 93d Cong., 2d Sess., Part 7, 1056 (1974); See also House Rept. No. 93–1255, 93d Cong., 2d Sess. 127 (1974).

Committee has found no evidence to indicate that Representative Sikes in any way influenced or attempted to influence the award of the contract.

The sole issue, then, is whether Representative Sikes violated House Rule VIII(1) by reason of his having voted for H.R. 16243. The weight of Congressional precedents strongly suggests that he did not.

House precedents establish the rule that "where the subject matter before the House affects a class rather than individuals, the personal interest of Members who belong to the class is not such as to disqualify them from voting." This principle was followed by the House as recently as December 2, 1975, when the question arose whether House Rule VIII(1) would disqualify Members holding New York City securities from voting on a bill to provide federal guarantees for these securities. Speaker Albert ruled that a point of order to disqualify Members holding such securities would not be sustained:

> The SPEAKER. The gentleman from Maryland (Mr. Bauman) has addressed an inquiry to the Chair on the application to pending legislation of rule VIII, clause 1, providing that each Member shall vote on each question unless he has a direct personal or pecuniary interest therein. Specifically, the gentleman inquires whether under rule VIII Members holding obligations of the State or city of New York and agencies thereof, or having other financial interests dependent upon the fiscal affairs of New York, are required to refrain from voting on H.R. 10481, authorizing emergency guarantees of obligations of States and political subdivisions thereof, and for other purposes.
>
> The Chair has researched the application of rule VIII, clause 1, in anticipation that the inquiry would be made, and desires to address two fundamental issues. The first is the nature of a disqualifying interest under the rule, and the second is the responsibility to enforce its provisions.
>
> The Chair would first note that H.R. 10481, as reported to the House, is general legislation affecting all States and their political subdivisions. While it may be urged that the passage of the bill into law in its present form would have an immediate effect on only one State, the reported bill comprehends all States and territories. The Chair recognizes, however, the possibility that the bill may be narrowed by amendments to affect a more limited class of private and governmental institutions.
>
> The general principle which the Chair would like to bring to the attention of Members is cited at volume 8, Cannon's Precedents, section 3072, as follows:
>
> "Where the subject matter before the House affects a class rather than an individual, the personal interest of Members who belong to the class is not such as to disqualify them from voting."
>
> Speaker Longworth held on that occasion that Members holding stock in nationwide corporations possibly affected by the pending bill belonged to a large class of persons holding such stock, and could not, therefore, be disqualified from voting on the bill. The Speaker cited with approval a similar decision by Speaker Clark, noted at 8 Cannon's Precedents, section 3071. The legislation in issue in both rulings affected not one corporation or institution but many spread across the country, as does the pending bill in its reported form. Cong. Rec. H 11594, 11595 (daily ed. Dec. 2, 1975).

The Committee notes that the Fairchild appropriations, though substantial, were but part of total appropriations in excess of $82 billion authorized by H.R. 16243. In light of the generalized character and scope of the appropriations authorized by H.R. 16243, the Committee concludes that Representative Sikes' ownership of 1,000 shares, out of more than 4,550,000 shares outstanding,[38] in one of the companies benefited by the bill was not, under House precedents, sufficient to disqualify him from voting on the bill.

The Committee wishes to emphasize that under House precedents each individual Member has the responsibility of deciding for himself

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[38] Moody's Handbook of Common Stocks, Winter 1976 ed.

whether his personal interest in pending legislation requires that he abstain from voting:

> The SPEAKER * * * The question as to the enforcement of the disqualification clause has been squarely addressed in the precedents heretofore cited.
>
> Speaker Clark held that the question whether a Member's interest was such as to disqualify him from voting was an issue for the Member himself to decide and that the Speaker did not have the prerogative to rule against the constitutional right of a Member representing his constituency. Speaker Blaine stated that the power of the House to deprive one of its Members of the right to vote on any question was doubtful.
>
> The Chair has been able to discover only two recorded instances in the history of the House of Representatives where the Speaker has declared Members disqualified from voting, and the last such decision occurred more than 100 years ago.
>
> Because the Chair severely doubts his authority to deprive the constitutional right of a Member to vote, and because he has attempted, in response to this inquiry, to afford information for the guidance of Members, the Chair finds that each Member should make his own determination whether or not his personal interest in the pending bill, or in any amendment thereto, should cause him to withhold his vote.
>
> The Chair accordingly answers the parliamentary inquiry. Cong. Rec. H. 11595 (daily ed. Dec. 2, 1975).

Accordingly, the Committee concludes that Representative Sikes' vote on August 6, 1974, for a defense appropriations bill in excess of $82 billion for fiscal year 1975 (H.R. 16243) which contained, inter alia, an appropriation of over $73 million for 30 A–10 aircraft to be built by Fairchild Industries, Inc., a publicly held corporation in which he then owned 1,000 shares of common stock, was not in violation of House Rule VIII(1).

III. Allegation Concerning the Use of Improper Influence

The complaint alleges that Representative Sikes urged responsible State and Federal Government officials to authorize the establishment of the First Navy Bank and received "a substantial benefit as a result of his activities." These actions, the complaint concludes, constituted a violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B12 [1958]).

House Rule XLIII(3) provides that:

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

Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B12 [1958]), provides that:

> Any person in Government service should . . [n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

1. Case presented in complaint to support allegation

The complaint alleges that for approximately 32 years the Florida First National Bank operated a banking facility at Pensacola Naval Air Station, and that in October of 1973, Florida First National Bank was replaced on the base by the First Navy Bank. This event, the complaint maintains, "marked the ultimate success of two attempts made

by the founders of the First Navy Bank to replace Florida First National." The complaint alleges that Representative Sikes "assisted" the founders of First Navy Bank in the following ways:

By writing an August 12, 1965, letter to the Regional Comptroller of the Currency, urging approval of the bank, and recommending one of the proposed directors;

By accompanying an agent for the founders group to an August 12, 1965, meeting with the Deputy Comptroller of the Currency on the pending application for a Federal charter;

By writing a July 12, 1966, letter on Congressional stationery to the Special Assistant to the Comptroller of the Currency on the pending application for a Federal charter, in which Representative Sikes stated he would appreciate the latter's "cooperation and helpfulness in this matter."

By contacting the office of the Florida State Comptroller in 1972 regarding the First Navy Bank's state charter application and, also in 1972, purportedly directing inquiries about the Bank's application for deposit insurance through staff members of his office to the Federal Deposit Insurance Corporation.

The complaint asserts that "over a period of seven years, Representative Sikes intervened with various state and federal officials to secure the establishment of the First Navy Bank on the Pensacola Naval Air Station". According to the complaint, on the day of the Bank's opening in October, 1973, Representative Sikes owned 2,500 shares of stock in the Bank, valued at $15 a share. The complaint alleges that as a result of his activities on behalf of the Bank, Representative Sikes "received a substantial benefit" when the Bank was formally established, which constituted a violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service.

2. Explanatory statements by Representative Sikes

In his October 28, 1975, letter to House colleagues, Representative Sikes defended his actions in support of establishment of the First Navy Bank:

> This bank was established because the branch facility already located there had failed to give needed service, and year after year, despite repeated requests, refused to improve their services. The Department of the Navy in Washington approved the plan because of demonstrated need. The State Comptroller approved the request for a charter. I recommended that it be established because the need was clear. When the bank was established, a number of naval officers purchased stock, generally in small amounts. They considered it a good investment. None are major stockholders.

In the same letter, Representative Sikes also defended his then ownership of 1,400 shares of First Navy Bank stock with the statement that the Comptroller of the State of Florida "has said publicly that my involvement is legal and proper." [39]

Representative Sikes made similar statements earlier in a July 10, 1975, letter to John W. Gardner, Chairman of Common Cause, and commented that his holdings of 1,400 shares of First Navy Bank stock are "a small part of the total stock in the bank." [40] In a January 19, 1976, letter to the Chairman of the Committee, Representative Sikes

[39] Exhibit 2, Attachment B.
[40] Exhibit 2, Attachment A.

stated he had sold the remainder of his stock in the First Navy Bank.[41]

3. Committee's findings and conclusions

On October 26, 1973, the First Navy Bank opened on Pensacola Naval Air Station.[42] According to Representative Sikes' answers to interrogatories from the Committee, he was a shareholder in First Navy Bank at the time it opened, having paid $37,500 to purchase 2,500 shares of the Bank's stock at $15 per share on January 4, 1973.[43]

The Committee's investigation indicates that Representative Sikes' involvement and interest in First Navy Bank began considerably earlier than this January, 1973, date would suggest.

In August of 1965, an application for a Federal bank charter was filed by a group of local businessmen seeking to establish a full service bank on Pensacola Naval Air Station. On August 12, 1965, Representative Sikes sent a letter to the Regional Comptroller of the Currency, in which he recommended highly the applicants and urged that the requested Federal bank charter be granted.[44] On that same day, according to the records of the Deputy Comptroller of the Currency, an agent for the applicants, one Porter F. Bedell, visited him at his office in Washington, D.C., to discuss the pending application, accompanied by Representative Sikes.[45]

On June 3, 1966, Representative Sikes wrote to the Deputy Comptroller, Department of the Navy, "reiterat[ing]" his interest in the proposed bank, and stating: "Before a final decision is reached, I would like to talk with you about the matter."[46]

On July 12, 1966, Representative Sikes wrote to the Special Assistant to the Comptroller of the Currency,[47] forwarding a copy of a letter by the Commanding Officer of Naval Air Training, Pensacola, Florida, which recommended establishment of a full-service bank on the base.[48]

The application for a Federal bank charter was denied on or about February 24, 1967.

In October of 1971, another attempt was made to establish a full-service bank on the Pensacola base. An application was filed with the Florida State Comptroller for a charter to establish a state bank on Pensacola Naval Air Station to be called the "Bank of the Blue and Gold." Porter F. Bedell was one of the Bank's organizers[49] and was later named its president.[50]

In a letter dated June 23, 1972, the Comptroller of the State of Florida, in response to a prior inquiry from Representative Sikes, advised Representative Sikes of the status of the application of the Bank of the Blue and Gold, and assured him that he would keep him "posted . . . both as to the exact dates for the [examiners'] survey and thereafter as soon as I receive the report incident thereto."[51]

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[41] Exhibit 7.
[42] *See* Exhibit 6, Answer to Question 9.
[43] *See* Exhibit 6, Answer to Question 9.
[44] Exhibit 2, Attachment BB.
[45] Exhibit 2, Attachment CC.
[46] Exhibit 6, Attachment 17E.
[47] Exhibit 6, Attachment 17B.
[48] Exhibit 2, Attachment EE.
[49] *See* Exhibit 6, Answers to Questions 9 and 11.
[50] *See* Exhibit 6, Attachment 14E.
[51] Exhibit 6, Attachment 17G.

On June 26, 1972, the Comptroller of Florida advised Representative Sikes that the application was confirmed and field surveys and examinations had been scheduled.[52]

In order for the proposed bank to obtain its state charter it was necessary that the Federal Deposit Insurance Corporation (hereinafter "FDIC") agree to insure its deposits.[53] On August 25, 1972, Representative Sikes instructed his office staff to "follow up" on the Bank's application for FDIC insurance once the application arrived in Washington.[54] On August 28, 1972, Representative Sikes' office contacted Mr. Tim Reardon, Congressional Liaison for the FDIC, about expediting the Bank's application for insurance.[55] According to an interoffice memorandum dated August 28, 1972, Mr. Reardon's secretary informed a member of Representative Sikes' office staff that Mr. Reardon was "aware of Mr. Sikes' interest in expediting this application" and promised that Mr. Reardon would "expedite this application as much as he can."

On September 1, 1972, Mr. Reardon telephoned Representative Sikes' office with information that the Regional Office had requested additional information from the organizers of the Bank which was to be forwarded to Washington.[56]

On September 18, 1972, a member of Representative Sikes' office staff talked with Mr. Reardon's Secretary who reported that the Bank's application was being processed and that "Mr. Reardon has promised to give us advance notice and said to assure you he is expediting it as much as possible." [57]

On September 28, 1972, a member of Representative Sikes' office staff inquired of Mr. Reardon's office as to the status of the Blue and Gold Bank's FDIC insurance application and was informed it was hopeful "this application would be ready for consideration by the Board" next week.[58]

On October 16, 1972, a member of Representative Sikes' office staff called Mr. Reardon's office to check on the application and reported that more information had been requested by the Regional Director.[59]

On November 8, 1972, an inquiry to Mr. Reardon's office by a member of Representative Sikes' office staff received a response to the effect that the Blue and Gold Bank's application was pending action by the Board of Directors.[60]

On November 22, 1972, a member of Representative Sikes' office staff reported that the "FDIC called to advise the Board of Directors has approved the Blue and Gold Bank application." [61]

Representative Sikes answered the Committee's interrogatories of May 12, 1976, as to the time and circumstances under which he became a stockholder in the Bank as follows:

* * * * * * *

Question 9. Did you seek or initiate the acquisition of shares in the Bank or did someone contact you about becoming a shareholder?

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[52] Exhibit 6, Attachment 17H.
[53] *See* Exhibit 8.
[54] Exhibit 6, Attachment 17J.
[55] Exhibit 6, Attachment 17J.
[56] Exhibit 6, Attachment 17J.
[57] Exhibit 6, Attachment 17L.
[58] Exhibit 6, Attachment 17M.
[59] Exhibit 6, Attachment 17N.
[60] Exhibit 6, Attachment 17O.
[61] Exhibit 6, Attachment 17P.

Answer. I inquired about buying some stock subsequent to the approval of the charter. On August 21, 1972, all stock was subscribed for and the list of initial stockholders was filed with the Comptroller of the State of Florida. I was not part of that group. The charter for the bank was approved on August 21, 1972. Subsequently, I am told Mr. C. P. Woodbury, who had subscribed for a large amount of stock, returned some of his stock to the Bank's own pool of stock which then became available for resale.

Sometime in late 1972 or early 1973, I approached either Porter Bedell or C. P. Woodbury, two of the organizers of the Bank, about the possibility of my buying some stock. I was advised that I could buy some stock from the Bank's pool of stock. Thereupon, on January 4, 1973, I sent my personal check for $37,500 to cover purchase of this stock. (A copy of this check appears as Exhibit "A" in response to Interrogatory No. 14.)

When the Bank opened on October 26, 1973, I was a stockholder.

Question 10. What is the approximate date when you first had discussion or communication, directly or indirectly, in writing or otherwise, about becoming a shareholder in the Bank?

Answer. I do not recall precisely, but it was around the first of 1973.

Question 11. With whom did such discussion or communication occur?

Answer. Either Porter Bedell or C. P. Woodbury, both of whom were among the initial investors and organizers.

* * * * * * *

On April 10, 1973, and after he became a stockholder in the Bank, Representative Sikes wrote on Congressional stationery to the Assistant Secretary of the Navy for Financial Management, seeking to change the name of the bank from the Blue and Gold Bank to the First Navy Bank.[62] No mention was made in this letter of Representative Sikes' ownership of First Navy Bank stock. The requested name change was approved.

On October 26, 1973, First Navy Bank opened for business on Pensacola Naval Air Station. Representative Sikes was a speaker at the opening ceremonies.

On June 12, 1974, Representative Sikes sold 100 of his shares of First Navy Bank stock at his purchase price of $15 per share to one H. A. Brosnaham, Jr.[63]

On August 30, 1974, First Navy Bank obtained membership in the Federal Reserve System.[64]

On December 24, 1974, Representative Sikes sold 1,000 shares of First Navy Bank stock at $20 per share, 500 each to the Bank of the South Profit Sharing Plan and the First Navy Bank Profit Sharing Plan.[65]

On December 11, 1975, Representative Sikes sold his remaining 1,400 shares of First Navy Bank stock to a total of seven individual buyers at a price of $17.50 per share.[66] Representative Sikes thus made a profit of $8,500 on his First Navy Bank stock, not including purchase and sale costs, having purchased them at a total cost of $37,500 and sold them for a total of $46,000.

The Committee has not found any competent evidence to support the allegation that Representative Sikes acted in violation of any law, rule, regulation or other standard of conduct applicable to Members of the House in urging responsible State and Federal Government offi-

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[62] Exhibit 6, Attachment 17D.
[63] Exhibit 6, Answer to Question 13.
[64] See Exhibit 3.
[65] Exhibit 6, Answer to Question 13.
[66] Exhibit 6, Answer to Question 13.

cials to authorize the establishment of the First Navy Bank at Pensacola Naval Air Station in Florida.

The Committee concludes, however, that a Member should observe the standard of ethical conduct, as is expressed in principle in Section 5 of the Code of Ethics for Government Service, which prohibits any person in government service from accepting "for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties." The Committee concludes further that this standard of ethical conduct was not observed by Representative Sikes in approaching organizers of the Bank, inquiring about the possibility of buying stock in the Bank, and then purchasing 2,500 shares of the Bank's privately held stock following the active and continuing involvement on his part as shown by the record before the Committee in establishing the Bank.

IV. Allegations Concerning the Receipt of Personal Benefit from the Sponsorship of Legislation

The complaint alleges that in 1961–62 Representative Sikes sponsored legislation which directly benefited the commercial development of certain land in Florida, including property on which he and several business associates held leases. It is alleged that Representative Sikes' sponsorship of this legislation was in violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B 12 [1958]).

House Rule XLIII(3) provides that:

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

Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B 12 [1958]) provides that:

> Any person in government service should . . [n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

1. Case presented in complaint to support allegations

The complaint notes that in 1948 the Federal Government authorized the conveyance of certain land owned by the United States to Okaloosa County, Florida, including:

> all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida. . . . and . . . all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands) said property being under the jurisdiction of the Department of the Army (Pub. L. 80–885).

The 1948 Act, the complaint maintains, placed certain restrictions on the use of the land conveyed and these restrictions allegedly hindered its commercial development.

The complaint asserts that in 1961–62 Representative Sikes sponsored legislation (enacted as Pub. L. 87–860) which repealed the re-

strictions placed on the land by the 1948 Act, and that at the time he introduced this legislation, Representative Sikes held a leasehold interest in certain property affected by the legislation.

The complaint further asserts that Representative Sikes testified before the House Armed Services Committee on the pending legislation without disclosing his alleged pecuniary interest in the land affected.

Arguing that the repeal of the restrictions in the 1948 Act removed significant disincentives to commercial development of the land involved, the complaint concludes that "Representative Sikes benefited directly from his sponsorship of Pub. L. 87–860" and that "the benefits which accrued to him by Pub. L. 87–860 could reasonably be construed to have influenced his sponsorship of Pub. L. 87–860." [67]

2. Explanatory statements by Representative Sikes

In his October 28, 1975, letter to House colleagues, Representative Sikes explained that he introduced the legislation at the request of the Okaloosa Island Authority, that the legislation provided no improvements for property he leased on the "two small islands" east of the channel and now known as Holiday Isle, and that the legislation was not intended to benefit Holiday Isle. "[T]herefore", he concluded, "the legislation could not have been introduced for my benefit." [68]

In this same letter Representative Sikes also referred to a "smaller Gulf Tracts property [which] was acquired in March 1961 as an investment and sold in July 1962 before the bill revoking the reverter clause became law." [69]

In his May 6, 1976, statement filed with the Committee, Representative Sikes again stated that he did not consider that the legislation which he introduced would affect his Holiday Isle property, that he did not expect or intend this property to benefit from passage of the bills which he introduced, and that any benefit to the Holiday Isle property was merely incidental and a part of the growth of the entire area. [70]

With respect to the Gulf Tracts property mentioned in the October 28, 1975, letter to his colleagues, Representative Sikes, through his counsel, has explained that this property, which was located on Santa Rosa Island, was disposed of prior to the enactment of the legislation in order to avoid any possible conflict of interest.[71]

3. Committee's findings and conclusions

The Committee submitted interrogatories to Representative Sikes dated June 1, 1976,[72] and June 8, 1976,[73] seeking to clarify the nature of his interest in property on Santa Rosa Island. From Representative Sikes' answers to these interrogatories and from the Committee's investigation, the following chronology of events emerges:

On July 2, 1948, Pub. L. 80–885,[74] which was introduced by Repre-

[67] Exhibit 2.
[68] Exhibit 2, Attachment B.
[69] Exhibit 2, Attachment B.
[70] Exhibit 3.
[71] Exhibit 9, Attached letter, dated June 3, 1976.
[72] Exhibit 9.
[73] Exhibit 10.
[74] 62 Stat. 1229, 80th Cong., 2d sess. (1948); Exhibit 2, Attachment I.

sentative Sikes,[75] was enacted to authorize the conveyance to Okaloosa County, Florida, of certain United States land described as follows:

> . . . All right, title, and interest of the United States *in and to all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida*, except for a strip of land six hundred feet wide (three hundred feet east and three hundred feet west from center line of road leading to radar site "Dick"), extending from Highway 98 to the mean low water level of the Gulf of Mexico, and two miles west from said bridge, *and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands)*, said property being under the jurisdiction of the Department of the Army. (Emphasis added)

The "two small islands" mentioned in the 1948 Act were subsequently merged, as a result of accretion, forming what is now known as Holiday Isle.[76]

This conveyance was subject to two restrictions. The land conveyed could be used "only for public recreational purposes," and that "in the event of a national emergency" the United States could reenter and take control of the property.[77]

The May 22, 1950, deed executed by the Secretary of the Army, pursuant to Pub. L. 80–885, which conveyed the land to Okaloosa County, contained a description of the land similar to that found in the 1948 Act:

> * * * * * * *
>
> All those tracts or parcels of land aggregating a net total of 875 acres more or less lying and being on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows: [the property is hereafter described by metes and bounds]
>
> * * * * * * *
>
> And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel; [excepting the land of radar site "Dick"] [78]
>
> * * * * * * *

On July 1, 1953, the Okaloosa Island Authority was created by the Florida State Legislature authorizing the County Commissioners of Okaloosa County "to use or lease portions of Santa Rosa Island as may be owned by Okaloosa County . . ." [79]

On April 7, 1955, one Finley B. Duncan acquired a 99 year leasehold interest from the Okaloosa Island Authority for:

> . . . certain property of Santa Rosa Island in Okaloosa County, Florida, described as follows herewith: All that portion of land which formerly comprised a part of Santa Rosa Island, that lies East of the New East East [sic] Pass Channel.

This property constituted what is known as Holiday Isle.

The terms of the lease between Finley B. Duncan and the Okaloosa Island Authority provided, inter alia, for the lessee to pay $100 plus an annual rental of 2½ percent of the gross income of the lessee's business operations or the sum of $1,000, whichever was greater. The lessee was also required at his own expense to spend $50,000 on the leased

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[75] 93 Cong. Rec. 6493 (1947).
[76] Exhibit 3.
[77] Exhibit 2, Attachment I.
[78] Exhibit 2, Attachment L.
[79] Exhibit 11.

lands within 2½ years from the date of the lease, unless the time was extended for good cause by the Authority.[80]

On October 28, 1957, Representative Sikes and two others formed a Florida corporation under the name of "C.B.S. Development Corporation." The general nature of the corporation's business was to acquire and develop "real estate, real property, and any interest or right therein." Representative Sikes was listed in the articles of incorporation as a member of the board of directors, vice-president, and a one-third stockholder.[81]

On July 29, 1959, Finley B. Duncan assigned to C.B.S. Development Corporation for the sum of $60,000 all:

> right, title, and interest in and to the certain lease dated April 7, 1955, from the Okaloosa Island Authority . [82]

On February 2, 1961, Representative Sikes inquired of the Secretary of State of Florida as to the advisability of resurrecting the name "Gulf Tracts, Inc." for another corporation he was intending to form. According to Representative Sikes, he had been associated with an earlier corporation by the same name formed on April 14, 1947, which was dissolved on May 10, 1952, for non-filing of its franchise tax.[83]

On February 24, 1961, and after a preliminary reply on February 7, 1961,[84] the Secretary of State of Florida advised Representative Sikes that it would be simpler for him to set up a new corporation with the name Gulf Tracts, Inc.[85]

On March 8, 1961, Representative Sikes wrote a letter to one Tom Brooks of Ft. Walton Beach, Florida, in which he enclosed a check written on his House Sergeant at Arms account to the Okaloosa Island Authority for $2,333.34, representing a one-third interest in the downpayment on "the property lease which you, W. A. Jernigan and I seek to negotiate with the Okaloosa Island Authority." The letter contained the postscript that the Executive Manager of the Okaloosa Island Authority already had a check for $3,500 from Representative Sikes that he was to return.[86]

Sometime in March of 1961, according to minutes of the Okaloosa Island Authority dated March 7, 1963, the attorney for the Authority contacted Representative Sikes about obtaining legislation to remove the restrictions placed on the land by the Act of July 2, 1948:

> Whereas, the attorney for the Authority has presented to the Board a chronological report as to his activities and the activities of the Board in its efforts to obtain Federal Legislation to cure defects in the Federal Act in order to comply with the Bond Attorney's requirements for approval of proposed Revenue Certificates; and it appearing that the Authority through its attorney first contacted Hon. Bob Sikes in March of 1961 requesting such legislation which eventually brought about the passage of present Federal Legislation authorizing the purchase of the property; and . . .[87]

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[80] Exhibit 2, Attachment N, exhibit A attached thereto.
[81] Exhibit 2, Attachment O.
[82] Exhibit 2, Attachment N.
[83] Exhibit 9, Answer to Question 4.
[84] Exhibit 9, Attachment F.
[85] Exhibit 9, Attachment H.
[86] Exhibit 9, Attachment I.
[87] Exhibit 10, Attachment BB. An affidavit dated April 23, 1976, from one Joseph R. Anderson, General Counsel for the Okaloosa Island Authority, and submitted to the Committee by Representative Sikes' counsel on May 6, 1976, does not contain the day or days in March of 1961 when Representative Sikes was first contacted. Exhibit 4.

On March 23, 1961, according to minutes of the Okaloosa Island Authority bearing the same date, "A lease to Gulf Tracts, Inc. was submitted to the board for approval of the board." The minutes report a determination was made that approval of the lease would be dependent upon the willingness of the lessees to accept certain changes in the lease.[88]

On March 28, 1961, Representative Sikes filed articles of incorporation with the Office of the Secretary of State of Florida for a new corporation to be called "Gulf Tracts, Inc." [89] The general nature of the corporation business was to acquire and develop "real estate, real property, and any interest or right therein." [90] By a letter dated April 5, 1961, from the Secretary of State of Florida, Representative Sikes was informed that an additional cost was required for the filing fee.[91] With a letter dated April 10, 1961, Representative Sikes submitted a check to the Secretary of State to cover the additional costs.[92] The articles of incorporation for Gulf Tracts, Inc. were approved and filed with the Secretary of State on April 13, 1961.[93] Representative Sikes was listed in the articles of incorporation of Gulf Tracts, Inc. as a member of the board of directors, vice-president and one-third stockholder.

On May 10, 1961, a lease agreement was executed between Gulf Tracts, Inc. and the Okaloosa Island Authority for a 99 year lease on property on Santa Rosa Island, described as follows:

> Said property is located on Santa Rosa Island, Okaloosa County, Florida, being a portion of that land under the jurisdiction of the Okaloosa Island Authority and is further described as follows:
> Bounded on the North by the southern right of way of State Road #30 otherwise known as U.S. Highway #98; on the east by the western boundary of John C. Beaseley State Park: on the south by the Gulf of Mexico and on the west by the eastern boundary of Newman Brackin Wayside Park. Such parcel being of an approximate distance 1,126' latitudinally and 700' longitudinally according to plat recorded in Plat Book 3, Page 35, in Public Records of said County and State.

Under the terms of the lease, the lessee agreed to pay to the Oklaoosa Island Authority the sum of $140,000.00 as follows:

(1) $7,000 down;

(2) the balance of the purchase price to be paid at a rate of $877.80 per month for 20 years, the first payment to be due July 1, 1961;

and in addition thereto to pay:

(3) an annual minimum rental of $1,000 or 2 percent of gross receipts, whichever was greater.[94]

On June 15, 1961, Representative Sikes introduced H.R. 7696 to amend the Act of July 2, 1948. This bill would have repealed "subparagraph e of the first section" of the 1948 Act.[95] Subparagraph e

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[88] Exhibit 9, Attachment C.
[89] Exhibit 9, Attachment A.
[90] Exhibit 9, Attachment B.
[91] Exhibit 12.
[92] Exhibit 13.
[93] Exhibit 14.
[94] Exhibit 9, Attachment D.
[95] 107 Cong. Rec. 10493–94 (1961); Exhibit 2, Attachment Q.

provided that in the event of a national emergency, the United States would have the right to take over from Okaloosa County complete control and operation of the property described in the 1948 Act.[96] The bill was referred to the House Committee on Armed Services.

On June 29, 1961, Representative Sikes introduced another bill, H.R. 7932, to amend the Act of July 2, 1948. This bill would strike out the words "for recreational purposes" in the 1948 Act and would repeal subparagraphs a, e and g of the first section of the 1948 Act, and all of sections 2 and 3.[97]

Subparagraph a of the 1948 Act provided:

> a. That said property shall be used only for public recreational purposes.

Subparagraph e of the 1948 Act provided:

> e. That in the event of a national emergency the United States of America, acting through the Secretary of the Army, shall have the right to take over from Okaloosa County, its successors or assigns, complete control and operation of the property herein described for such use and for such length of time as the emergency shall require, in the discretion of the Secretary of the Army; without rental or other charge as far as Okaloosa County is concerned but subject to all valid existing private rights in and to the said property or any part or parts thereof: Provided, That just compensation shall be given to the owners, lessees, or other persons interested for the taking of control or operation of, or rights in, improvements of said property.

Subparagraph g of the 1948 Act provided:

> g. The public recreational purposes provided for herein shall include the erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, night clubs, and other enterprises and usages usual to beach resorts and resort housing developments.

There is nothing in either H.R. 7696 or H.R. 7932 to indicate the bills applied to anything less than all of the land conveyed to Okaloosa County in the 1948 Act. The bills were phrased so as to remove all restrictions on the land[98] which had been conveyed to Okaloosa County by the 1948 Act.

On August 22, 1961, Representative Sikes testified before the House Committee on Armed Services on the proposed bill. In his testimony he informed the Committee that development of the property was being hindered because of the restrictions placed on the property by the 1948 Act. Representative Sikes did not inform the Committee of his ownership of stock in Gulf Tracts, Inc., which had a 99 year lease dated May 10, 1961, for property "located on Santa Rosa Island, Okaloosa County, Florida, being a portion of that land under the jurisdiction of the Okaloosa Island Authority. . . ." Nor did he inform the Committee of his ownership of stock in C.B.S. Development Corporation, which on July 29, 1959, had acquired Finley B. Duncan's

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[96] Exhibit 2, Attachment I.
[97] 107 Cong. Rec. 11930 (1961); Exhibit 2, Attachment R.
[98] The 1948 Act described the land as follows:
"* * * *all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida*, except for a strip of land six hundred feet wide (three hundred feet east and three hundred feet west from center line of road leading to radar site 'Dick'), extending from Highway 98 to the mean low water level of the Gulf of Mexico, and two miles west from said bridge, *and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands)*, said property being under the jurisdiction of the Department of the Army." See Exhibit 2, Attachment I. (Emphasis added.)

lease for "All that portion of land which formerly comprised a part of Santa Rosa Island that lies East of the New East East [sic] Pass Channel" known as Holiday Isle.[99]

On August 23, 1961, H.R. 7932 amending the 1948 Act was reported favorably by the House Committee on Armed Services.[100]

On August 24, 1961, according to the minutes of the Okaloosa Island Authority bearing the same date: "Mr. Anderson told the board that Congressman Sikes is currently working on House and Senate approval of H.R. 7932, a bill to remove restrictions placed on the Santa Rosa Island property which was deeded to Okaloosa County eleven years ago, and that the engineer for Leedy, Wheeler & Alleman would start his work for the Authority when this bill has been approved." [101]

On September 6, 1961, H.R. 7932 passed the House.[102]

On September 9, 1961, C.B.S. Development Corporation renegotiated with the Okaloosa Island Authority the lease on Holiday Isle it had acquired on July 29, 1959, from Finley B. Duncan.

Under the terms of this lease, the lessee agreed to pay the Authority an annual rental of 1% of all gross income per year from the property for a period of 20 years and 2% of the gross income per year for the remaining term. This lease did not contain any requirement for development expenditures.[103]

On July 20, 1962, Representative Sikes and W. A. Jernigan executed an agreement to sell their 243 shares of capital stock of Gulf Tracts, Inc. to one John S. P. Ham for the sum of $57,200; payable as follows:

1. $7,200 upon execution of the agreement; and
2. The balance of $50,000 by a promissory note due and payable on or before July 20, 1963 with interest at the rate of 5 percent per annum.[104]

According to the affidavit of Fayette Dennison dated June 25, 1976, submitted to the Committee by Representative Sikes, "Mr. Hamm [sic] purchased 100% of Gulf Tracts, Inc. stock on July 20, 1962 from W. A. Jernigan, Robert L. F. Sikes, and the Estate of Thomas E. Brooks for $57,200.00." [105]

According to Representative Sikes' answers to the Committee's interrogatories of June 8, 1976, he realized a profit of approximately $14,000 on the sale of his stock in Gulf Tracts, Inc. on July 20, 1962.[106]

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[99] See Hearings before the House Armed Services Committee on H.R. 7932, 87th Cong., 1st sess. at 2607 (1961); Exhibit 2, Attachment S.

[100] 107 Cong. Rec. 16891 (1961); H. Rep. No. 1021, 87th Cong., 1st sess. (1961); Exhibit 2, Attachment T.

[101] Exhibit 15.

[102] 107 Cong. Rec. 18223 (1961).

[103] Exhibit 2, Attachment P.

[104] Exhibit 10, Answer to Question 3.

[105] Exhibit 10, Attachment T.

[106] *Interrogatory 3(g):* What was the total profit you received on the sale of your stock interest in Gulf Tracts, Inc.?

Answer: The tax records of Mr. Jernigan, who held the same amount of stock I held, show that Mr. Jernigan received $25,000 plus interest payments. I must assume that I received the same amount, although, as set forth in No. 3(d) above, I have been unable to establish that I received more than $15,000, nor is my memory clear on this. It is possible that I was never fully paid, but I must assume that I was paid the same amount as an equal stockholder.

My profit, assuming that I was paid $25,000, was approximately $14,000 after unreimbursed expenses.

See attached letter from Mr. Jernigan's accountant (Exhibit U).

Other than interest payments, I did not receive more than the $25,000, or the $15,000, as the case may be. Exhibit 10.

On August 9, 1962, the Senate Committee on Armed Services favorably reported H.R. 7932 with amendments requiring that the remaining property interests be transferred at current market value and not at their value as of May 22, 1950, as was originally provided.[107]

On August 25, 1962, the lease agreement between Okaloosa Island Authority and C.B.S. Development Corporation dated September 9, 1961, for the Holiday Isle property was modified to enable C.B.S. Development Corporation or its assigns ". . . to obtain mortgage financing for the construction of dwellings on residential lots, including the requirements of the Federal Housing Administration." [108]

On October 11, 1962, H.R. 7932 passed the Senate as amended.[109] On October 12, 1962, the House accepted the Senate version of the bill.[110] On October 23, 1962, H.R. 7932 was passed as Pub. L. 87-860.[111]

On September 25, 1963, a quit claim deed to Okaloosa County from the United States, acting through the Secretary of the Army and pursuant to Pub. Law 87-860, released all the restrictions of the earlier deed to Okaloosa County dated May 22, 1950, except reservations for access and avigation, on:

> All those tracts or parcels of land aggregating a net total of 875 acres, more or less, situated and lying on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows: [the property is hereafter described by metes and bounds]
>
> * * * * * * *
>
> And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel; [excepting the land of radar site "Dick"] [112]
>
> * * * * * * *

According to statements by Representative Sikes, C.B.S. Development Corporation sold its interests in Holiday Isle for $600,000.[113]

Although Representative Sikes maintains he was unaware that H.R. 7932 affected the property interest on Holiday Isle which C.B.S. Corporation acquired on July 29, 1959, there can be no doubt it covered the property interest on Santa Rosa Island which was acquired by Gulf Tracts, Inc. on May 10, 1961. This latter interest was acquired by Representative Sikes before the legislation was introduced (June 29, 1961), but he failed to disclose these facts during the House hearings on the bill. The fact that Representative Sikes sold his stock in Gulf Tracts, Inc. on July 20, 1962, after the bill passed the House (September 6, 1961), but before passing the Senate (October 11, 1962), although tending to mitigate, failed to absolve the consequences of the conflict of interest.

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[107] 108 Cong. Rec. 16022 (1962); S. Rep. No. 1871 (August 9, 1962).
[108] Exhibit 2, Attachment V.
[109] 108 Cong. Rec. 23196 (1962).
[110] 108 Cong. Rec. 23369 (1962).
[111] 76 Stat. 1138, 87th Cong. 2d sess. (1962); 108 Cong. Rec. 23544 (1962).
[112] Exhibit 2, Attachment U.
[113] Exhibit 2, Attachment M.

STATEMENT UNDER CLAUSE 2(1)(3), AND CLAUSE 2(1)(4) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

A. Oversight statement

The Committee made no special oversight findings on this resolution.

B. Budgt statement

No budget statement is submitted.

C. Estimate of the Congressional Budget Office

No estimate or comparison was received from the Director of the Congressional Budget Office as referred to in subdivision (C) of Clause 2(1)(3) of House Rule XI.

D. Oversight findings and recommendations of the Committee on Government Operations

No findings or recommendations of the Committee on Government Operations were received as referred to in subdivision (D) of clause 2(1)(3) of House Rule XI.

MINORITY VIEWS OF REPRESENTATIVE F. EDWARD HÉBERT ON INVESTIGATION OF REPRESENTATIVE ROBERT L. F. SIKES BY THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

I find shocking, reprehensible, and most embarrassing the recent leaking to the news media of the actions which took place during an executive session of the investigation of Congressman Robert L. F. Sikes by the Committee on Standards of Official Conduct.

To set the record straight, I disagree with the conclusions reached on the first two charges against Congressman Sikes. On the third charge, I find no reason why a situation which took place 15 years ago should be considered by this committee in connection with the investigation of Congressman Sikes since conclusions had already been reached and the matter was reopened only after it was brought to the attention of the committee by a disgruntled Associated Press reporter years after the Associated Press had refused to print the alleged charges.

I am also most concerned about the manner in which the entire investigation was conducted—an investigation which should have been concluded quickly instead of being dragged out for months. The investigation, in my opinion, was not conducted in an objective vein, but on an adversary basis in an effort not to get the facts but to prove Congressman Sikes guilty of charges made by an organization which formally withdrew its alleged charges when the committee went into executive session.

For these reasons, I feel compelled to make this supplemental report. I will now discuss further some of the actions which concern me.

First, the leaks which came from the Committee on Standards of Official Conduct. We have before us for consideration several matters involving leaks on which we have taken no action, but we have talked a lot about them. For one of these investigations, the committee received $150,000 for a bevy of investigators to determine the possible source of a leak on another House committee. The staff has been at work on this one for months.

And while all of this remains in the air, here comes the Committee on Standards of Official Conduct with a leak, the accuracy of which I have not seen in all my years in the Congress. And there is no doubt that the leak had to come from either a member or staffer as they were the only persons present during the executive discussions and votes.

I was not present at the meeting which, through leaks, was so thoroughly reported in the press. I was informed later of what did take place, and I must say that a reporter could not have done a better job had he been sitting in the committee room writing his story. That's how complete the leak was. I wonder who leaked.

I believe it relevant. I believe it pertinent, and I believe it important that the Committee on Standards of Official Conduct get its own house in order before proceeding with the many other matters before us involving leaks. With the Committee on Standards of Official Conduct we have a case of four walls and a few people producing a leak. How can we deal with these other problems of other committees where a larger number of people were involved if we can't keep a secret within the small confines of the Committee on Standards of Official Conduct. If we can't solve this mystery, I believe we will be wasting our time trying to solve the problem of leaks on other committees.

On another subject, I disagreed with the use of the word "reprimand." I was definitely against its use in this instance. I think Congressman Sikes explained his position in these matters immediately upon learning that his compliance with the rules, as he understood them, was not correct. Is he to be reprimanded for that?

I am also informed that at least two of the members who signed the petition transmitting the alleged charges against Congressman Sikes had themselves failed to file proper financial returns. Their failures were similar to the ones of Congressman Sikes, but no one said anything about that.

These two members, I would assume, misunderstood the procedures just as Congressman Sikes did. Does this similar misunderstanding make them less guilty?

On the third matter, the land situation in Florida which occurred 15 years ago, at no time did I detect an effort on the part of Congressman Sikes to hide or cover up from the Armed Services Committee his participation or his knowledge or his understanding of the matter. And I sat on the subcommittee at that time.

That was 15 years ago. I can only rely on what the record shows, and it does not show any indication of a cover-up, and I have no recollection of any such effort by Congressman Sikes.

If we are to go back and investigate matters which occurred long before the Committee on Standards of Official Conduct was organized and long before we were engulfed in the things we are engulfed in now, I wonder how many of us would find ourselves in a position of not being able to explain things we had done, whether innocently or not, in past years.

I repeat that we should not have considered this matter at all, but particularly should not have since it was brought before the committee by a disgruntled reporter.

It must also be pointed out that this latest alleged evidence against Congressman Sikes was not brought to the attention of the committee under existing rules nor was this information brought to our attention under a sworn affidavit.

If we are going to give this kind of lengthy consideration to a declaration or charge made by anybody, then the Committee on Standards of Official Conduct is headed for big trouble.

Finally, nothing would be served at this point to go into detail on the manner in which the whole investigation was conducted. But the time used, the weeks and months spent, which could have been consoli-

dated into a shorter time, speaks for itself. We even came to a point, as the committee knows, where philosophy was to be injected into the report as well as the history of punishment as related to the House of Representatives.

It is very obvious that the stimulus to persecute came from outside the committee, and this is what concerns me a great deal.

I attempted to have the report reconsidered by the committee, but the request was denied by a vote of 7 to 5 with all members voting. I voted against the report as written on final passage, and have open to me only this method of expressing my opposition.

F. EDWARD HÉBERT.

EXHIBIT NO. 44

Union Calendar No. 951

95TH CONGRESS, 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 95–1817

KOREAN INFLUENCE INVESTIGATION

DECEMBER 22, 1978.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

I. Introduction

On February 9, 1977, citing "information" alleging "that Members of the House of Representatives have been the object of efforts by . . . the Government of the Republic of Korea [ROK] to influence the Members' official conduct by conferring things of value on them," the House of Representatives unanimously adopted House Resolution 252.[1] House Resolution 252 imposed three obligations on this committee. First, it directed the committee to conduct a "full and complete inquiry and investigation" into the allegation set forth above that Members of Congress accepted things of value from the ROK Government. Second, it directed the committee to make "findings, conclusions and recommendations" with respect to the adequacy of the existing rules of conduct to prevent actual and apparent exertion of improper influence by foreign governments on Members of Congress. Third, it directed the committee to report its recommendations to the House of Representatives regarding disciplinary action to be taken against any Member of the House of Representatives found, as a result of the investigation, to have violated any applicable standard of conduct.

Although there was, at the time of the adoption of House Resolution 252, already an ongoing investigation by the Department of Justice into the allegations of influence buying by the ROK, the reasons for its adoption are manifest. Certain Members of the House of Representatives were the objects of the allegations and the integrity of the House of Representatives had been publicly questioned. This committee viewed House Resolution 252 as an attempt by the House of Representatives to establish that it has the will to conduct a thorough and uninhibited investigation of itself and to judge and discipline its Members where warranted.

Thus, in addition to conducting the Korean influence investigation and fulfilling the tasks assigned to it under House Resolution 252, the committee believed that it had a second responsibility, namely, to establish that the House is serious about the very unpleasant but extremely important job of self-investigation and self-discipline. The results of the committee's efforts are set forth in this report.

A. The Investigation

In parts II through VI of this report, the committee sets forth the results of its investigative task.

Structure

In order to insure that its own investigation would be thorough and impartial in both appearance and fact, the committee adopted, on February 8, 1977, a resolution—contingent on the adoption by the House of House Resolution 252—under which the investigation would be conducted by an outside independent special counsel and a special

[1] H. Res. 252 is set forth in its entirety as exhibit 1 of this report.

staff picked by the special counsel himself.[2] The committee retained as special counsel, Philip Lacovara, of the firm Hughes, Hubbard & Reed. Mr. Lacovara previously had acted as counsel to the Special Prosecutor during the Watergate investigation and had been tentatively employed by the chairman and ranking minority member in the fall of 1976.

Mr. Lacovara recruited a special staff of attorneys, investigators, and support staff to carry out the Korean influence inquiry investigation.

He was given total independence in his selection of staff. To supervise the work of this staff, Lacovara appointed John W. Nields, Jr., senior law clerk to Supreme Court Justice Byron White and former Chief of the Civil Division of the Office of the U.S. Attorney, Southern District of New York. In addition, five other attorneys, nine investigators, three paralegals and seven secretaries were hired. The attorneys and investigators appointed to the special staff were experienced in law enforcement, financial investigations, and congressional investigations. Special staff investigators came largely from federal law enforcement agencies and local units investigating official corruption.

On July 15, 1977, Philip Lacovara resigned as special counsel. On July 19, 1977, the committee retained as the new special counsel, former Watergate Special Prosecutor Leon Jaworski. Mr. Jaworski brought with him as Deputy Special Counsel Peter A. White, a member of the firm of Fulbright and Jaworski. John W. Nields, Jr. remained as chief counsel directly in charge of the daily conduct of the investigation. The entire special staff recruited by Lacovara remained with the committee. During this change, the work of the special staff continued without interruption.

Methods

At the outset of the investigation, the information available to the staff consisted of diffuse and unspecific press reports that the Korean Government had adopted plans to influence Congress through three private citizens of Korean extraction, Tongsun Park, Hancho Kim, and Suzi Park Thomson, and through direct payments from ROK Embassy officials in Washington, D.C. In order to give the investigation more focus, attempts were made at the outset to determine the scope of efforts by the Government of the Republic of Korea to influence Members of Congress. There were two possible sources of information concerning the scope of such efforts: the ROK Government and the U.S. Congress.

The committee had no access to the officials of the ROK Government at the outset of the investigation, and it was determined that the most fruitful way to gather information about the outlines and scope of any lobbying effort would be to canvass both present and former Members of the House of Representatives. Thus, the committee issued a questionnaire to each person who served as a Member of the House of Representatives since January 3, 1970. The questionnaire inquired about a variety of contacts with representatives of the ROK, including the offer or receipt of gifts of over $100 in value. Specific questions were asked about contacts with five individuals: Tongsun Park, Suzi Park Thomson, Kim Dong Jo, Hancho Kim, and Kim Sang Keun.[3]

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[2] This resolution is set forth in its entirety as exhibit 2 of this report.

[3] In this report, Korean names are written as they would be in Korea, namely last name first, except for those individuals who have requested that their names

The questionnaire inquired about innocuous contacts, such as attendance at parties hosted by the named individuals and travel to Korea, as well as about gifts of substantial value. An accompanying letter explained that the purpose of the questionnaire was not only to learn of any improper activities, but to determine the extent of Korean lobbying activities, including legal activities.[4]

The response by the Members to this questionnaire was viewed as an important first test of the willingness of the entire House to give assistance and support to the investigation, and to participate in self-investigation. Notwithstanding the resulting inconvenience to the Members, the questionnaire, or a followup set of interrogatories, was answered by every sitting Member of the House except one, Representative Henry B. Gonzalez of Texas.

The committee also sought information at early stages of the investigation from other branches of the Federal Government: the Department of Justice, the Department of Agriculture, the Department of the Treasury, the Department of State, and agencies in the intelligence community. However, the committee operated on the assumption that it would only be satisfied with its work if it did the actual investigating itself. Thus, with rare exceptions, the committee utilized information received from other agencies for lead purposes only. Research was conducted on legislation of interest to the ROK Government. Individuals who were knowledgeable about the activities of Tongsun Park, Hancho Kim, Suzi Park Thomson, and officials of the ROK Government in Washington, D.C., and who were subject to the committee's jurisdiction were interviewed and deposed.

Information gathered in this manner persuasively demonstrated that a scheme or schemes had existed under which the Government of the Republic of Korea had attempted to influence Members of Congress. The committee held hearings disclosing this information on October 19, 20, and 21, 1977. The hearings did not identify the Members who at that time appeared to have been the targets of the scheme.

The committee then began to focus its investigative efforts on specific Members of Congress who, for a variety of reasons, appeared to have been likely or actual targets of ROK influence efforts. Most of these individual investigations centered on sitting Members of Congress. Some former Members who appeared to be important elements in a ROK scheme, however, were also investigated. The committee had no jurisdiction to discipline these former Members, but the obtaining of information about their roles was necessary to an understanding of the influence scheme, particularly as it related to Tongsun Park.

Then in January 1978, the Department of Justice questioned Tongsun Park in Seoul, Korea, about his activities involving Members of the Congress of the United States. Information obtained from Park in Seoul was made available to the committee. In March 1978, Park traveled to the United States pursuant to an agreement among the U.S. Department of Justice, this committee and the ROK Government and was questioned by the committee under oath in executive session. In April 1978, the committee held open hearings at which Park was questioned again. He described payments to a number of Congressmen. Richard Hanna, a former Member of Congress to whom Park gave

[4] A copy of the questionnaire and the letter which accompanied it are attached to this report as exhibits 3 and 4.

substantial sums of money, also testified. Corroboration of Park's testimony was provided by ledgers and other documents, some of which had been removed from Park's home by Federal agents during his absence from the country, and by other witnesses who testified about Park's activities and about the activities of the Members of Congress to whom he had paid money.

The investigation was far flung, thorough and unimpeded; 718 witnesses were interviewed. Depositions under oath were taken of 165 persons, of which 25 were depositions of sitting Members of Congress, and 10 were depositions of former Members. Over 40,000 documents were obtained, most of them by subpena. The committee authorized the taking of 19 depositions under grants of immunity, 11 of these depositions were in fact taken.

The committee pursued its investigative task much as does a grand jury. Initially, evidence was gathered and evaluated in executive session. Only after the committee finished a portion of its work was its information made public. Thus, publication of suspicious but unreliable information was avoided, as was publication of irrelevant matters. In the committee's judgment, this method also improved its ability to obtain information from reluctant witnesses.

The investigation was substantially facilitated by a provision of House Resolution 252 which authorized the committee to take depositions before a single member of the committee. See, House Resolution 252 section 4(a)(1)(A). This permitted the committee to avoid the normal requirement of two member quorums for the taking of testimony and the requirement of seven member quorums for going into executive session. The committee believes that in light of the number of depositions taken and the other business which members of the committee had to conduct during this investigation, section 4(a)(1)(A) was essential to the conduct of the investigation. In part VII of this report, we recommend that this become a part of the Standing Rules of the House applicable to the Committee on Standards of Official Conduct.

Evidence relating to the overall activities of the ROK Government, Tongsun Park, and to the four Members of Congress against whom charges were filed, was eventually presented in open session. The committee's responsibility to present the facts uncovered by the investigation to the public and to publicize evidence of misconduct made this essential.

Results

The investigation established that the early press reports of involvement of up to 115 Members were greatly exaggerated. The efforts made by the ROK were substantial, however. The committee finds that the ROK Government adopted at least three plans the purpose of which was to influence Members of Congress through payments of money. Two were to utilize private individuals of Korean extraction—Tongsun Park and Hancho Kim. The third was to be carried out by ROK Government officials stationed in Washington, D.C.

The committee reports that the investigation into the implementation of the plan involving Tongsun Park has been completed. It is described in part II of this report. While it is impossible to know with certainty whether Mr. Park withheld information about payments as to which the committee has no evidence, the judgment of the committee is

that Tongsun Park's testimony relating to his payments to sitting and former Members was substantially true and complete.

The results of the investigation into the implementation of the plan involving Hancho Kim is described in part III of this report. The committee found convincing evidence that Mr. Kim received $600,000 from the ROK Government for this purpose. The committee found no evidence, however, that any of this money was actually paid to any Members of Congress; and it has some evidence that the money paid to Kim was put to his personal use. The investigation relating to Hancho Kim, however, is incomplete. Although Kim answered questions relating to his contacts with Members of Congress, he refused even after he was granted immunity to answer questions relating to whether he received the $600,000 from the KCIA.[5] Without an admission or denial by Mr. Kim that he received the money and an explanation of what he did with it, this aspect of the investigation remains somewhat unsatisfactory and incomplete.

The results of the investigation into the implementation of the plan involving officials of the ROK Embassy is described in part IV of this report. The committee must also report that while this aspect of the Korean Influence Inquiry is incomplete, the committee has done everything possible to obtain the information and complete the investigation. The committee has information indicating that representatives of the ROK Embassy in Washington, and other officials of the ROK Government offered to make and made large gifts of money to Members of Congress. However, the committee has been unable to obtain the cooperation of the Government of the Republic of Korea in investigating allegations relating to its official representatives in Washington, D.C. Testimony has been obtained from none of them.

The committee, through its chairman and ranking minority member, the chief counsel and the efforts of the Speaker and minority leader of the House, has done everything feasible to obtain from the ROK Government the cooperation necessary to determine the truth with respect to charges that ROK officials made offers and gifts of cash to Members of Congress. In the absence of such cooperation, the committee reluctantly reports that these allegations remain unresolved.

The committee also investigated allegations that Suzi Park Thomson, a congressional staff member of Korean extraction, was utilized by the ROK Government as an agent of influence. The committee finds that she was used by the ROK Government. However, the committee has found no hard evidence that she was involved in arranging or making illegal payments of money to Members of Congress. The results of the investigation with respect to Ms. Thomson are set forth in part V of this report.

Finally, the committee investigated allegations that trips to Korea were used in the ROK lobbying effort and that such trips may have constituted improper gifts from a foreign State. The results of this aspect of the committee's investigation are set forth in part VI of this report.

In summary, the investigation conducted by the committee convincingly establishes that the allegations on which House Resolution 252

[5] As a result, the House referred a contempt of Congress prosecution against Mr. Kim to the Department of Justice.

was predicated are true. The ROK caused money to be paid to Members of Congress. The investigation is, however, incomplete. Key witnesses are beyond the jurisdiction of the Congress; and some recipients of ROK money remain unidentified.

The committee believes, however, that the investigation was an exceptionally thorough one. It involved direct investigation of a large number of present and former Members. It was carried on in a professional manner with little or no resistance from or interference by the House of Representatives or its Members. To the extent that it failed, the committee does not believe that the failure resulted from any unwillingness of the House to investigate itself.

B. ADEQUACY OF EXISTING LAW: RECOMMENDATIONS

Part VII of this report contains the committee's findings, conclusions and recommendations with respect to the adequacy of the present rules of conduct. A modest change is recommended. In the main, however, the committee finds that those rules as they presently exist are adequate and that our failures result not from loopholes in the laws which permit undue foreign influence in Congress, but from our inability to obtain all of the facts because of circumstances beyond the control of Congress.

C. DISCIPLINARY RECOMMENDATIONS

Part VIII of this report contains a description of the disciplinary recommendations which were made by the committee based on the facts uncovered in the course of its investigation and the manner in which the House acted on such recommendations.

The House voted disciplinary sanctions—that is, a reprimand—in each case in which the committee found misconduct and recommended punishment. Thus, the House formally acted in a manner which expressed its disapproval of colleagues whose conduct departs from the standards applicable to Members. However, the House declined to impose a more severe sanction on one Member with respect to whom a more severe sanction was recommended by the committee. [This Member, Representative Edward R. Roybal, had been found to have deliberately lied under oath to the committee—thus committing an act for which he could be imprisoned for up to 5 years if prosecuted by the Department of Justice and convicted. The House rejected the committee's recommendation that he be censured.]

Further, during debate in the House on October 13, 1978, the committee encountered criticism of it and its work which can be fully appreciated only by those who were present. Some criticism quite properly pointed out shortcomings in the committee's efforts adequately to communicate to the Members of the House the facts it had found and the reasons for its recommended punishments. The committee recommends some rule changes to prevent similar failures in the future.

The Committee on Standards of Official Conduct can only function properly with the confidence and support of the full membership of the House. The Members of the House must view themselves not as targets of the committee but as its deputies in a shared effort. The committee does not believe that another Committee on Standards of Official Conduct should attempt the task of carrying on the effort at self-discipline unless the House acts unequivocally to express its sup-

port. Thus, we recommend the following provision be added to the Code of Official Conduct:

> It shall be the duty of every Member, officer and employee of the House of Representatives who becomes aware of any violation or any evidence of a violation of a provision of the Code of Official Conduct or any other standard of conduct to report such violation or evidence thereof promptly in writing to the Committee on Standards of Official Conduct.

EXHIBIT NO. 45

96TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 96-930

IN THE MATTER OF REPRESENTATIVE CHARLES H. WILSON

MAY 8, 1980.—Referred to the House Calendar and ordered to be printed

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

REPORT

together with

DISSENTING VIEWS

[To accompany H. Res. 660]

INTRODUCTION AND BACKGROUND

During the course of the Korean Influence Investigation conducted pursuant to H. Res. 252, 95th Congress, the Special Staff conducting the inquiry (under the direction of Leon Jaworski, Esq.) became aware of possible violations of House Rules by Representative Charles H. Wilson of California.

Since the possible violations were not directly related to the scope of the Korean Influence Investigation, the matters were pursued only as far as necessary for the purposes of that particular investigation.

The Korean Influence Investigation terminated with the close of the 95th Congress and the matters were left unresolved.

On February 7, 1979, at the organizational meeting of the Committee on Standards of Official Conduct for the 96th Congress, Chairman Charles E. Bennett appointed a two-member subcommittee, of Representative John M. Slack and Representative F. James Sensenbrenner, Jr. to conduct a study of possible violations of House Rules by Representative Wilson.

On November 28, 1979, after a brief summary of the evidence, the Committee adopted a Motion to Conduct an Inquiry pursuant to Committee Rule 11(a)(1), by a vote of 7 to 0.

A copy of the Motion to Conduct an Inquiry, outlining the various possible violations, was made available to Representative Wilson on the same day.

Prior to adopting the Motion to Conduct an Inquiry, the Committee requested that Representative Wilson appear in executive session to testify about the various possible violations. Representative Wilson, through counsel, declined to comply with the Committee's request.

On December 12, 1979, the Committee, in executive session, heard an unsworn statement from Representative Wilson and argument from his counsel respecting the Motion to Conduct an Inquiry. At the conclusion of the meeting the Committee agreed to a Statement of Alleged Violations [1] against Representative Wilson by a vote of 7 to 2.

Mr. Wilson thereupon asked for full discovery of the Committee's evidence and Committee counsel was instructed to make available for inspection by Representative Wilson all documentary evidence in the possession of the Committee.

Comprised of 15 counts, the Statement of Alleged Violations alleged generally that Representative Wilson received gifts of substantial value from a person with a direct interest in legislation (a violation of House Rule XLIII, clause 4), under circumstances which might be construed by a reasonable person as influencing the performance of his governmental duties (a violation of the Code of Ethics for Government Service, clause 5), and, in so doing, reflected discredit upon the House of Representatives (a violation of House Rule XLIII, clause 1). In addition, the Statement alleged that Representative Wilson caused to be hired on his clerk-hire payroll a person whose salary was not commensurate with duties performed (a violation of House Rule XLIII, clause 8), and that Representative Wilson commingled campaign funds with personal funds and converted campaign funds to personal use in excess of allowed reimbursable amounts (violations of House Rule XLIII, clause 6).

The Statement of Alleged Violations also charged that Representative Wilson gave an earlier false statement under oath to the Committee concerning the conversion of campaign funds to personal use. All violations charged in the Statement of Alleged Violations were based on the standards of conduct in effect at the times pertinent to the respective counts. (See Appendix J, Committee Hearing Exhibit #5).

In response to the Statement of Alleged Violations, Representative Wilson, through counsel, filed the following on January 2, 1980: Motion to Dismiss Statement of Alleged Violations, with supporting memorandum [2]; Motion for a Bill of Particulars, with supporting memorandum [3]; and a Motion for Disclosure of Evidence and Exculpatory Information, with supporting memorandum.[4] Responses on all motions were subsequently filed by Committee counsel [5] and oral arguments were heard on January 30, 1980.

The Committee voted 9–0 *not* to dismiss the Statement of Alleged Violations and approved, without objection, the other motions by Representative Wilson.

Representative Wilson submitted an Answer to the Statement of Alleged Violations on February 13, 1980, denying each of the counts

[1] Appendix A.
[2] Appendix B.
[3] Appendix C.
[4] Appendix D.
[5] Included in Appendix with Respondent's motions.

and alleged various unspecified violations of House Rules by the Committee.[6]

On February 26, 1980, the Committee adopted a Scope and Purpose for a Disciplinary Hearing pursuant to Committee Rule of Procedure 16(c),[7] and scheduled the disciplinary hearing for March 25, 1980.

The date of the disciplinary hearing was subsequently rescheduled for March 31, 1980, due to the death of Representative John M. Slack.

On March 21, 1980, counsel for Representative Wilson filed a Motion to Stay the Disciplinary Hearing,[8] and, on March 26, 1980, filed a Statement In Support of Timeliness of Motion to Stay.[9] Committee counsel filed a response to the Motion to Stay the Disciplinary Hearing,[10] and the Committee met in open session on March 26, 1980, to consider the motion.

The Committee determined, by a vote of 11–0, that the Motion to Stay the Disciplinary Hearing was not timely under the Committee Rules, but notwithstanding the lack of timeliness, consented to consider the motion and hear oral argument.

At the conclusion of oral argument by counsel for Representative Wilson and the Committee counsel, the Committee voted to deny the Motion to Stay the Disciplinary Hearing by a vote of 8 ayes, 1 nay, and 1 voting present.

Prior to the disciplinary hearing, Representative Wilson, pursuant to Committee Rule of Procedure 21(d), was afforded the opportunity to request the issuance of subpoenas compelling the attendance of witnesses and production of documents necessary for his defense. All subpoenas requested by Representative Wilson were duly authorized and issued by the Committee.

The disciplinary hearing In The Matter of Representative Charles H. Wilson commenced at 10:30 a.m. on Monday, March 31, 1980, in Room B–318 of the Rayburn House Office Building.

The full record of the testimony and exhibits received in evidence at the disciplinary hearing are attached hereto as Appendix J.

At the disciplinary hearing Representative Wilson was afforded the opportunity, through counsel, to cross-examine witnesses called by the Committee counsel and call witnesses and offer evidence in his own behalf.

At the conclusion of the presentation of testimony and evidence by the Committee counsel and counsel for Representative Wilson, on April 1, 1980, the Committee recessed subject to a call of the chair, in order to afford the Members time to study the transcript of the hearing.

On April 16, 1980, the Committee reconvened the disciplinary hearing with the presentation of closing arguments by the Committee counsel and counsel for Representative Wilson.[11]

At the conclusion of the arguments on April 16, 1980, the Committee immediately began deliberations in executive session and later in the day released its findings and votes thereon.

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[6] Appendix E.
[7] Appendix F.
[8] Appendix G.
[9] Appendix H.
[10] Appendix I.
[11] Appendix K.

Findings

A. Votes

The Committee amended counts one, two, and three (1–3), by striking the reference to a violation of Rule 5 of the Code of Ethics For Government Service, but leaving intact references to violations of House Rule XLIII, clauses 1 and 4, by votes of 11 ayes and 0 nays.

The Committee then found by votes of 10 ayes and 1 nay, that each of these counts (1–3), as amended, had been provide by clear and convincing evidence.

A motion to find count four (4) to have been proved was not agreed to by a vote of 1 aye and 10 nays.

Similarly, motions to find counts five and six (5 & 6) to have been proven were not agreed to by votes of 0 ayes and 11 nays.

Counts seven, eight, and nine (7, 8, 9), were found to have been proved by clear and convincing evidence by votes of 9 ayes and 3 nays.

Counts ten and eleven (10 & 11) were similarly sustained by votes of 8 ayes and 4 nays.

With respect to counts twelve, thirteen, and fourteen (12, 13, 14), motions to find them proved were rejected by votes of 2 ayes and 10 nays.

Finally, a motion to find count fifteen (15) to have been proven was rejected by a vote of 1 aye and 10 nays.

B. Rationale

In substance the Committee found in counts one through three that Representative Wilson received over a period of time a total of $10,500 from a person with a direct interest in legislation before the Congress, in violation of House Rule XLIII, clause 4, and, in so doing, reflected discredit upon the House of Representatives, in violation of House Rule XLIII, clause 1.

The payments in counts 1 and 2, contrary to the assertions of Mr. Rogers, and despite the fact that the checks were marked "loan", were found not to be true loans. In making this determination the Committee placed particular emphasis on the accepted connotation of the term "loan" as implying a temporary obligation.

The Committee determined that the permanent nature of these transactions, along with the absence of any of the normal indicia of a loan, such as a written loan agreement or note, interest, maturity date, demand or offer of repayment, proved clearly and convincingly that these payments were in fact not loans, but improper gifts.

In reaching this conclusion, the Committee also noted that Representative Wilson had an affirmative duty to report all personal liabilities which exceeded $2,500 as of the close of calendar year 1977 on the Financial Disclosure Statement filed with the Clerk of the House on April 24, 1978, pursuant to House Rule XLIV (Appendix J, Committee hearing Exhibit No. 6).

This document disclosed that Representative Wilson had not reported any obligations or liabilities owed to Mr. Lee Rogers as would have been required had the payments in fact been loans.

The Committee additionally found that the evidence proved clearly and convincingly not only that Mr. Rogers, the donor, had a direct interest in legislation before the Congress, but also that Representative Wilson was aware of this interest when he accepted these gifts (See Statement of Evidence at page 6.

The Committee further found that, in accepting these gifts of substantial value from a person having a direct interest in legislation before the Congress, Representative Wilson also reflected discredit upon the House of Representatives in violation of House Rule XLIII, clause 1.

The findings in counts one, two, and three (1, 2, 3) are considered of a most serious nature by the Committee, as they establish the special interest of the donor in matters over which the donee had influence by virtue of his position in the U.S. Congress.

The amendments to counts one, two, and three by striking references to violations of Rule 5 of the Code of Ethics For Government Service, should not be interpreted as contrary to this finding.

The amendment of these counts resulted from the fact that the evidence failed to show that the receipts in fact occurred "under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties."

Indeed the original charge did not accuse Representative Wilson of in fact being influenced in his official duties, by a person interested in legislation before the Congress. It merely charged that he received gifts from such a person.

The Code of Ethics provision was deleted simply because of insufficient proof that the requirements of that provision had been met in a clear and convincing manner. The portion of the count which remains requires only proof of a gift from a person interested in legislation.

As to other counts, the Committee found that the evidence introduced at the hearing in support of counts seven, eight, and nine (7, 8, 9), proved clearly and convincingly that Representative Wilson had caused funds raised and accounted for as campaign funds to be transferred from his campaign account into his office account, upon which checks were drawn on the same day to repay personal (Rep. Wilson's) bank loans in the following respective amounts: $10,283.35, $5,129.85, and $3,047.91.

The Committee concluded in count ten (10) that Representative Wilson had caused $3,500 to be transferred from his campaign account into his office account, upon which a check was drawn on the same day, in a like amount, and deposited into Rep. Wilson's personal account at the Sergeant at Arms to cover outstanding personal obligations against that account. At the time, the balance in Rep. Wilson's personal account was insufficient to cover the checks outstanding in that account.

Finally, the Committee determined in count eleven (11) that the evidence proved clearly and convincingly that Rep. Wilson had caused $3,000 in campaign funds to be transferred into his personal account at the Sergeant at Arms to cover outstanding personal obligations against that account. At the time, the balance in Rep. Wilson's personal account was insufficient to cover the checks outstanding in that account.

House Rule XLIII, clause 6, read at all times pertinent to counts 7, 8, 9, 10, and 11, as follows:

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

In order to sustain a charge alleging a conversion in violation of clause 6 it must be proved that the expenditures were not for reimbursement for legitimate prior campaign expenditures, and that the funds were in fact applied to personal use.

On the basis of the evidence introduced at the disciplinary hearing, the Committee concluded that it had been proved by at least a clear and convincing standard that the transfers from Representative Wilson's campaign account were neither intended as, nor did they represent valid reimbursements for campaign expenditures, which are proper under House Rule XLIII, clause 6.

The Committee further concluded that these transfers were made to repay personal loans of Representative Wilson and to cover outstanding obligations against his personal checking account at the Sergeant at Arms.

Statement of Evidence

The evidence introduced and the testimony received in support of each charge contained in the Statement of Alleged Violations is attached to this report as Appendix J.

The evidence supporting those Counts which were sustained consists of the following:

COUNT ONE

In addition to the testimony received during the hearing, the evidence supporting Count One(1), consists of a check in the amount of $5,000 from Lee Rogers to Charles H. Wilson (Committee Hearing Exhibit No. 1).

The evidence supporting Mr. Rogers' direct interest in legislation, along with testimony received during the hearing, consists of a series of correspondence among Mr. Rogers, Mr. Rogers' attorney, O. Robert Fordiani, and Representative Wilson, concerning H.R. 5838, 93rd Congress, 1st Session (Committee Hearing Exhibit No. 15), and correspondence between Mr. George Gould and Mr. Rogers concerning postal rates and classification (Committee Hearing Exhibit No. 16).

COUNT TWO

In addition to the testimony received during the hearing, the evidence introduced in support of Count Two (2) consists of a check from Lee Rogers to Charles H. Wilson in the amount of $5,000 (Committee Hearing Exhibit No. 2).

The evidence supporting Mr. Rogers' direct interest in legislation is the same as that cited for Count One (above).

COUNT THREE

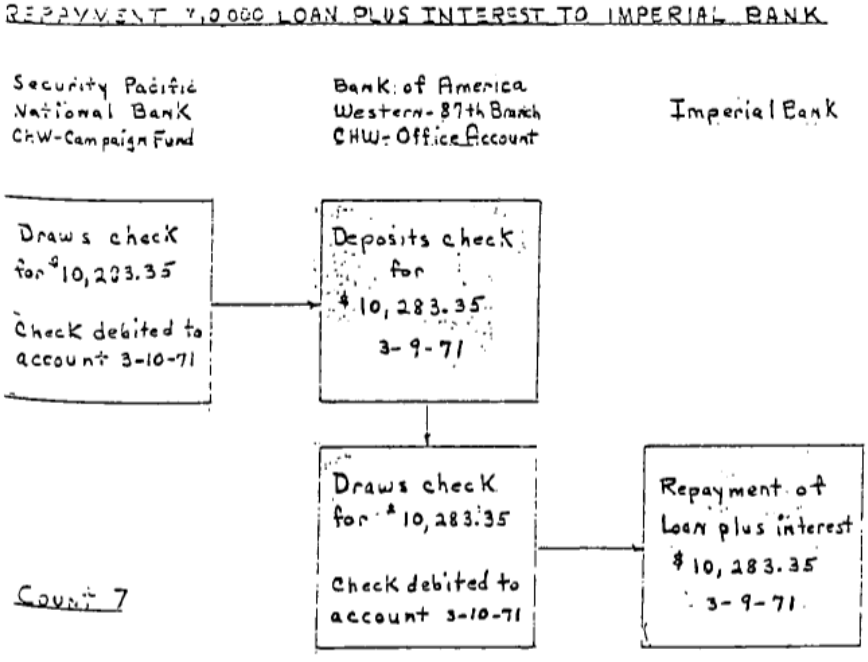
Along with testimony received during the hearing, the evidence introduced in support of Count Three (3) consists of a check from Lee Rogers to Charles H. Wilson in the amount of $500 (Committee Hearing Exhibit No. 3).

The evidence supporting Mr. Rogers' direct interest in legislation is the same as that cited in Count One (above).

COUNT SEVEN

The evidence supporting Count Seven (7) consists of bank ledger sheets and loan records which trace the flow of funds from the Charles H. Wilson Campaign Fund at the Security Pacific National Bank, Culver City Branch, into the Charles H. Wilson—Office Account at the Bank of America, upon which a check was drawn on the same day to repay a personal loan of $10,283.35, documented by the evidence, in the name of Charles H. Wilson.

The flow of funds supported by the evidence is represented by the following chart, and copies of the documents are attached to the report as Committee Hearing Exhibits No. 7(a)–7(e).

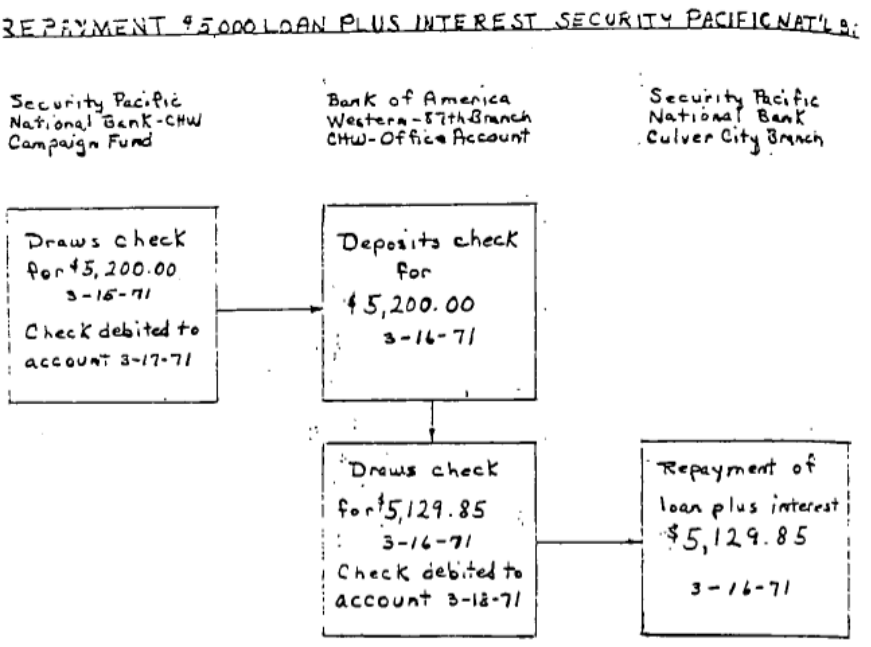


COUNT EIGHT

The evidence supporting Count Eight (8) consists of bank ledger sheets, checks, and loan records which trace the flow of funds from the Charles H. Wilson Campaign Fund at the Security Pacific National Bank, Culver City Branch, into the Charles H. Wilson—Office

Account at the Bank of America, upon which a check was drawn on the same day to repay a personal loan of $5,129.85, also documented by the evidence, in the name of Charles H. Wilson.

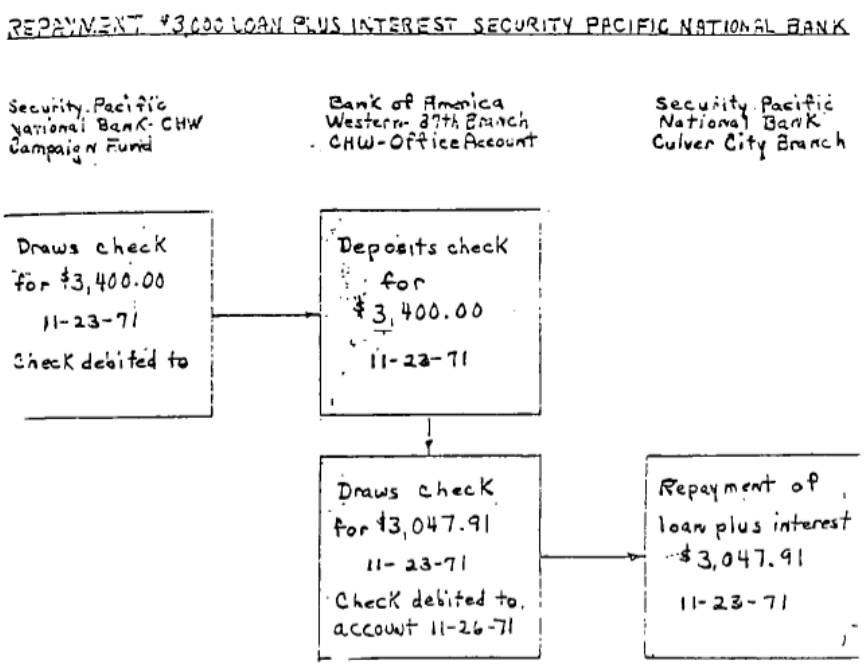
The flow of funds supported by the evidence is represented on the following chart and copies of the documents are attached to the report as Committee Hearing Exhibits No. 8(a)–8(e).



COUNT NINE

The evidence supporting Count Nine (9) consists of bank ledger sheets, checks, and loan records which trace the flow of funds from the Charles H. Wilson Campaign Fund at the Security Pacific National Bank, Culver City Branch, into the Charles H. Wilson—Office Account at the Bank of America, upon which a check was drawn on the same day to repay a personal loan of $3,047.91, in the name of Charles H. Wilson.

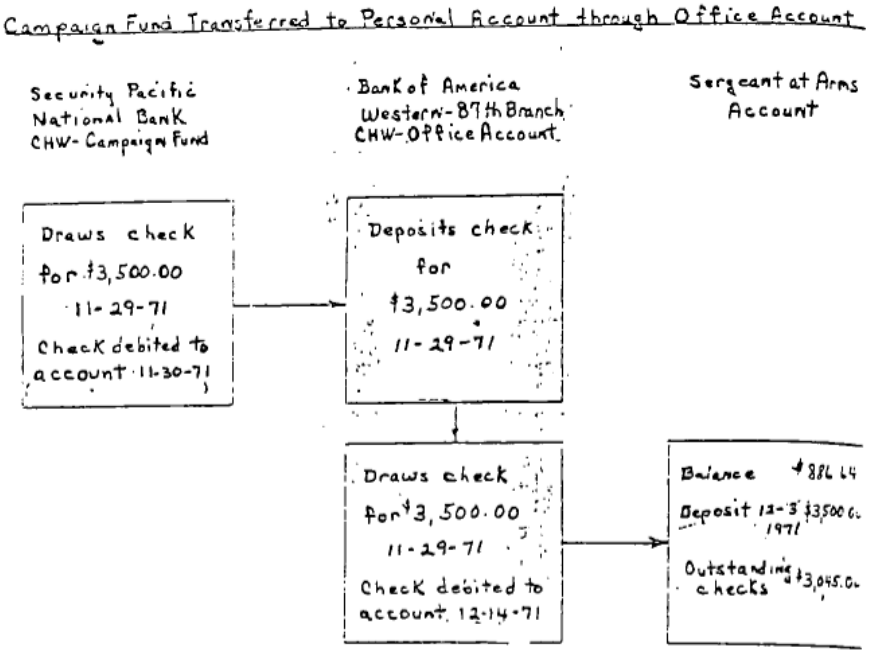
The flow of funds supported by the evidence is represented on the following chart and copies of the documents are attached to the report as Committee Hearing Exhibits No. 9(a)–9(g).



COUNT TEN

The evidence supporting Count Ten (10) consists of bank ledger sheets, checks, deposit tickets, and statements of account, which trace the flow of funds from the Charles H. Wilson Campaign Fund at the Security Pacific National Bank, Culver City Branch, into the Charles H. Wilson—Office Account at the Bank of America, upon which a check was drawn on the same day in the amount of $3,500.00 and deposited into the Sergeant at Arms account of Representative Charles H. Wilson.

The flow of funds supported by the evidence is represented on the following chart, and copies of the documents are attached to the report as Committee Hearing Exhibits No. 10(a)–10(g).



COUNT ELEVEN

The evidence supporting Count Eleven (11) consists of bank ledger sheets, checks, deposit tickets, and statements of account, which trace the flow of funds from the Charles H. Wilson Campaign Fund at the Security Pacific National Bank, Culver City Branch, into the Sergeant at Arms account of Representative Charles H. Wilson.

The evidence is summarized on the following chart and copies of the documents are attached to the report as Committee Hearing Exhibits No. 11(a)–11(g).

Draw on campaign account		Deposit into personal		Balance prior to deposit	Outstanding checks
Date	Amount	Date	Amount		
Nov. 1, 1971	$3,000	Nov. 4, 1971	$3,000	$381.14	$2,004.25

RECOMMENDATION

Phase One of the disciplinary hearing was completed on April 16, 1980.

After receiving written submissions by counsel for the Committee and counsel for Representative Wilson pursuant to Committee Rule of Procedure 16(f),[12] the Committee met on April 24, 1980, in executive session pursuant to Committee Rule of Procedure 17(b) for the purpose of determining what sanctions, if any, to recommend to the House.

[12] Appendix L.

In determining the sanctions to recommend, the Committee carefully considered not only the nature and severity of each individual count proved, but also the offense represented by the total of these counts. The full range of sanctions available to the House was considered by the Committee.

The severity of the improper conduct was carefully weighed against past actions of the House in sanctioning Members for improper conduct and the guidelines for the recommendation of sanctions which are contained in Rule 17 of the Committee Rules of Procedure. The applicable text of the Rule reads as follows:

> (b)(1) With respect to any violation with which a Member of the House was charged in a count which the Committee has voted as proved, the Committee may include in its recommendation to the House one or more of the following sanctions:
>
> (A) Expulsion from the House.
>
> (B) Censure.
>
> (C) Reprimand.
>
> (D) Fine.
>
> (E) Denial or limitation of any right, power, privilege, or immunity of the Member if under the Constitution the House may impose such denial or limitation.
>
> (F) Any other sanction determined by the Committee to be appropriate.
>
> * * * * *
>
> (c)(1) The purpose of this clause is to inform the Members of the House of Representatives as to the general guidelines the Committee considers appropriate for determining which, if any, sanctions to recommend to the House respecting violations proved in a disciplinary hearing. This clause does not limit the authority of the Committee to make or not to make recommendations for such sanctions.
>
> (2) For technical violations, the Committee may direct that the violation be reported to the House without a recommendation for a sanction.
>
> (3) With respect to the sanctions which the Committee may determine to include in a recommendation to the House respecting a violation, reprimand is appropriate for serious violations, censure is appropriate for more serious violations, and expulsion of a Member or dismissal of an officer or employee is appropriate for the most serious violations. A recommendation of a fine is appropriate in a case in which it is likely that the violation was committed to secure a financial benefit; and a recommendation of a denial or limitation of a right, power, privilege, or immunity of a Member is appropriate when the violation bears upon the exercise or holding of such right, power, privilege, or immunity.

A majority of the Committee then determined that, in light of the nature and severity of Representative Wilson's improper conduct, the appropriate sanction would be censure and a denial of the chair on any Committee or Subcommittee for the remainder of the 96th Congress.

In recommending that Representative Wilson be denied the chair on any Committee or Subcommittee of the House for the remainder of the 96th Congress, it is the intention of the Committee that Representative Wilson be immediately removed from the chairmanship of any Committee or Subcommittee of the House, that he be ineligible to hold any such position for the remainder of the 96th Congress, and, in the absence of the chairman of any Committee or Subcommittee, that Representative Wilson not be allowed to assume the duties of the chair.

Accordingly, on a motion by Representative F. James Sensenbrenner, Jr., the Committee, by a vote of 10 ayes and 2 nays, agreed to recommend that the House adopt the following Resolution.

House Resolution

Resolved:

(1) That Representative Charles H. Wilson be censured;

(2) That Representative Charles H. Wilson be denied the chair on any Committee or Subcommittee of the House of Representatives for the remainder of the 96th Congress;

(3) That upon adoption of this Resolution, Representative Charles H. Wilson forthwith present himself in the well of the House of Representatives for the public reading of this Resolution by the Speaker; and

(4) That the House of Representatives adopt the Report of the Committee on Standards of Official Conduct dated May 8, 1980, In The Matter of Representative Charles H. Wilson.

The Committee recommends that the House adopt the above Resolution.

Statement Pursuant to Rule XI, Clause 2(1)(3)(A)

The Committee makes no special oversight findings in this report.

This report was approved by the Committee on Standards of Official Conduct on May 1, 1980, by a vote of 9 yeas; 2 nays.

EXHIBIT NO. 46

96TH CONGRESS, 1st Session } HOUSE OF REPRESENTATIVES { REPT. 96-351 VOL. I

IN THE MATTER OF REPRESENTATIVE CHARLES C. DIGGS, JR.

JULY 19, 1979.—Referred to the House Calendar and ordered to be printed

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

REPORT

[To accompany H. Res. 378]

PART I—BACKGROUND OF THE INVESTIGATION

On October 7, 1978, Representative Charles C. Diggs, Jr., of the 13th District of Michigan was convicted in the United States District Court for the District of Columbia on 11 counts of an indictment charging violations of 18 U.S.C. 1341 (Mail Fraud) and 18 counts charging violations of 18 U.S.C. 1001 (False Statement).[1] The gravamen of the charges against Representative Diggs was that he initiated and operated a scheme to defraud the Government by inflating several of his employees' salaries in order to enable them to pay certain of his personal and congressional expenses. Representative Diggs was found to have executed materially false official documents, payroll authorization forms, and to have caused the mails to be used in furtherance of the fraudulent scheme.

Representative Diggs was sentenced to 3 years imprisonment on each of the 29 counts, said sentences to run concurrent by the counts. Timely appeal was taken to the United States Court of Appeals for the District of Columbia, where oral argument was heard on June 11, 1979. The Court of Appeals had not ruled at the time of this Report.

On February 1, 1979, Chairman Charles E. Bennett communicated to the Members of the Committee that he would, subject to Committee approval, appoint a subcommittee of two members to look into the matter of the conviction of Representative Diggs. Accordingly, on February 7, 1979, at the organizational meeting of the Committee, Representatives Hamilton and Hollenbeck were named to that subcommittee.

In a sworn complaint filed on February 2, 1979, with the Committee, Representative Newt Gingrich and eighteen other Members of the House of Representatives charged that Representative Diggs' misuse of his clerk-hire allowance—essentially the same conduct which led to Representative Diggs' indictment and conviction—constituted a violation of House Rule XLIII, Clause 1, Code of Official Conduct. A resolution to expel Representative Diggs was offered on the floor of the House on March 1, 1979, and subsequently referred to the Committee. On March 21, 1979, a formal resolution to conduct an inquiry into the official conduct of Representative Diggs was adopted by the Committee by vote of 9 to 0.

On March 28, 1979, the Committee denied by a vote of 9 to 3 a motion by Representative Diggs, made through a letter from his counsel dated March 23, 1979, that the Committee defer action until conclusion of the judicial appellate process.

After receiving from its Special Counsel a summary of the evidence against Representative Diggs, the Committee by vote of 10 to 0 adopted a Statement of Alleged Violations on April 4, 1979.[2]

Comprised of 18 counts charging violations of House Rule XLIII, Clauses 1 and 8, the Statement alleged generally that Representative

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[1] *United States* v. *Charles C. Diggs, Jr.*, Crim. No. 78–142 (D.D.C. Nov. 20, 1978).
[2] App. A hereto.

Diggs, for the purpose of enabling several of his employees to pay certain of his personal and congressional expenses, inflated the salaries of these employees beyond levels commensurate with their respective duties, and that he had thereby brought discredit to the House by his conduct.

In response to the adoption of the Statement of Alleged Violations, Representative Diggs, through counsel, filed the following on April 25, 1979: a Motion to Dismiss for Lack of Jurisdiction, with supporting memorandum;[3] a Motion to Defer Committee Action Pending Completion of Judicial Proceedings, with supporting memorandum;[4] a Motion for Bill of Particulars; and a Request for Admissions, with supporting memorandum. Responses were subsequently filed by the Committee's Special Counsel[5] and oral argument was heard on May 16, 1979. There being no votes in favor of granting the Motion to Dismiss, that motion was denied. The Motion to Defer was denied by vote of 8 to 3.

After the Committee's Special Counsel responded to the Request for Admissions, Representative Diggs moved for dismissal of counts 17 and 18 of the Statement of Alleged Violations on grounds that they were based on evidence obtained in breach of Federal grand jury secrecy rules. After oral argument the motion was denied on May 23, 1979, by vote of 8 to 3.

Representative Diggs submitted a general denial of the charges against him on June 6, 1979.

On June 7, 1979, the Committee adopted a statement of the Scope and Purpose of the Investigation pursuant to Committee Rule 16(c).[6]

Subpoenas for the appearance of witnesses and the production of certain documents were issued on June 13, 1979. The hearing was scheduled to begin on June 25, 1979.

Because of delays in the production of certain subpoenaed bank records, the hearing was continued on a day-to-day basis, subject to call of the Chair, on June 25, 1979.

On June 29, 1979, Representative Diggs, through his attorney, presented to the Committee a letter (dated June 27, 1979) admitting he was guilty of misuse of clerk-hire funds, thereby violating House Rule XLIII, Clauses 1 and 8, admitting he personally benefitted from improper use of clerk-hire funds, agreeing to make restitution of the amount by which he personally benefitted from the misuse of funds, and apologizing to his colleagues for his conduct.[7] More specifically, Representative Diggs (1) admitted that he violated House Rule XLIII, Clauses 1 and 8, in his employment of Ms. Jean Stultz, (2) admitted that he was personally enriched by the use of clerk-hire funds paid to Jean Stultz, Felix Matlock, Ofield Dukes, Jeralee Richmond and George Johnson, and (3) agreed to repay $40,031.66, the full amount of his admitted personal benefit.

After receipt of Representative Diggs' letter and admission into evidence of the transcript of Representative Diggs' criminal trial, the Committee by unanimous (11–0) [8] vote resolved to find Representative Diggs guilty of violating House Rule XLIII, Clauses 1 and 8 and to recommend to the House that Representative Diggs be censured

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[3] App. B hereto.
[4] App. D hereto.
[5] Apps. C and E.
[6] Pt. III, infra.
[7] Pt. V. B, infra.
[8] On the same day Representative Livingston indicated that had he been present he would have voted with the majority, vol. 125, Congressional Record H5476 (1979).

and that the required restitution be evidenced by the execution of an interest-bearing demand promissory note.[9]

Part II—The Jurisdictional Issue

Counsel for the Member, following the service upon him of the Statement of Alleged Violations, filed a motion pursuant to Committee Rule 12(a) and 12(a)(3) "to terminate (the) proceedings for lack of jurisdiction." The motion was supported and opposed by memoranda submitted respectively by counsel for the Member and Special Counsel to the Committee. These memoranda, which provide a comprehensive review of the legislative precedents and Constitutional principles pertinent to the issue, are found in the Appendices to this Report.[10]

The gist of the Member's argument was that the power of the House to punish for misconduct is terminated by the Member's reelection, at least where alleged misconduct was known to his constituency prior to his reelection. In this case the Committee could assume such knowledge existed since Representative Diggs was convicted of misuse of his clerk-hire allowance approximately a month before his most recent election. The legislative precedents on which the Member relied in support of his motion, however, mostly concerned the power to expel under such circumstances. His counsel maintained that the power to expel conferred by Article I, Section 5, of the Constitution of the United States [11] conflicted with the right of his constituency under Article I, Section 2 [12] of the Constitution to elect and have him serve as their representative, and that the conflict must be resolved in favor of the Member's constituency.

In response Special Counsel to the Committee urged that the question of whether the power to expel was present in this case was prematurely raised and that it need be decided only following a determination of guilt when the Committee would have to decide on the form of disciplinary sanction to recommend to the House. Special Counsel's review of the legislative precedents in prior disciplinary proceedings leads most convincingly to the conclusion that the House has jurisdiction under Article I, Section 5, to inquire into the misconduct of a Member occurring prior to his last election, and under appropriate circumstances, to impose at least those disciplinary sanctions that fall short of expulsion. After hearing oral argument from both counsel, the Committee unanimously denied the Member's motion, ruling that jurisdiction to proceed was clearly conferred by Article I, Section 5, of the Constitution.

To have reached a contrary result concerning the jurisdiction of this Committee or the House in this matter would have required it to overrule or ignore many well reasoned precedents, including very recent opinions of the Committee. Virtually identical claims of lack of jurisdiction were raised but rejected by the Committee in proceedings involving Representative Roybal (95th Congress) and Representative Harrington (94th Congress). Similarly, the House took disciplinary action with respect to conduct occurring prior to the Mem-

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[9] Pt. VI, infra.
[10] Apps. B and C.
[11] "Each House may punish its Members for disorderly behaviour, and, with the concurrence of two-thirds, expel a Member."
[12] "(T)he House of Representatives shall be composed of Members, chosen every second Year by the People of the several States. * * *"

ber's last election in the cases of Representative Sikes (94th Congress) and Representative Powell (90th Congress). In recent years, the Senate has also disciplined with respect to prior misconduct in the cases of Senator Dodd (90th Congress) and Senator McCarthy (83d Congress). These precedents are consistent with earlier precedents involving punishment for prior misconduct, *e.g.*, *Matthew Lyon*, 5th Congress (1799);[13] *Oakes Ames* and *James Brooks*, 42d Congress (1873) and *Senator William Blount*, 5th Congress (1797).[14] The proceedings cited are all discussed in Special Counsel's memorandum.

An excellent discussion of the purpose and scope of the disciplinary power conferred on the House by Article I, Section 5, of the Constitution is found in the report of the Committee on the Judiciary, 63d Congress (1914),[15] from which we quote:

> *In the judgment of your committee the power of the House to expel or otherwise punish a Member is full and plenary* and may be enforced by summary proceedings. *It is discretionary in character*, and upon a resolution for expulsion or censure of a Member for misconduct each individual Member is at liberty to act on his sound discretion and vote according to the dictates of his own judgment and conscience. *This extraordinary discretionary power is vested by the Constitution in the collective membership of the respective Houses of Congress, restricted by no limitation except in case of expulsion the requirement of the concurrence of a two-thirds vote.*
>
> *In the judgment of your committee, the power of the House to expel or punish by censure a Member for misconduct occurring before his election or in a preceding or former Congress is sustained by the practice of the House, sanctioned by reason and sound policy and in extreme cases is absolutely essential to enable the House to exclude from its deliberations and councils notoriously corrupt men, who have unexpectedly and suddenly dishonored themselves and betrayed the public by acts and conduct rendering them unworthy of the high position of honor and trust reposed in them.*
>
> But in considering this question and in arriving at the conclusions we have reached, we would not have you unmindful of the fact that *we have been dealing with the question merely as one of power, and it should not be confused with the question of policy also involved.* (Emphasis supplied) (H.R. Rept. No. 570, 63d Cong., 2d sess. (1914).)

The report proceeds to state that the House, as a matter of policy, should exercise its "extraordinary prerogative only in extreme cases, always with great caution and after due circumspection," particularly when the Member's conduct was known to his electorate at the time of his last election. However, as the report emphasizes, power is not

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[13] A motion to expel failed 49–45. Though lacking the two-thirds required for expulsion, it indicates a majority of the House, acting only ten years following adoption of the Constitution, were of the opinion that the power to punish extended to conduct committed prior to the member's election.

[14] Senator Blount was expelled by a vote of 25–1.

[15] The Committee was investigating allegations that a Member had been improperly influenced by lobbying activities. The Committee determined the evidence did not warrant expulsion, but did warrant censure. The Member resigned prior to consideration of the report by the House.

to be confused with policy or discretion, and it was the power of Congress which the Member's motion to dismiss for lack of jurisdiction challenged.

Because of the Committee's recommended disposition of the matter it need not express an opinion on the Constitutional issue of whether the House has the power to expel the Member in the instant case. Indeed, the Committee deems it unwise to do so, preferring to exercise restraint and to avoid the unnecessary expressions of views on Constitutional questions. This does not suggest that the possibility of expulsion was never discussed but instead reflects the ultimate determination by the Committee that the extreme penalty of expulsion was not justified considering the circumstances of this case and the offenses charged. Prominent among the considerations in reaching that determination was the fact that expulsion is the most serious penalty that can be imposed by the House, and the precedents indicate that this has been so recognized in the past. In fact, the House has exercised the power to expel in only three instances, all invoving Members who, during the Civil War, left the House to support the Confederate cause. In the eyes of some this amounted to treason, certainly nothing similar to what occurred in the instant case. The Committee and the House cannot overlook entirely the reelection of Rep. Diggs following his conviction and due respect for that decision by his constituents is a proper element in the consideration of this case.

Part III—Scope and Purpose of the Investigation

Pursuant to Committee Rule 16(c), the Committee on June 7, 1979, adopted the following statement of the Scope and Purpose of the Investigation:

SCOPE AND PURPOSE OF THE INVESTIGATION

On April 4, 1979, the Committee adopted a Statement of Alleged Violations, a copy of which is attached hereto.[16] The allegations made in that Statement can be summarized as follows:

For differing periods of time from January, 1973, through January, 1977, Representative Diggs maintained on his staff payroll at salary levels not commensurate with the services performed by each, the following individuals: Jean G. Stultz, Felix Matlock, Ofield Dukes, Jeralee Richmond, George G. Johnson, and Maria A. Reynolds. Representative Diggs maintained these individuals on his payroll either with knowledge that a portion of their compensation would be used to pay his expenses or in order to discharge his personal indebtedness. The conduct of Representative Diggs with respect to the employment of each of these individuals reflected discredit on the House of Representatives.

The hearing shall be conducted in accordance with Subpart B (Disciplinary Hearings) of the Committee's Rules of Procedure. The first phase of the disciplinary hearing shall be limited to a determination of whether or not the counts in the Statement have been proved, in accordance with Rule 16(a). The burden of proof rests on the Committee's staff with respect to each count to establish the facts alleged therein clearly and convincingly by the evidence that it introduces. Evidence will be limited to that which is relevant to the charges raised in the Statement of Alleged Violations. Pursuant to Rule 20 of the Com-

[16] App. A hereto.

mittee's Rules, the Chairman or presiding Member shall rule on admissibility of evidence.

Should the Committee find that any or all of the charges against Representative Diggs have been proved, the second phase of the hearing will be conducted to determine what disciplinary action should be recommended to the House. Conducted in accordance with Rules 16(f) and 17 of the Committee's rules, this second phase shall consist of oral and/or written submission by Counsel for the Committee and counsel for Representative Diggs as to the sanction the Committee should recommend. Pursuant to Rule 16(f) testimony by witnesses will not be heard during the second phase except by a vote of a majority of the Committee.

PART IV—JUDICIAL PROCEEDINGS

A. INDICTMENT AND TRIAL

A grand jury sworn in on October 13, 1976, in the U.S. District Court for the District of Columbia on March 23, 1978, indicted Representative Charles C. Diggs, Jr., on 14 counts of violating 18 U.S.C. 1341 (mail fraud) and 21 counts of violating 18 U.S.C. 1001 (false statement). All counts of the indictment were related to an alleged scheme by Representative Diggs to defraud the government by either (1) inflating employees' salaries in order that they could "kick back" the increase by paying his personal and congressional expenses, or (2) adding individuals to his congressional payroll to compensate them for providing him personal services.

After the government voluntarily withdrew 6 counts of the indictment, on September 27, 1978, a jury trial was begun on the remaining 11 mail fraud counts and 18 false statements counts. On October 7, 1978, the jury returned a verdict of guilty on all counts.

On November 21, 1978, Representative Diggs was sentenced to three years' imprisonment on each count, said sentences to run concurrent by the counts.

B. APPEAL

On appeal of his criminal conviction, Representative Diggs has challenged the trial judge's denial of motions for a hearing concerning selective prosecution and for acquittal at the close of the government's case, as well as denial of his motion for judgment notwithstanding the verdict.

Representative Diggs' arguments on appeal may be summarized as follows:

1. The Executive Branch may not predicate a criminal prosecution on alleged violation of the Rules of the House of Representatives. Disciplining a House Member for violating House Rules is a "political question," the resolution of which is reserved solely to the legislature. Criminal conviction on the basis of violations of House Rules represents an unwarranted intrusion into the House's constitutional prerogative to "determine the rules of its proceedings (and) punish its Members . . ." under Article I, Section 5, of the Constitution.

2. The government failed to produce any evidence of the standard of conduct Representative Diggs allegedly sought to violate or evade in his alleged scheme to defraud. The

government tried its case on the theory that intent to defraud, a necessary element of both crimes charged, could be inferred from either conduct related to the payment of Representative Diggs' personal expenses or that related to the payment of his congressional expenses. The government offered no evidence of restrictions or prohibitions on the use of clerk-hire funds to defray congressional expenses. Rather, the evidence showed that it was not an uncommon practice to use clerk-hire funds for congressional expenses. Absent such a standard which Representative Diggs may have sought to avoid, there can be no inference of intent to defraud and, therefore, no conviction.

No counts of the indictment charged use of clerk-hire funds solely for personal expenses. Rather, all alleged misuse of funds for personal and congressional expenses. That some clerk-hire funds were used for congressional expenses was not contested by the defendant. The trial judge erred in not recognizing the distinction between the two and instructing the jury that it should infer intent to defraud if it found that clerk-hire funds were used for either congressional or personal expenses. The effect of such an instruction was to direct a verdict against the defendant on the issue of intent. Such an invasion of the province of the jury warrants reversal of the conviction.

3. The False Statement counts were premised on Representative Diggs' failure to disclose on payroll authorization forms (1) that Jean Stultz, Felix Matlock and Ofield Dukes were paying expenses; and (2) that Jeralee Richmond and George Johnson were providing both congressional and personal services. The government was obligated to prove that these omissions were material, that the omitted material had to affect the decisions or operations of the House Office of Finance. The Chief of the Office of Finance testified that the information allegedly concealed was not called for by the payroll authorization forms and was immaterial to the decisions and operations of his office. Since the omissions were not shown to be material, the convictions for False Statements must be reversed.

4. The False Statement convictions were based on the payroll authorization forms for employees who paid expenses for Representative Diggs and for employees who provided both congressional and personal services. When any of those employees received his congressional check through the mail, the government also charged Mail Fraud. The mailing of salary checks was routine and incidental to any alleged scheme to defraud. There were no mailings essential to the scheme, upon which a Mail Fraud conviction could stand.

5. The trial judge erred in denying Representative Diggs' motion for discovery and an evidentiary hearing on his allegation of selective prosecution. Representative Diggs should have been afforded the opportunity to explore why, in his case, the Executive Branch undertook to intrude upon the House's administration of its own affairs while, in other in-

distinguishable cases, the alleged improprieties were left to Congress to deal with.

The government's response to Representative Diggs' argument on appeal may be summarized as follows:

1. The prosecution of Representative Diggs was misconstrued by the appellant as being based on a violation of internal House Rules, and therefore a violation of the principle of separation of powers. In fact, Representative Diggs was prosecuted for devising and directing a scheme to defraud the United States through the use of employee salary kickbacks and the payment of congressional salaries to other persons to perform personal and private business services. The use of evidence relating to a breach of House Rules, *inter alia*, to prove intent to defraud, does not contravene the prerogative of the House to "determine the rules of its proceedings [or] punish its Members" under Article I, Section 5, of the Constitution.

2. In order to prove intent to defraud, the government need not, as appellant argues, prove the violation of some underlying statute or regulation. The existence of a scheme to defraud, in whatever form, and the question of criminal intent are for the jury to decide from the totality of the evidence, regardless of whether the scheme includes violation of another law. Contrary to appellant's assertion that no evidence was offered of restrictions or prohibitions on the use of clerk-hire funds, Advisory Opinion Number 2 of the Committee on Standards of Official Conduct, clearly limiting the use of clerk-hire funds, was offered and received into evidence.

3. The facts omitted from the payroll authorization forms were "material" within the meaning of the False Statement statute because the facts concealed could have influenced the exercise of a governmental function.

4. There was clear evidence from which the jury could find under the Mail Fraud statute (1) that it was "reasonably foreseeable" that the mails could be used to carry payroll checks from Washington, D.C., to Detroit, Mich., and (2) that the mailing of the checks which contained the proceeds of the fraud was "in furtherance of" the scheme to defraud.

5. The appellant failed to allege or establish *prima facie* that he was prosecuted for impermissible reasons. It was, therefore, not improper to deny his motion to dismiss for selective prosecution without an evidentiary hearing or further discovery. General assertions of possible future abuses of prosecutorial discretion do not justify a fishing expedition through the files of the Department of Justice.

Oral argument on Representative Diggs' appeal was heard by a panel of three judges in the U.S. Court of Appeals for the District of Columbia on June 11, 1978. A decision is expected this Fall.

Part V—Summary of Evidence

The principal evidence considered by the Committee was the transcript of the trial of Rep. Diggs and the admissions contained in Representative Diggs' letter of June 27, 1979.

A. SUMMARY OF TRIAL TESTIMONY

On October 7, 1979, Representative Diggs was convicted in the United States District Court for the District of Columbia of 18 counts of violating 18 U.S.C. 1001 (false statement) and 11 counts of violating 18 U.S.C. 1341 (mail fraud). Of those counts, five centered on Representative Diggs' employment of Ms. Jean Stultz, six on his employment of Mr. Felix Matlock, two on his employment of Mr. Ofield Dukes, six on his employment of Ms. Jeralee Richmond, and ten on his employment of Mr. George G. Johnson.

The evidence from Representative Diggs' trial may best be summarized by separately reviewing the testimony relevant to each of the five employees alleged to have been involved in the alleged salary kickback scheme: Jean Stultz, Felix Matlock, Ofield Dukes, Jeralee Richmond and George G. Johnson.[17]

Ms. Jean Stultz

1. Concerning those charges relating to her own involvement, Ms. Jean Stultz testified under oath at Representative Diggs' trial substantially as follows:

Ms. Stultz met Representative Diggs while working for the Democratic National Committee in Miami in July, 1972. She joined Representative Diggs' staff in October, 1972, as a legislative assistant at a salary of $11,000 (Vol. II at 147).[18] Three or four months later, she was appointed personal secretary to Representative Diggs and her salary was increased to approximately $14,000. Her responsibilities as personal secretary to Representative Diggs included maintaining his appointment calendar (Id. at 153) and handling financial matters for both his congressional office and for Representative Diggs personally (Id. at 154).

In April or May, 1973, Ms. Stultz was promoted to office manager (Id. at 155) of Representative Diggs' congressional staff.

Ms. Stultz was subsequently appointed by Representative Diggs to the staff of the House District Committee, of which Representative Diggs was Chairman. Although she received a second salary for this position, she performed no duties for the District Committee, but understood her nominal position to be that of liaison between Representative Diggs' congressional and committee staffs (Id. at 157).

Some time in 1973, Representative Diggs personally explained to Ms. Stultz that there existed certain of his bills which needed to be paid, that he was going to increase her salary and that he would tell her which of his bills should be paid (Id. at 158). Ms. Stultz then began to receive paychecks from both the congressional and committee staff payrolls (Id. at 159, 382), giving her a total salary in excess of $30,000 per year (Id. at 161).

Under the bill-paying arrangement developed between Representative Diggs and Ms Stultz, she would present Representative Diggs a list of creditors each month and he would direct her to pay certain of the bills from what she referred as the "special account" (Id. at 163). Ms. Stultz identified numerous of her checks used to pay Representative Diggs' personal expenses under this arrangement (Id. at

[17] Vol. II of this Report, separately bound, contains excerpts from the transcripts of Representative Diggs' trial.

[18] All transcript references are to vol. II.

170–178) as well as her personal checks used to purchase cashier's checks and money orders which were then used to pay Representative Diggs' bills (Id. at 180). Among the transactions in which Ms. Stultz paid expenses for Representative Diggs with her salary overage were the following:

(1) $1,000 for a portrait of Representative Diggs to be hung in the District Committee office (Id. at 184; Govt. Exh. 25–A, 25–B);[19]

(2) $700 Michigan Bell Telephone bill (Id. at 187; Govt. Exh. 26–A, 26–B);

(3) $525 bill from Barnett Catering for catering a reception (Id. at 188–89; Govt. Exh. 27–A, 27–B);

(4) $115.65 bill from Gandel's Liquor for the same reception (Id. at 189–190; Govt. Exh. 28, 45–AA);

(5) $51 bill from "Call Carl" for repair work on Representative Diggs' car (Id. at 191–92, Govt. Exh. 28);

(6) $900 to the House Majority Room for printing services (Id. at 192–93; Govt. Exh. 30–A, 30–B), and

(7) $13.59 bill from Detroit Edison (Id. at 193–94; Govt. Exh. 31–A).

The payroll authorization forms which initiated all staff salary changes were normally signed by Representative Diggs, but Ms. Stultz did recall signing at least three such forms herself (Id. at 236–38). Ms. Stultz identified Representative Diggs' signature on all payroll authorization forms relevant to the charges (Id. at 313–17).

2. John Lawler, Chief of the Office of Finance, testified under oath substantially as follows:

The Office of Finance is the disbursing office for congressional staff payrolls. A payroll authorization form is the document used to add or delete an employee from a personal or committee staff payroll or to adjust an employee's salary (Id. at 8–11).

Mr. Lawler identified the payroll authorization forms signed by Representative Diggs affecting changes in Jean Stultz's congressional staff salary from October 13, 1972, through August 31, 1976 (Id. at 25–27; Govt. Exh. 1–A—1–L), and verified the issuance of Treasury checks based upon those authorizations (Id. at 28–29; Govt. Exh. 2). Mr. Lawler also identified payroll authorization forms signed by Representative Diggs affecting Ms. Stultz's District Committee salary from April 1, 1973, through Sept. 30, 1974 (Id. at 29–30; Govt. Exh. 4–1—4–E), and checks issued in accordance with those authorizations (Id. at 31–32; Govt. Exh. 5).

3. Mr. Robert B. Washington, ex-General Counsel of the House District Committee, testified under oath substantially as follows:

Ms. Jean Stultz was actively involved in the operation of the House District Committee (Id. at 938–40). She coordinated Representative Diggs' calendar and acted as liaison between the Committee staff and Representative Diggs' personal staff (Id. at 938–39). Ms. Stultz also attended several meetings between Robert B. Washington and Representative Diggs relevant to Committee business (Id.).

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[19] Total cost of the portrait was $2,270; payment was made with two cashier's checks from Riggs National Bank. Ms. Stultz recalled having purchased one of the checks for $1,000, with her salary overage. The second, for $1,270, was purchased under circumstances which also suggest it was purchased by Ms. Stultz with her inflated salary.

4. Representative Diggs testified under oath substantially as follows:

Ms. Stultz, as his personal secretary, was aware of Representative Diggs' financial difficulties (Id. at 1090–91). They had discussed the portrait of Representative Diggs being painted for the District Committee office, and Ms. Stultz offered to make part of her salary available to pay for the portrait (Id. at 1092). Representative Diggs told Ms. Stultz she could do whatever she liked with her salary (Id.). Ms. Stultz did pay for the portrait (Id. at 1093).

Ms. Stultz eventually began to pay office expenses and Representative Diggs' personal expenses from her salary (Id. at 1095–96). Such payments were completely voluntary and not a condition of her employment (Id. at 1101). Although Ms. Stultz's initial payments were of only Representative Diggs' office expenses, she began paying Representative Diggs' personal expenses at Representative Diggs' request (Id. at 1229–30). Representative Diggs did not consider Ms. Stultz's use of her salary in this manner to be in the form of a loan (Id. at 1232).

Representative Diggs was aware of the fact that Stultz, Matlock, and Dukes paid his office expenses from their salaries (Id. at 1234).

Felix Matlock

1. Ms. Jean Stultz testified under oath substantially as follows:

As office manager, Ms. Stultz had a supervisory relationship with Felix Matlock, an employee in Representative Diggs' District Office in Detroit (Id. at 240). Some time in 1975, Representative Diggs suggested to her that the salary of one of his District Office employees be increased for the purpose of paying his bills (Id. at 244). With the recommendation of Ms. Stultz that Matlock was the most loyal of the District Office employees (Id.), Representative Diggs increased Matlock's salary by submission of a payroll authorization form (Id. at 245). Subsequent to this increase in salary, a procedure was established whereby Representative Diggs instructed Ms. Stultz as to which bills Matlock was to pay, and Ms. Stultz relayed the instructions to Matlock (Id. at 246).

2. Felix Matlock testified under oath substantially as follows:

Mr. Matlock had been employed in Representative Diggs' District Office since 1965. In 1973 and 1974, he infrequently paid office expenses of Representative Diggs from his own salary at the direction of Jean Stultz (Id. at 483, 486). His paycheck was regularly increased to facilitate his making these payments of Representative Diggs' expenses (Id. at 484).

In mid-1975, Mr. Matlock's payment of District Office expenses became frequent (Id. at 487). To enable him to make these payments, Matlock's salary was increased from approximately $15,000 per year in 1975 to a maximum of $35,000 per year by the end of 1976 (Id. at 487–488). To allow him to satisfy his increased income tax liability, Matlock retained 7 percent of the salary overage (Id. at 489).

After Ms. Stultz's resignation at the end of August, 1976, Matlock continued to pay District Office expenses of Representative Diggs with his inflated salary, receiving his instructions as to what bills to pay directly from Representative Diggs (Id. at 525).

Typifying the sort of bills paid by Matlock for Representative Diggs under this arrangement are the following:

(1) $85 to Merle Staff Sign Co. for office sign painting (Id. at 496; Govt. Exh. 47–G);

(2) $277 to WJLB for Congressman Diggs' radio program (Id. at 496–97; Govt. Exh. 47–H);

(3) $70.30 to One-Stop Locksmith (Id. at 497; Govt. Exh. 47–I);

(4) $200 to Michigan Bell (Id.; Govt. Exh. 47–J);

(5) $14 to Borin (sic) Oil Company (Id. at 498: Govt. Exh. 48–P);

(6) $38.85 to Edison Company (Id.; Govt. Exh. 48–B);

(7) $101.46 to Jim Riehl Leasing for lease of mobile van used by District Office (Id. at 499; Govt. Exh. 48–D);

(8) $500 to WJLB (Id. at 500; Govt. Exh. 48–M);

(9) $400 to House Recording Studio for taping programs (Id. at 501; Govt. Exh. 48–P);

(10) $300 to WJLB for Representative Diggs' radio program (Id.; Govt. Exh. 48–Q).

Mr. Matlock stopped paying office expenses in January, 1977, at the direction of Representative Diggs and Randall Robinson, Representative Diggs' replacement for Ms. Stultz as his administrative assistant (Id. at 528–29). Matlock's salary was reduced at that time to $20,000 per year (Id. at 529) by a payroll authorization form signed by Representative Diggs (Id. at 39–42, 315–16).

3. John Lawler, Chief of the Office of Finance, testified under oath substantially as follows:

Mr. Lawler identified payroll authorization forms signed by Representative Diggs affecting changes in the salary of Felix Matlock from Jan. 1, 1973, through January 1, 1977 (Id. at 39; Govt. Exh. 7–A—7–R), and verified the issuance of Treasury checks in accordance with those authorizations (Id. at 39–42; Govt. Exh. 2, 9A—9I).

4. Representative Diggs testified under oath substantially as follows:

Mr. Felix Matlock personally paid the office expenses of Representative Diggs' District Office and was then reimbursed with increases in his congressional staff salary (Id. at 1111). Representative Diggs denied that it was he who directed which creditors were to be paid by Matlock (Id. at 1239). Representative Diggs confirmed that the pay increase to Matlock's salary effective August 1, 1975, was for the purpose of Matlock paying District Office expenses (Id. at 1246). Representative Diggs recalled communicating directly with Matlock after Ms. Stultz's resignation, and he confirmed that Matlock continued to pay Representative Diggs' District Office expenses during that period, but denied that he instructed Matlock on which bills to pay (Id. at 1253–54).

Mr. Ofield Dukes

1. Jean Stultz testified under oath substantially as follows:

Mr. Ofield Dukes' starting salary on Representative Diggs' staff was $12,000 per year (Id. at 250). His salary was increased by Representative Diggs to allow him to pay certain bills of Representative Diggs, including bills to the House Recording Studio, the Michigan Chronicle, and radio station WJLB (Id. at 251).

2. Ofield Dukes testified under oath substantially as follows:

Mr. Dukes joined Representative Diggs' staff in the spring of 1973 at a salary of $12,000 per year (Id. at 551). His responsibilities in-

cluded development of all program activities as well as more general legislative functions.

Mr. Dukes on occasion personally paid expenses incurred in the performance of his staff duties and was reimbursed by increases in his salary (Id. at 556).

Among expenses which Dukes paid and for which he was reimbursed with salary increases were the following:

(1) Photographic services expenses relevant to a 1973 Congressional Black Caucus dinner (Id. at 556);

(2) Travel expenses for a trip to the National Black Assembly (Id.);

(3) Outstanding bills from the Michigan Chronicle (Id. at 557–65; Govt. Exh. 56–A, B and C);

(4) $224 WJLB bill (Id. at 570–71; Govt. Exh. 60).

In 1975, Dukes' total salary for his employment on Representative Diggs' staff was $21,000 per year, of which he considered $12,000 to be his true salary (Id. at 577).

In February, 1978, Ofield Dukes resigned from the congressional staff of Representative Diggs (Id. at 552).

3. John Lawler, Chief of the Office of Finance, testified under oath substantially as follows:

Mr. Lawler identified payroll authorization forms signed by Representative Diggs affecting changes in the salary of Ofield Dukes (Id. at 44–45; Govt. Exh. 10–A—10–P) and the Treasury checks paid in accordance with those payroll authorizations from April, 1973, through December, 1977 (Id. at 45–47; Govt. Exh. 11, 12A–12R).

4. Representative Charles Diggs testified under oath substantially as follows:

Representative Diggs hired Ofield Dukes as Director of Special Projects (Id. at 1109). Dukes was regularly reimbursed for expenses he incurred with salary increases (Id. at 1110, 1234). Representative Diggs was aware of the fact that Ms. Stultz, and Messrs. Matlock, and Dukes paid some of his office expenses with their salaries (Id. at 1234).

Ms. Jeralee Richmond

1. Jean Stultz testified under oath substantially as follows:

Ms. Stultz first had contact with Jeralee Richmond in 1974, at which time she understood Richmond to be an employee of the House of Diggs Funeral Home (Id. at 300–01). Ms. Stultz's initial contacts with Ms. Richmond "regarded whatever was happening at the House of Diggs because there was no Congressional work that she was doing, to my knowledge" (Id. at 301).

Ms. Stultz identified payroll authorization forms, signed by Representative Diggs (Id. at 312–16), affecting Jeralee Richmond's salary from July 1, 1974, when Ms. Richmond was first added to the payroll (Id. at 303; Govt. Exh. 13–A—13–G). Shortly after Ms. Richmond was added to the payroll, her salary was increased at Representative Diggs' direction, to reimburse her for back pay (Id. at 304).

2. Jeralee Richmond testified under oath substantially as follows:

Previously an employee of the House of Diggs and of Diggs Enterprises, Jeralee Richmond in May, 1974, contacted Representative Diggs by telephone seeking employment (Id. at 654–55). Within a week of that phone conversation, Ms. Richmond met with Representative Diggs and Mrs. Juanita Diggs in Detroit, where they discussed the needs of

the House of Diggs Funeral Home (Id. at 656). At the end of that meeting, she was hired to work at the House of Diggs and was told by Representative Diggs that she would be paid from his Congressional payroll (Id. at 657). She also understood that, as in her previous employment at the House of Diggs, providing constituency services was part of the job (Id. at 666).

Ms. Richmond began work in May, 1974 (Id. at 657). Her responsibilities included working on the accounts receivable of the House of Diggs as well as handling any constituency problems which were brought to the funeral home (Id. at 658–59).

Between July, 1974, and August, 1976, at which time she began to work full-time at the District Office, approximately 20 percent of Ms. Richmond's time was spent on constituency matters (Id. at 659). During that period Representative Diggs told Ms. Richmond where to work (Id. at 660). She received no salary from the House of Diggs during that period (Id. at 660–61).

Ms. Richmond's salary was paid by U.S. Treasury checks, which she identified (Id. at 661–63 and 149; Govt. Exh. 15–A—15–M).

Some time after January, 1976, Ms. Richmond began to spend one day per week working at Representative Diggs' District Office (Id. at 671). In August, 1976, she began working full-time at the District Office (Id. at 672).

3. John Lawler testified under oath substantially as follows:

Mr. Lawler identified payroll authorization forms signed by Representative Diggs affecting the salary of Jeralee Richmond (Id. at 47–48; Govt. Exh. 13–A—13–G) from July 1, 1974, to June 1, 1977. He also verified the issuance of U.S. Treasury checks pursuant to those authorizations (Id. at 49–52; Govt. Exh. 14, 15–A—15–M).

4. Representative Diggs testified under oath substantially as follows:

Representative Diggs hired Jeralee Richmond because he "needed her in two capacities" (Id. at 1072). He needed her "at the funeral home as a bookkeeper to take care of the books and to do in addition to that what has been traditionally done by her in the past: handle constituent services to deal with the people that came into the funeral home seeking resolutions of their living problems and to make herself available for these kinds of services whenever they were needed." (Id.). Ms. Richmond received no salary from the House of Diggs (Id. at 1174). Representative Diggs considered the employment arrangement with Ms. Richmond to be such that she was paid "for her availability to serve my constituents" (Id. at 1175); what she did with the remainder of her time was viewed by Diggs as "not my concern," (Id.). Representative Diggs accepted as accurate Jeralee Richmond's estimate that 20 percent of her time was spent on constituency problems (Id).

Mr. George G. Johnson

1. Jean Stultz testified under oath substantially as follows:

Mr. George Johnson was Representative Diggs' accountant (Id. at 306). Representative Diggs was indebted to Johnson when he directed that Johnson be added to his congressional payroll (Id. at 306–07). Ms. Stultz recalls Representative Diggs saying at the time, "See if I can cut the spill (sic) down" (Id. at 307).

Johnson's salary fluctuated monthly, depending on projections of Representative Diggs' bills and other employee's salaries (Id.). He

was on the staff payroll from July 1, 1973, to December of 1974 (Id. at 308).

Ms. Stultz was aware of no legislative duties performed by Johnson while he was on the payroll (Id. at 308). Johnson was terminated at his own request (Id. at 309).

2. George Johnson testified under oath substantially as follows:

Mr. George Johnson, a C.P.A., had provided professional accounting services to Representative Diggs and to the House of Diggs since 1971 (Id. at 681–82).

In the spring of 1973, when the accounts of Representative Diggs and the House of Diggs were in arrears in the amount of $2,000–$10,000 (Id. at 682), Johnson and Representative Diggs discussed the outstanding bills (Id. at 684), and the possibility of Johnson's joining Representative Diggs' staff (Id). Johnson was added to the staff on July 1, 1973 (Id. at 685).

Mr. Johnson identified payroll checks which be began receiving in July, 1973 (Id.; Govt. Exh. 18–A—18–H). Although at times the lack of financial or accounting work as to congressional matters being assigned Johnson was discussed by Representative Diggs and Johnson, none was forthcoming (Id. at 686).

Mr. Johnson's salary was not stable during this period, but fluctuated from a low of about $130 to a high of approximately $2,700 (gross) per month (Id. at 687).

During this same period, Johnson continued to provide accounting services to the House of Diggs, the value of which exceeded the congressional salary he was receiving (Id.). When he brought that fact to the attention of Representative Diggs, his next monthly check "went up" (Id. at 688).

Mr. Johnson eventually began to credit his congressional salary to the House of Diggs account (Id. at 689).

At times, Johnson discussed with Representative Diggs problems such as minority development (Id. at 691), the Inner City Business Improvement Forum (Id. at 692), black opportunity with respect to the Renaissance Center (Id. at 693), and the policies of the Small Business Administration (Id. at 695).

Although Johnson was crediting his salary to the House of Diggs account, he submitted a bill for $2,400 to Representative Diggs for preparation of Representative Diggs' personal tax returns in 1972 and 1973, and preliminary work for Representative Diggs in 1974 (Id. at 700). When this amount was not paid, Johnson filed suit against Representative Diggs (Id. at 703).

Mr. Johnson at one time declined an invitation to be included in a newspaper picture of Representatives Diggs' staff (Id. at 705).

3. John Lawler testified under oath substantially as follows:

Mr. Lawler identified the payroll authorization forms signed by Representative Diggs affecting Johnson's salary (Id. at 52; Gov't. Exh. 16–A–16–T7) and verified the issuance of U.S. Treasury checks pursuant to those authorizations (Id. at 53–56; Govt. Exh. 17, 18–A—18–H).

4. Representative Diggs testified substantially as follows:

Representative Diggs hired George G. Johnson to draw upon his knowledge and expertise with respect to black economic development projects (Id. at 1078) and met with him regularly on these as

well as personal matters (Id. at 1079). Representative Diggs never directed George Johnson to credit his salary to Representative Diggs' personal account (Id. at 1080) and continued to receive bills from Johnson for personal tax services after Johnson was added to the payroll (Id. at 1081–82).

Representative Diggs did not mention to Ms. Stultz that putting Johnson on the payroll might reduce his bill from Johnson (Id. at 1154).

Representative Diggs conceded Johnson's congressional salary fluctuated monthly, depending on the availability of funds each month (Id. at 1162).

Appendix F to this Report contains summary exhibits relevant to the pay status of each of the employees involved in the bill-paying operation, as well as charts reflecting the use of some of the diverted funds.

B. REPRESENTATIVE DIGGS' LETTER TO THE COMMITTEE, DATED JUNE 27, 1979

The following letter from Representative Diggs was presented to the Committee in open session on June 29, 1979:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
June 27, 1979.

DEAR MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT: After further consideration of the charges brought against me by this Committee, and in the interest of settling and disposing of these charges without a protracted and costly hearing, I wish to make the following representations to the Committee:

I admit that I am guilty of violating House Rule XLIII, Clauses 1 and 8, by misusing my clerk-hire allowance, in that I knowingly authorized increases in the salary of Ms. Jean Stultz during her employment on my staff in order to enable her to pay certain of my personal expenses. Through this misuse of my clerk-hire funds, I was unjustly enriched to the extent of $11,646.64.

In the employment of Ms. Jeralee Richmond from July, 1974, through August, 1976, I did not intentionally violate any House Rule or regulation. I acknowledge, however, that I personally benefitted from the services of Ms. Richmond to the extent of $12.015.30.

In the employment of Mr. George Johnson from July, 1973, through December, 1974, I did not intentionally violate any House Rule or regulation. I acknowledge, however, that I personally benefitted from the services of Mr. Johnson to the extent of $15.615.04.

In June and July, 1976, my employee Mr. Felix Matlock paid certain of my personal expenses, totaling $194.68. In December, 1975, my employee Mr. Ofield Dukes paid a personal expense of mine of $560.00. Mr. Matlock and Mr. Dukes were reimbursed for these expenditures by salary increases authorized by me. I admit that I was personally enriched by these transactions to the extent of $754.68.

I recognize that it is within the power of this Committee to conduct a hearing, and that if found guilty, I may be subject to any of the remedies available to the Committee as prescribed by its Rules of Procedure. I wish to state at this time that should the Committee accept this statement in lieu of a trial, I shall accept a Committee recommendation to the House of Representatives of the penalty of censure.

In an effort to make restitution for the personal benefit I received from the matters just discussed, I agree to repay the amount of $10,031.66 to the House. I would ask only that the Committee bear in mind my financial condition in its determination of a proper method and schedule for repayment.

In order to insure, during the remainder of the Ninety-Sixth Congress, that there is no further question about the use of my clerk-hire allowance, I will have each of my employees certify that the funds he or she receives from clerk-hire funds are received in full compliance with current House Rules.

Finally, I apologize to my colleagues for the discredit I have brought to the House by my conduct. I sincerely regret the errors in judgment which led to this proceeding.

Very truly yours,

CHARLES C. DIGGS, Jr.
Member of Congress.

PART VI.—RECOMMENDATION

After the Committee ordered a disciplinary hearing, but before the date set for the commencement thereof, Special Counsel for the Committee and counsel for the Member engaged in discussions which led to the Committee's recommended disposition of the proceeding.

The discussions between counsel culminated in an agreement by Representative Diggs, (1) to admit guilt and unjust enrichment with respect to certain violations of House rules, (2) to admit that he had been unjustly enriched, without admitting guilt, from the employment of some members of his staff, (3) to make restitution of amounts which he personally had unjustly received, (4) to apologize to the House for his wrongdoing, and (5) to accept censure therefor. The agreement was formally proposed to the Committee in open session by his counsel, who, in the presence of Representative Diggs, read the letter addressed to the Committee and signed by Representative Diggs appearing, supra, p. 16.

Special Counsel recommended that the Statement of Alleged Violations be withdrawn, that Representative Diggs' letter of admissions be accepted, that Representative Diggs be found guilty of violating Rule XLIII Clauses 1 and 8, on the basis of his admissions, and that the Committee recommend to the House that Representative Diggs be censured and he be required to make restitution by execution of an interest-bearing demand promissory note for the full amount of his personal benefit from the misuse of clerk-hire funds.

The recommendations from the Special Counsel to the Committee were accepted and Representative Hamilton moved the following resolution, which was unanimously adopted:

> Whereas, Representative Charles C. Diggs, Jr., has admitted that he is guilty of violating House Rule XLIII, Clauses 1 and 8, by misusing his clerk-hire allowance, in that he knowingly authorized increases in the salary of Ms. Jean Stultz during her employment on his staff in order to enable her to pay certain of his personal expenses, and that through this misuse of his clerk-hire funds, he was unjustly enriched to the extent of $11,646.64; and
>
> Whereas, Representative Charles C. Diggs, Jr., has stated that in the employment of Ms. Jeralee Richmond from July, 1974, through August, 1976, he did not intentionally violate

any House Rule or regulation, he has acknowledged that he personally benefitted from the services of Ms. Richmond to the extent of $12,015.30; and

Whereas, Representative Charles C. Diggs, Jr., has stated that in the employment of Mr. George Johnson from July, 1973, through December, 1974, he did not intentionally violate any House Rule or regulation, he has acknowledged that he personally benefitted from the services of Mr. Johnson to the extent of $15,615.04; and

Whereas, Representative Charles C. Diggs, Jr., has stated that in June and July, 1976, his employee, Mr. Felix Matlock, paid certain of his personal expenses, totaling $194.68, and in December, 1975, his employee, Mr. Ofield Dukes, paid a personal expense of his of $560.00, for which expenditures they were reimbursed by salary increases authorized by him; and has admitted that he was personally enriched by these transactions to the extent of $754.68; and

Whereas, Representative Charles C. Diggs, Jr., has stated that should the Committee accept his admissions of the above described conduct in lieu of a trial, he shall accept a Committee recommendation to the House of Representatives of the penalty of censure; and

Whereas, Representative Charles C. Diggs, Jr., has agreed to repay the amount of $40,031.66 to the House for the personal benefit he received from the above described conduct; and

Whereas, Representative Charles C. Diggs, Jr., has stated that during the remainder of the Ninety-Sixth Congress, he will have each of his employees certify that the funds he or she receives from clerk-hire funds are received in full compliance with current House Rules; and

Whereas, Representative Charles C. Diggs, Jr., has apologized to the House for the discredit he has brought to the House by his conduct: Now, therefore, be it

Resolved:

(1) That Representative Charles C. Diggs, Jr., is found to have violated House Rule XLIII, Clauses 1 and 8, by misusing his clerk-hire allowance, in that he knowingly authorized increases in the salary of Ms. Jean Stultz during her employment on his staff in order to enable her to pay certain of his personal expenses, and he was unjustly enriched by this misuse of his clerk-hire funds to the extend of $11,646.64;

(2) That Representative Charles C. Diggs, Jr., personally benefitted from the employment of Ms. Jeralee Richmond and Mr. George Johnson;

(3) That Representative Charles C. Diggs, Jr., was personally enriched by the payment of certain of his personal expenses by two of his employees, Mr. Felix Matlock and Mr. Ofield Dukes;

(4) That it be recommended to the House of Representatives that Representative Charles C. Diggs, Jr., be censured by the House of Representatives for the above described conduct;

(5) That it be recommended to the House of Representatives that during the remainder of the Ninety-Sixth Congress employees of Representative Charles C. Diggs, Jr., certify to this Committee by affirmation that the funds he or she receives from clerk-hire funds are received in full compliance with current House Rules;

(6) That it be recommended to the House of Representatives that the offer of Representative Charles C. Diggs, Jr., to make restitution be accepted, provided that Representative Diggs executes and delivers to the House a demand promissory note committing him to pay $40,031.66 with interest equal to that assessed by the Internal Revenue Service on underpayments or assessments of personal income taxes;

(7) That a report be prepared of the Committee's proceedings and findings, which will include a summary of the testimonial portions of the transcript of the federal court trial of Representative Charles C. Diggs, Jr., and exhibits admitted into evidence, in support of the Committee recommendation of censure of Representative Charles C. Diggs, Jr., and it be submitted to the House of Representatives.

An explanation of how Representative Hamilton's resolution relates to the charges of misuse of the Member's clerk-hire contained in the Statement of Alleged Violations is appropriate. The charges alleged the inflation of staff salaries for three different purposes. First, to pay clearly identifiable personal expenses of the Member. Second, to pay expenses related to the Member's official duties but which exceeded the allowances otherwise provided therefor. The third category involved compensation of staff for services rendered for the personal benefit of the Member, e.g., Ms. Jeralee Richmond, who, while rendering some legitimate staff duties, devoted the majority of her time to the affairs of the Member's funeral home; and Mr. George Johnson, who rendered accounting services to the Member personally and to the funeral home.

Representative Diggs has admitted his guilt with respect to the first category, and without admitting guilt to the third category has admitted that he personally benefitted and was unjustly enriched as the result of the use of his clerk-hire allowance for the purposes therein described. Regarding his second category, office related expenses, Representative Diggs maintains that his use of clerk-hire funds for such purposes was not in violation of any House rules.

It should be clearly understood that, in adopting Representative Hamilton's resolution, the Committee was seeking a fair, just and sensible disposition of the proceeding, consistent with the responsibility of the House in the enforcement of its rules. The Committee believes the resolution does just that. Its action in unanimously approving the resolution, however, should not be interpreted as an expression of opinion concerning the legality under either House rules or federal law of any of the actions described in the Statement of Alleged Violations concerning which Representative Diggs has not admitted guilt Moreover, adoption of the recommendation is not intended in any way

to influence the outcome of the criminal proceedings that remain pending against the Member, or of any civil action which might be commenced with respect thereto.

In determining the punishment of censure, which the Committee has recommended for the Member, various factors were considered. In granting each House the power to punish members "for disorderly behaviour," Article I, Section 5, specifically enumerates only the sanction of expulsion as a form of punishment. The framers of the Constitution recognized the severity of that sanction by requiring a two-thirds vote before it could be imposed. The Committee has previously observed that expulsion has been voted only three times, all occurring during the Civil War when Members left the House to join the Confederacy.

Next to expulsion, the precedents reveal that censure is the most severe form of legislative punishment. This sanction has been voted in the House only once during this century.[20] Forms of punishment deemed less severe than censure, e.g., reprimand or fine, have occasionally been imposed.

In recommending the censure of Representative Diggs, the Committee considered his admission of guilt of serious offenses against the House rules, his apology to the House therefor, his agreement to make restitution of substantial amounts by which he was unjustly enriched, and the nature of the offenses charged.

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

HOUSE RESOLUTION

Resolved:

(1) That Representative Charles C. Diggs, Jr. be censured;

(2) That Representative Charles C. Diggs, Jr. forthwith present himself in the well of the House for the pronouncement of censure;

(3) That Representative Charles C. Diggs, Jr. be censured with the public reading of this resolution by the Speaker;

(4) That Representative Charles C. Diggs, Jr. is ordered to execute and deliver to the House an interest-bearing demand promissory note for $40,031.66, made payable to the Treasury of the United States;

(5) That Representative Charles C. Diggs, Jr. is ordered, for the remainder of the 96th Congress, to require his employees to certify to the Committee on Standards of Official Conduct that the funds he or she receives from check-hire funds are received in full compliance with current House Rules; and

(6) That the House of Representatives adopt the Report of the Committee on Standards of Official Conduct dated July 19, 1979, In the Matter of Representative Charles C. Diggs, Jr.

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[20] Representative Thomas Blanton was censured in 1921 for use of "grossly indecent and obscene language."

EXHIBIT NO. 47

96TH CONGRESS
1st Session

SENATE

REPORT
No. 96-40

INITIAL REVIEW OF SENATOR EDWARD W. BROOKE OF MASSACHUSETTS

REPORT

OF THE

SELECT COMMITTEE ON ETHICS UNITED STATES SENATE

MARCH 21 (legislative day, FEBRUARY 22), 1979.—Ordered to be printed

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KENNETH J. GEORGE, *Auditor*

CONTENTS

Resolution

conclusion of initial review

Whereas, the Select Committee on Ethics has conducted an initial review of allegations concerning the conduct of former Senator Edward W. Brooke of Massachusetts; and

Whereas, the Committee has received from Counsel a confidential report including findings and recommendations on this initial review as required by the Committee's Rules of Procedure: It is hereby

Resolved by the Select Committee on Ethics that:

(1) The Committee will file its Report containing findings and conclusions with the Senate;

(2) No investigation, pursuant to the Committee's Rules of Procedure, is required as Edward W. Brooke is no longer a Member of the Senate, and the Committee does not believe the violations mentioned in its Report are sufficiently serious to justify the severe disciplinary actions specified in Senate Resolution 338, as amended (for a Member, censure, expulsion or recommendation to the appropriate party conference regarding seniority or positions of responsibility);

(3) There is credible evidence which provides cause to conclude that violations within the jurisdiction of the Committee have occurred.

Introduction

As a result of disparities between the financial statements submitted by Senator Brooke in his Massachusetts divorce proceedings and in the Public Financial Disclosure Statment which he filed with the Secretary of the Senate on May 15, 1978, the chairman and vice chairman of the Select Committee on Ethics authorized a preliminary inquiry pursuant to rule 3 of the Committee's Rules of Procedure. As part of the preliminary inquiry, staff attended public hearings on June 7–8, 1978 in the Brooke divorce litigation.

At the hearings Senator Brooke acknowledged misstatements in his divorce deposition of May 12, 1977. A report of the preliminary inquiry was made to the Committee on June 8, 1978, and on that date an initial review was authorized by the Committee in accordance with rule 4 of the Committee's Rules of Procedure.

This report discusses the applicable Senate rules or Federal statutes, as well as the allegations which caused the initial review to be conducted.

The Rules Relevant to the Initial Review

Old Senate Rule 44, effective from July, 1968 to December 31, 1977,[1] provides that each Senator shall file an annaul report listing all gifts having an aggregate value of $50 or more received from a single source; all interests in real or personal property having a value of $10,000 or more which he owned or had a beneficial interest in at any time during the prior year; all liabilities of $5,000 or more; the name and address of each business or professional corporation, firm or enterprise in which he was an officer, director, partner, proprietor or employee who received compensation during the preceding year and the amount of such compensation.

Senate Resolution 110, agreed to April 1, 1977 (as modified by Senate Resolution 265), amended the Senate rules by striking old rules 41 through 45 and substituting new rules. New rule 42 (effective January 1, 1978) requires the reporting individual to report gifts aggregating $100 from a single source, although gifts of less than $35 need not be aggregated; liabilities in excess of $2,500 (except those owed to relatives); any interest in real or personal property where the value of the property exceeds $1,000 (the personal property reported must also be held for investment purposes); as well as the identity of any nongovernmental positions held including those of a corporate director, officer or partner.

Reports filed pursuant to old rule 44 were filed annually on a confidential basis with the Comptroller General, while new rule 42 requires reports to be publicly filed with the Secretary of the Senate. Both rules also require that a copy of the reporting individual's Federal income tax return for the preceding year be filed on a confidential basis with the Comptroller General.

[1] This initial review covers the years 1970 through 1977.

In addition to these rules, the Senate has the right to discipline a member whose conduct brings discredit upon the Senate. This is expressly recognized by the resolution that created the Ethics Committee, wherein it is stated that:

> It shall be the duty of the Select Committee to—(1) receive complaints and investigate allegations of improper conduct which may reflect upon the Senate, violations of law, violations of the Senate Code of Official Conduct and violations of rules and regulations of the Senate, relating to the conduct of individuals in the performance of their duties as Members of the Senate, or as officers or employees of the Senate, and to make appropriate findings of fact and conclusions with respect thereto;

Certain statutes are also applicable with respect to allegations considered herein, notably the Massachusetts perjury statute (G.L. c.268[1]) and federal statutes pertaining to false statements and various provisions of the Internal Revenue Code.

Scope and Methodology of the Initial Review

The scope of the initial review was outlined in a letter from Chairman Stevenson to Senator Brooke dated June 9, 1978. The initial review, as described, covered potential violations of old Senate rule 44 and of new rule 42 (Financial Disclosure), as well as allegations of improper conduct reflecting discredit upon the Senate. The particulars of the inquiry were made known by special counsel to the Senator's counsel (Charles H. Morin, Esq., and William Barry Levine, Esq., of Dickstein, Shapiro & Morin) in a letter dated June 21, 1978; wherein, special counsel requested certain documents required to properly conduct the initial review. Counsel for Senator Brooke vigorously resisted this discovery demand and appeared before the committee on June 29 and July 31, 1978 to state their objections to the scope of the initial review and the committee's request for documents. On each occasion the committee reaffirmed special counsel's request delineating the scope of the initial review.

Once the committee had reaffirmed the scope of the initial review and overruled the objections made by counsel for Senator Brooke, additional documents were made available by Senator Brooke. Some of these documents were delivered directly by counsel for the Senator; while in other instances, the Senator waived whatever privileges he might have enjoyed so that documents could be provided by his attorneys, stockbroker, accountants and tax return preparers. The committee also authorized the staff to utilize the Confidential Disclosure Statements and copies of tax returns filed with the Comptroller General pursuant to old Senate rule 44 and new rule 42.

On October 17, 1978, committee staff requested and obtained additional records.

As material was compiled, it became necessary to take statements of witnesses. The necessity for interviewing some persons was obviated by consulting depositions previously given during the divorce litigation. However, many persons involved in financial transactions with Senator Brooke (who were deposed during the divorce) had to be reinterviewed by the staff as the focus of the initial review was different from that of the divorce.

Summary of Matters Investigated

The Select Committee on Ethics is charged by the Rules of the Senate with the monitoring of public financial disclosures by members and certain Senate staff employees. As a result of disparities between the Public Financial Disclosure Statement of May 15, 1978 filed by former Senator Edward W. Brooke of Massachusetts and financial statements submitted as part of earlier divorce proceedings and certain other allegations of misconduct, the Select Committee conducted an initial review of those disparities and allegations.

The specific items included in the scope of the initial review and the committee's conclusions relative to those items are as follows:

I. A. Raymond Tye Loan
II. Knowledge of Improper Medicaid Assistance
III. Reporting Violations
IV. Reduction in Medical Fees
V. Tax Exemptions for Dependents

I. A. RAYMOND TYE LOAN

In a deposition given on May 12, 1977, Senator Brooke testified under oath that he owed Mr. A. Raymond Tye the sum of $49,000. In his Public Financial Disclosure Statement filed on May 15, 1978, Senator Brooke did not report the loan from Mr. Tye as it was in the sum of $2,000.

Conclusion

Senator Brooke's Public Financial Disclosure Statement relative to the A. Raymond Tye loan was substantially correct; however, the giving of false testimony under oath by a U.S. Senator is improper conduct which reflects unfavorably on the U.S. Senate.

II. KNOWLEDGE OF IMPROPER MEDICAID ASSISTANCE

Press accounts alleged that Senator Brooke was aware of the improper receipt of medicaid assistance by his mother-in-law, Mrs. Teresa Ferrari-Scacco, and may have voted in the Senate to liberalize medicaid benefits for family advantages.

Conclusion

On the basis of the evidence obtained, it does not appear that Senator Brooke personally knew his mother-in-law was a recipient of medicaid assistance and did not act improperly in casting his votes in the Senate relative to medicaid.

III. REPORTING VIOLATIONS

Senator Brooke failed to report on his Confidential Senate Disclosure Statements numerous items which were required to be reported pursuant to old Senate rule 44, although many of the omitted items were published by the Senate in the Congressional Record. Most of these omissions were due to the careless fashion in which the reports were prepared.

A. BRILD, N.V.

In 1970, Brild, N.V., a corporation chartered in St. Maartens in the Dutch West Indies, was owned by Senator Brooke and a Mr. Monroe

H. Feld. The corporation was formed for the purpose of purchasing some property in Phillipsburg, St. Maartens. This property and the Senator's stock in the company was sold in 1971 with Senator Brooke receiving a profit of $4,154.39.

Conclusion

Senator Brooke failed to report that he owned the Brild stock on his 1970 and 1971 Confidential Disclosure Statements, nor did he report that he had guaranteed a loan from the Bank of Nova Scotia for $32,500.

Senator Brooke stated that this omission was due to carelessness in the preparation of his reports and acknowledged the transaction should have been reported.

B. WATERGATE APARTMENT NO. 2

Senator Brooke assisted his mother during the course of her purchase of an apartment in the Watergate East Complex in Washington, D.C. The Senator is listed on the Assignment and Assumption Agreement as a "joint tenant with right of survivorship". Senator Brooke, through counsel, expressed the view that this was merely an inchoate future interest; and thus, not reportable.

Conclusion

The Senator provided neither the purchase money nor any subsequent mortgage payments, all the cost was borne by his mother.

The Committee is of the opinion, however, that a joint tenancy, which is a present property interest, was created and should been have reported; see e.g., 20 Am. Jur. 2d *Cotenancy and Joint Ownership* § 6 (1965); 4A *The Law of Real Property* (1977).

C. PERINI CORPORATION

Senator Brooke had a fireplace and other construction work performed on his Martha's Vineyard, Mass., summer home in 1974 for $8,000. Senator Brooke stated that the work performed by the subcontractor Perini hired to install the fireplace was unsatisfactory; and thus, the bill was in dispute.

Conclusion

Since the liability incurred exceeded $5,000, it should have been reported pursuant to old Senate rule 44.

D. REM-WIN CORP.

Senator Brooke listed on his Confidential Senate Disclosure Statements the fact that he was a director of Rem-Win Corp. (a corporation chartered in the Dutch West Indies which holds approximately 30 acres of undeveloped land). In 1974 Senator Brooke did disclose in the Congressional Record his ownership of 3,690 shares of Rem-Win stock. On his Public Financial Disclosure Statement he listed as an asset his ownership of a 39 percent interest in Rem-Win Corp.

Conclusion

Since Senator Brooke publicly disclosed his proportional ownership of Rem-Win Corp. in 1974, it does not appear that he deliberately falsified Confidential Disclosure Reports.

E. INTERNATIONAL INVESTORS (NORMAN COHEN LOAN)

One purpose of the initial review was to attempt to determine whether Senator Brooke had received a loan of $27,500 from Mr. Norman Cohen of Toronto, Canada, or whether a deposit of that amount on October 4, 1972 was a return of capital in a venture known as international investors. This deposit was also described as a loan on a financial statement submitted during the divorce proceeding.

Conclusion

The true character of this transaction cannot be determined so no opinion can be expressed as to the accuracy of Senator Brooke's Confidential Disclosure Statements with respect to the International Investors venture. Whether this represented a loan or business asset, by failing to properly report this Senator Brooke was in neglect of his duty as a U.S. Senator.

IV. REDUCTION IN MEDICAL FEES

Allegations were made in the press that Senator Brooke had used his position as a U.S. Senator to obtain a reduction in medical fees while the Senator was settling his mother-in-law's lawsuit.

Conclusion

No evidence was discovered that Senator Brooke improperly used his position as a U.S. Senator to obtain the reduced medical bills on behalf of his mother-in-law.

V. TAX EXEMPTION FOR DEPENDENTS

Various allegations were made that Senator Brooke had improperly claimed his daughters as exemptions on his Federal income tax returns from 1971 through 1975. Senator Brooke had substantial expenditures on their behalf in every year except in 1975. In 1975 the Senator had no specific items attributable to Remi Brooke although she was a member of his household for that year and the Senator provided her with housing, food, and other ordinary living expenses.

Conclusion

The record supports Senator Brooke's position that he properly claimed his daughters as income tax exemptions during the years 1971 through 1975.

We approve the submission to the Senate of the Report of the Select Committee on Ethics concerning its Initial Review of Former Senator Edward W. Brooke of Massachusetts.

ADLAI E. STEVENSON,
Chairman.

HARRISON H. SCHMITT,
Vice Chairman.

ROBERT MORGAN.
JOHN TOWER.
CHARLES MCC. MATHIAS.

APPENDIX A

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW

Date received	Subject	Number
May 31, 1978	Request from Senator Brooke to Senator Stevenson (AES) with copy to Senator Schmitt (HS).	0
		0A
June 26, 1978	Morin letter to AES, etc. of June 23, 1978	1
	With Brooke response	1A
June 28, 1978	Morin letter to Wertheimer (W.) of June 28, 1978.	2
	Copy of same to AES	2A
July 5, 1978	Letter from Arthur Schatz of June 30, 1978	3
Do	Letter from Dr. Caplan of June 30, 1978 with five attachments.	4
July 6, 1978	Letter from Dr. Rizzo of July 2, 1978	5
July 7, 1978	Letter from Massachusetts Department of Public Welfare of July 3, 1978 with two attachments.	5½
July 10, 1978	Letter from New England Baptist Hospital of July 7, 1978 with three attachments.	6
July 13, 1978	Letter from Arthur Schatz of July 10, 1978 with four attachments.	7
July 14, 1978	Letter from Mr. Hestnes of July 5, 1978 with checks regarding Raymond Tye.	8
Aug. 22, 1978	Hestnes letter to W. of Aug. 15, 1978	8A
July 20, 1978	Letter from Bon Secours Hospital of July 20, 1978.	9
July 24, 1978	Letter to W. from Wm. Barry Levine of July 21, 1978.	10
Do	Complaint for declaratory judgement in *Brooke* v. *Alexander E. Sharp* (Middlesex Probate Court No. 3866), including exhibits A through H.	11
Do	Deposition of Edward W. Brooke taken on Oct. 29, 1976 at the offices of Crane & Inker, in connection with *Brooke* v. *Brooke*.	12
Do	Resumed deposition of Edward W. Brooke, on May 9, 1977 in the offices of Crane & Inker, in connection with *Brooke* v. *Brooke*.	13
Do	Continued deposition of Edward W. Brooke on May 12, 1977, at the offices of Crane & Inker, in connection with *Brooke* v. *Brooke*.	14
Do	Deposition of Remigia Brooke, on May 10, 1977, at the offices of McGrath & Benjoya, in connection with *Brooke* v. *Brooke*.	15
Do	Continued deposition of Remigia Brooke on May 12, 1977, at the offices of Crane & Inker in connection with *Brooke* v. *Brooke*.	16
Do	Deposition of Carol Connelly, at the offices of Crane & Inker, on Nov. 24, 1976, in connection with *Brooke* v. *Brooke*.	17
Do	Deposition of Sheila Louise Crowley, on May 9, 1977, at the offices of Crane & Inker, in connection with *Brooke* v, *Brooke*.	18
Do	Transcript of proceedings before Judge Perera, on May 16, 1977, in the case of *Brooke* v. *Brooke*.	19
Do	Transcript of proceedings before Judge Perera on Nov. 23, 1977, in the case of *Brooke* v. *Brooke*.	20
Do	Transcript of proceedings in Probate Court in *Brooke* v. *Brooke* of Jan. 9, 1978.	21

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

Date received	Subject	Number
July 24, 1978	Transcript of hearing before Judge Perera, in *Brooke* v. *Brooke* on June 7, 1978.	22
Do	Transcript of hearing before Judge Perera, in *Brooke* v. *Brooke* on June 8, 1978.	23
Do	Package of material labeled "Brooke Pleadings, Volume I, June 4, 1976 through Apr. 7, 1978" relating to the case of *Brooke* v. *Brooke*.	24
Do	Package of material labeled "Brooke Pleadings, Volume II, May 1, 1978 to Date" with respect to *Brooke* v. *Brooke*.	25
Do	Federal Gift Tax Return for Teresa Ferrari-Scacco, dated April 1974.	26
Do	Financial Statement of Edward W. Brooke in the case of *Brooke* v. *Brooke* dated Sept. 15, 1976.	27
Do	Financial Statement of Edward W. Brooke in the case of *Brooke* v. *Brooke*, dated Mar. 11, 1977.	28
Do	Financial Statement of Edward W. Brooke in the case of *Brooke* v. *Brooke*, dated May 16, 1977.	29
Do	Financial Statement of Edward W. Brooke dated June 7, 1978.	30
Do	"Personal Statement" to Commonwealth National Bank, dated Sept. 15, 1969 and signed by Edward W. Brooke.	31
Do	"Personal Statement" to Commonwealth Bank & Trust Co., dated Jan. 20, 1971 and signed by Edward W. Brooke.	32
Do	"Personal Statement" to Commonwealth National Bank, dated May 17, 1972 and signed by Edward W. Brooke.	33
Do	"Personal Statement" to Commonwealth Bank & Trust Co., dated July 31, 1973 and signed by Edward W. Brooke.	34
Do	Three page "Financial Statement of Edward W. Brooke" with handwritten notification that "Filed with Comm. Nat'l" and a further handwritten note "1974".	35
Do	Package of trial exhibits from June 7 and 8, 1978 in *Brooke* v. *Brooke*.	36
Do	Letter to Senator Edward W. Brooke from Augustus J. Camelio, Attorney at Law, dated Aug. 30, 1971.	37
Do	Letter to Mr. Jacob J. Goldman, from Senator Edward W. Brooke, dated Dec. 10, 1971, enclosing the following: Dec. 7, 1971 letter to Senator Brooke from Jacob Goldman; Nov. 1, 1971 letter to Senator Brooke from Augustus Camelio; and Oct. 28, 1971 letter to Augustus Camelio from Jacob Goldman.	38
Do	Letter to Senator Brooke, dated Dec. 15, 1971 from Jacob Goldman of Schatz & Schatz.	39
Do	Letter to Senator Brooke, dated Jan. 24, 1972 from Arthur Schatz, of Schatz & Schatz with enclosed settlement sheet.	40
Do	Letter to Arthur Schatz, dated Feb. 4, 1972 from Edward Brooke.	41
Do	Letter to Senator Brooke, dated Jan. 28, 1972 from Arthur Schatz, of Schatz & Schatz, enclosing a letter to Mr. Augustus Camelio of Jan. 28, 1972.	42

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

Date received	Subject	Number
July 24, 1978	Letter to Simon Scheff, Esq. dated Feb. 15, 1972 from Arthur Schatz, of Schatz & Schatz.	43
Do	Letter to Senator Brooke, dated Feb. 15, 1972 from Simon Scheff.	44
Do	Letters to Mrs. Mina Jones, Mr. Joseph Ferrari-Scacco and Mrs. Edward Brooke, dated Mar. 6, 1972, from Edward W. Brooke.	45
Do	Letters dated Mar. 6, 1972 from Edward W. Brooke to: Bon Secours Hospital, New England Baptist Hospital, Simon Scheff, Dr. Hubert Caplan, Lahey Clinic Foundation, New England Baptist Hospital and Dr. Michael Gravallese.	46
Do	Letters dated Mar. 7, 1972 from Edward W. Brooke to: Dr. Nicholas Rizzo and Dr. Vincent Perlo.	47
Do	Letter to Edward Brooke, dated Mar. 9, 1972 from Nicholas D. Rizzo.	48
Do	Letter to Senator Edward Brooke, dated Mar. 9, 1972, from Simon Scheff, Attorney for New England Medical Center Hospitals, with two enclosures from the hospital and one letter to Mr. Schatz from Edward W. Brooke, dated Mar. 14, 1972.	49
Do	Letter to Senator Brooke, dated Mar. 14, 1972, from Elinor Kirby, Administrator, New England Baptist Hospital, with enclosure.	50
Do	Letter to Doctor Nicholas D. Rizzo, dated Mar. 15, 1972 from Edward W. Brooke.	51
Do	Letter to Senator Brooke, dated Mar. 20, 1972 from Warren G. Hunt, Director of Patients Accounts, Lahey Clinic Foundation, with enclosure.	52
Do	Letter to Elinor Kirby, Administrator, New England Baptist Hospital, dated Mar. 22, 1972 from Edward W. Brooke.	53
Do	Letter to Mr. Edward W. Brooke, dated Mar. 23, 1972 from Claire M. Pollard, Credit Manager, Bon Secours Hospital, and letter to Claire M. Pollard, dated Apr. 4, 1972 from Edward W. Brooke.	54
Do	Letter to Mr. Joseph Ferrari-Scacco, dated Apr. 6, 1972 from Edward W. Brooke with promissory note dated Apr. 6, 1972 for the sum of $4,000.	55
Do	Letter to Mrs. Edward W. Brooke, dated Apr. 7, 1972 from Edward W. Brooke.	56
Do	Letter to Dr. Hubert Caplan, dated Apr. 7, 1972 from Edward W. Brooke and letter to Edward W. Brooke, dated Mar. 27, 1972 from Dr. Caplan, and letter to Senator Brooke, dated May 2, 1972, from Dr. Caplan, and letter to Dr. Caplan dated May 10, 1972 from Edward W. Brooke.	57
Do	Letter to Spett. le Casa DiCura, dated Sept. 18, 1972, from Edward W. Brooke, with two attached letters to Carlo from Mina and Teresa and Mina.	58
Do	Letter to Remigia (Brooke) dated Sept. 17, 1973 from Edward W. Brooke with enclosed "Teresa Ferrari-Scacco Accounts."	59
Do	Letter to Mina (Jones) dated Dec. 17, 1973 from Edward W. Brooke.	60

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

Date received	Subject	Number
July 24, 1978	Letter to Senator Brooke, dated Jan. 31, 1974 from Arthur H. Schatz enclosing letter to Arthur Schatz, dated Dec. 31, 1973 from Robert I. Diamond and enclosing a bill dated Apr. 21, 1966 for $250.	61
Do	Two letters to Dr. Diamond from Edward W. Brooke, dated Feb. 20, 1974 and Mar. 6, 1974 and letter to Senator Brooke dated Feb. 28, 1974 from Robert I. Diamond.	62
Do	Letter to Mina (Jones) dated Feb. 10, 1974 from Edward W. Brooke and letter to Germain and Pino, dated Apr. 30, 1974 from Edward W. Brooke.	63
Do	Letter to Senator Brooke dated May 6, 1974 from Hubert E. Tucker.	64
Do	Letter to Pino, dated Sept. 6, 1974 and letter to Mina, dated Sept. 17, 1974 from Edward W. Brooke.	65
Do	"To Whom It May Concern" notice, dated May 9, 1975 from Edward W. Brooke	66
Do	Letter to Robert F. McGrath, dated Dec. 3, 1975 from Stanley Gaffin.	67
Do	Miscellaneous letters from Edward W. Brooke, dated July 26, 1977 expressing thank you to individuals for their sympathy shown in regard to Mrs. Scacco's recent death.	68
Do	Letter to Mr. Carrigg and Mr. Kilbourn, dated Sept. 28, 1977 from Edward W. Brooke with respect to Mrs. Scacco's tombstone and cemetery lot.	69
Do	Three letters from Edward Brooke, dated Dec. 14, 1977 to Remigia, Pino and Mina enclosing a $1,000 Christmas check.	70
Do	Miscellaneous checks drawn on The First National Bank of Boston, submitted in *Brooke* v. *Brooke*, Document No. 113131, Exhibit 2, on June 7, 1978.	71
Do	Handwritten worksheet entitled "Edward W. Brooke, Trust F/B/O Teresa Ferrari-Scacco, Feb. 14, 1974", with attachments.	72
July 26, 1978	Morin letter to W. of July 24, 1978	73
July 28, 1978	Letter from Remi Brooke to W. of July 20, 1978	74
Do	Letter from Ramella, New England Medical Center, of July 26, 1978	75
Aug. 2, 1978	Morin letter to AES of Aug. 1, 1978 with Spiegel Report.	76, 76A
Aug. 4, 1978	Levine letter to W. of July 31, 1978	77
	With divorce agreement	77A
Do	Morin letter to AES of Aug. 2, 1978	78
Do	Morin letter to W. of Aug. 2, 1978	79
Aug. 16, 1978	Morin letters to W. of Aug. 16, 1978, transmitting the following documents:	80 80A
	(1) Ratheon confirmation slips and letter to Morin from Bottomly (2 copies).	81
	(2) Bottomly letter to Levine with Coyle affidavit on dependency exemptions (original and 2 copies).	82
	Morin letter to W. of Aug. 23, 1978 transmitting Bottomly's substitute memorandum on dependency exemptions (former Doc. 82).	82A, 82B

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

Date received	Subject	Number
Aug. 16, 1978	Morin letters to W.—Continued	
	(3) Remwin:	
	(a) Brooke affidavit, purchase and sale agreement, articles of organization (original and 1 copy).	83
	(b) Cohen affidavit (original and one copy).	83A
	(c) Cancelled check for $80,000 to Brooke.	83B
	(4) Phillipsburg, St. Maarten Memoranda, letters, etc. (2 copies).	84
Aug. 24, 1978	Morin letter to W. of Aug. 24, 1978 transmitting.	85
	(1) Commonwealth Bank loan file (including Agreements, financial statements and correspondence).	85A
	(2) Schedule of Brooke's real property holdings on Jan. 1, 1978 (2 copies).	85B
Aug. 29, 1978	Morin letter to AES, HS, W. etc., of Aug. 28, 1978 enclosing two Boston Globe articles.	86
Aug. 30, 1978	Letter from Monroe Inker's secretary, A. T. Davis, of Aug. 28, 1978 acknowledging W.'s letter of Aug. 25, 1978.	87
Aug. 31, 1978	Ogilvie letter to W. of Aug. 28, 1978 acknowledging request for records.	88
Do	Documents received from Remigia and Remi Brooke.	89
	Consisting of duplicates of various check books from mid-1970 to mid-1975; bank statements from 1973 through 1975; deposit slips from mid-1971 through mid-1975; some Senate reimbursements for 1970/1971 and 1974; expenditures for the Ferrari-Scacco Trust; the gift tax return; information on Remwin; Leave and Earning statements from 1969 through 1974; a Commonwealth of Massachusetts petition and data on "PASCO" stock. (See detailed breakdown of these items with Doc. No. 89 et seq.)	89(1-26)
Sept. 5, 1978	Documents from Remegia and Remi Brook including letters and Ferrari-Scacco documents from attorney, George Ford; Camelio's letters to the Senator and Mrs. Brooke; Gaffin's Feb. 14, 1974 accounting and Feb. 11, 1976 update of Teresa Ferrari-Scacco fund; Schatz settlement sheet and two List of Specials; answer to Motion for Entry of Judgment Nisi; Teresa Ferrari-Scacco's 1974 gift tax return.	90
Sept. 11, 1978	Inker's letter of Sept. 6, 1978 denying request for documents and affidavit from Mrs. Brooke.	91
Sept. 12, 1978	Bottomly letter to W. of Sept. 7, 1978 with IRS Form 939 for Remwin.	92, 92A
Sept. 13, 1978	Sharp letter to W. of Aug. 31, 1978 authorizing review of records.	93
Sept. 14, 1978	Copy of Levine letter of Sept. 12, 1978 to Gallagher of the First National Bank of Boston.	94
Sept. 15, 1978	Letter from Levine's secretary to W. enclosing Bottomly letter to Bank of Aug. 23, 1978.	95, 95A
Do	Documents obtained from Newton-Brookline Welfare Office on Sept. 14, 1978, including Mrs. Ferrari-Scacco's application papers; Declarations of Need; staff workers' "case history" file; and various letters.	96

— LOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

...ived	Subject	Number
...5, 1978	Documents obtained from Augustus Camelio, Esquire, on Sept. 14, 1978, including various letters between Camelio and Brooke and Schatz and Camelio from 1967–1971:	
	(1) 1967 letters	97
	(2) 1968 letters	97A
	(3) 1969 letters	97B
	(4) 1970 letters	97C
	(5) 1971 letters	97D
...18, 1978	Morin letter to W. of Sept. 15, 1978 stating he expected that they would deliver documents about Sept. 22, 1978.	98
...25, 1978	Gaffin documents obtained on Sept. 25, 1978, including:	99
	(1) Remwin documents (Brooke letters of representation, work papers, Remwin Balance Sheet, miscellaneous letters, Form 959);	
	(2) Brild, N.V. documents (checks, work-papers, Dutch incorporation papers, miscellaneous letters);	
	(3) Financial Statements (Dec. 15, 1969 to Commonwealth, Jan. 22, 1970 to City Bank & Trust, Jan. 20, 1971 to Commonwealth); and	
	(4) IRS audit materials, Ratheon documents and 1974 Brooke cash receipts breakdown.	
...25, 1978	Camelio documents obtained on Sept. 25, 1978, including additional letters between:	
	(1) Camelio and Brooke—two letters in 1967.	100
	(2) Camelio and Goldman (of Schatz & Schatz)—nine letters in 1970.	100A
	(3) Camelio and Goldman—five letters in 1971.	100B
Do	Buckley letter and enclosure of regulations	101
Do	Copies of E. W. Brooke's checks drawn on First National Bank of Boston between Dec. 1971 to May 1978 and cover letter from Carol Connelly to W. of Sept. 26, 1978 with attached list (also attached to Bottomly memo):	102
	(1) Checks dated Dec. 1971 to Nov. 1972	102A
	(2) Checks dated Nov. 1972 to Dec. 1973	102B
	(3) Checks dated Jan. 1974 to Nov. 1974	102C
	(4) Checks dated Jan. 1975 to Dec. 1975	102D
	(5) Checks dated Jan. 1976 to May 1976	102E
	(6) Checks dated May 1976 to Dec. 1976	102F
	(7) Checks dated Dec. 1976 to June 1977	103G
	(8) Checks dated June 1977 to Dec. 1977	102H
	(9) Checks dated Dec. 1977 to May 1978	102I
...27, 1978	Carol Connelly letter to W. of Sept. 21, 1978, transmitting:	103
	(1) Brooke checks drawn on First National Bank of Boston from 1972–1978 for "family expenses".	103A
	(2) Bank statements for E. W. Brooke's account at FNB from January 1972 to May 1978.	103B
	(3) Check stubs for E. W. Brooke's account at FNB from January 1972 to May 1978.	103C

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

Date received	Subject	Number
Sept. 28, 1978	Carol Connelly letter to W. of Sept. 27, 1978 transmitting copies of E. W. Brooke's income and expense entries as reported in his personal journal for the period January 1972 to May 1978 (ledger).	104
Oct. 2, 1978	Copy of Brooke's letter to Dennis Gallagher, of the First National Bank of Boston, dated Sept. 28, 1978.	105
Do	Copies of documents to Robert Jones consisting of:	
	(1) Letter from McGrath to Inker, dated July 8, 1976.	106
	(2) Excerpt of Brooke's Financial Statement of July 17, 1975.	106A
	(3) Outline of Loans to E. W. Brooke (covering period December 1968 to April 1975) including itemization of loan from Norman Cohen.	106B
Oct. 4, 1978	Affidavit of Norman Cohen regarding Remwin dated Sept. 26, 1978.	107
Oct. 6, 1978	Bottomly letter to W. of Oct. 3, 1978 regarding financial disclosure reports.	108
Do	Bottomly letter to W. of Oct. 4, 1978 enclosing Acting Comptroller General's reply to Brooke.	108A
Do	Levine letter to Nancy Simmons of Oct. 6, 1978 regarding delivery of original check stub books and ledger books.	109
Do	Receipt of delivery of documents given to Levine.	109A
Oct. 7, 1978	Boston Globe letter to W. of Oct. 3, 1978 in response to W.'s letter of Sept. 25, 1978.	110
Oct. 11, 1978	Morin letter to W. of Oct. 6, 1978	111
Oct. 12, 1978	Francis Bellotti (Attorney General of Massachusetts) letter to W. of Oct. 9, 1978.	112
Do	Levine letter to W. of Oct. 9, 1978 regarding Watergate II.	113
Oct. 13, 1978	First National Bank of Boston check stubs for 1972–1976 and 1977–1978.	114, 114(A)
Oct. 16, 1978	Bottomly letter to W. of Oct. 11, 1978 regarding release of material to Massachusetts Attorney General's office.	115
Do	Levine letter to Simmons of Oct. 16, 1978 regarding delivery of three tapes.	116
Oct. 17, 1978	Levine delivery to Simmons of the attachments ("List of Specials") to Brooke's Mar. 6, 1972 letter to Remigia.	117
Do	Arthur Schatz's affidavit of Oct. 4, 1978 with following attachments:	118
	Schatz letter to Camelio of Apr. 6, 1967	118(A)
	Schatz letter of Cushing Hospital of Apr. 6, 1967.	118(B)
	Cushing Hospital letter to Schatz of Apr. 18, 1967.	118(C)
	Goldman letter to Camelio of July 7, 1969	118(D)
	Goldman letter to Camelio of July 9, 1969	118(E)
	Goldman letter to City of Newton of July 8, 1969.	118(F)
	Goldman letter to Camelio of Sept. 1, 1971	118(G)
	Goldman letter to Camelio of Oct. 7, 1971	118(H)
Do	Delivery of Bottomly and Connelly Affidavits by Levine to Simmons.	119, 119(A)

CHRONOLOGY OF DOCUMENTS RECEIVED IN BROOKE INITIAL REVIEW—continued

Date received	Subject	Number
Oct. 20, 1978	Brooke letter to AES	120
Do	Committee telegram to Senator Brooke	121
Oct. 31, 1978	Levine letter to J. D. McCullogh (McC.) regarding affidavits and McGrath correspondence.	122
	Norman Cohen affidavit regarding International Investors dated Sept. 26, 1978.	122(A)
	John S. Bottomly's affidavit regarding Boston Globe tapes dated Oct. 9, 1978.	122(B)
	Carol A. Connelly affidavit regarding Oct. 4, 1972 correction dated Sept. 27, 1978.	122(C)
	John S. Bottomly affidavit regarding correction dated Sept. 27, 1978.	122(D)
	C. Connelly affidavit regarding corrections of Jan. 28, 1972 and Mar. 6, 1972 dated Oct. 23, 1978.	122(E)
Nov. 3, 1978	Letter to McC. from F. Bellotti, Massachusetts' Attorney General.	123
Nov. 6, 1978	Letter to McC. from J. Bottomly with enclosures of a letter to Massachusetts' Attorney General.	124
Nov. 9, 1978	Letter to McC. from J. Bottomly regarding Oct. 27, 1978 letter to Morin.	125
Nov. 13, 1978	Letter to McC. from J. Bottomly regarding continuation of Brooke initial review.	126
Do	Letter to McC. from Morin regarding continuation of Brooke initial review.	127
Do	Letter to McC. from Levine of Oct. 27, 1978 letter and continuation of initial review.	128
Nov. 21, 1978	Letter to McC. from C. Connelly regarding financial matters.	129
Nov. 27, 1978	Letter to McC. from J. Bottomly regarding	130
	Mar. 5, 1975 letter from Remigia to C. Connelly re Medicare.	130
Dec. 5, 1978	Letter to Sen. Brooke from New York Life Insurance Co. dated Nov. 28, 1978.	131
Dec. 6, 1978	Letter to McC. from T. S. Ripley, of The Metropolitan Trust Co. dated Dec. 1, 1978 regarding N. Cohen/Brooke account (International Investors).	132
Dec. 6, 1978	Letter to McC. from Inker regarding Remi Brooke Petit, dated Nov. 28, 1978.	133
Feb. 1, 1979	Letters and checks regarding Rem-Win Corp. and checks paid for fireplace given to McC. by Brooke at Committee Meeting.	134
Do	Letter from Fred Grabowsky to DeGiacomo regarding Bar Counsel review of Morin and Levine.	135

APPENDIX B

LIST OF PERSONS INTERVIEWED IN INITIAL REVIEW OF SENATOR EDWARD W. BROOKE

1. Bottomly, John S.—Attorney and long-time friend of Senator Brooke.
2. Brooke, Edward W.
3. Camelio, Augustus J.—Attorney in Teresa Ferrari-Scacco Case.
4. Caplan, Hubert I., M.D.—Wellesley, Massachusetts.
5. Claffin, Eileen Moynihan—Social Worker Supervisor, Department of Public Welfare, Hyannis, Mass.
6. Cohen, Norman—Canadian business partner and friend of Senator Brooke.
7. Connelly, Carol A.—Office Manager and bookkeeper for Senator Brooke.
8. Cormier, Robert D.—Supervisor, Massachusetts Bureau of Welfare Auditing.
9. Curtin, Mary—Social Services Social Workers, Cushing State Hospital, Framingham, Massachusetts.

LIST OF PERSONS INTERVIEWED IN INITIAL REVIEW OF SENATOR EDWARD W. BROOKE—continued

10. De Giacomo, Robert J.—(Telephonically) Bar Counsel for the Supreme Judicial Court of Massachusetts.
11. Delinski, Stephen—Assistant Attorney General, Massachusetts Chief Criminal Bureau.
12. Gaffin, Stanley—C.P.A., Boston, Massachusetts.
13. Goldman, Jacob J.—Attorney in Teresa Ferrari-Scacco Case.
14. Gordon, Joseph L.—Assistant Attorney General, State of Massachusetts.
15. Greenwald, Bertha—Brookline, Massachusetts Community Service Office.
16. Jacobs, Marshall A.—Member of the Audit Committee and Board of Directors of Perini Corporation.
17. Kasman, Barry—Stockbroker for Senator Brooke and Norman Cohen.
18. Lavoie, Jeanne—Receptionist for law firm of Schatz & Schatz, Ribicoff and Kotpin, Hartford, Connecticut.
19. Larensen, Rita Y.—Assistant Bookkeeper and Paralegal Assistant for Schatz & Schatz, Ribicoff and Kotin, Hartford, Connecticut.
20. McAfoose, Mr.—Assistant Administrator, New England Baptist Hospital, Boston, Massachusetts.
21. McCarthy, William J.—Supervisor, Massachusetts Bureau of Welfare Auditing.
22. McMullen, Maureen—Assistant Payments Social Worker, Massachusetts Department of Public Welfare, Natrick, Massachusetts.
23. Ogilvie, Jeffery—Assistant General Counsel, Massachusetts Department of Public Welfare.
24. O'Neal, Margaret—Brookline, Massachusetts Community Service Office.
25. Owens, Robert—Original attorney retained by Remigia Brooke in divorce action.
26. Petite, Remi Brooke—(Telephonically) Daughter of Senator Brooke.
27. Ramella, Jocelyn—Manager, Patient Accounts & Services, Tufts, New England Medical Center Hospital, Boston, Massachusetts.
28. Richard, William A., M.D.—Medical Director of Cushing State Hospital, Framingham, Massachusetts.
29. Ripley, T. S.—(Telephonically) President, Metropolitan Trust Company, Toronto, Ontario, Canada.
30. Rizzo, Nicholas, M.D.—Psychiatrist, Andover, Massachusetts.
31. Schatz, Arthur H.—Attorney in Teresa Ferrari-Scacco Case.
32. Tucker, Herbert—Municipal Judge and friend of Senator Brooke.
33. Tye, A. Raymond—Personal friend of Senator Brooke.
34. Van Lanckton, Mr.—General Counsel, Massachusetts Department of Public Welfare.
35. Verryt, John—Assistant Administrator for Fiscal Affairs, Bon Secours Hospital, Methuen, Massachusetts.

APPENDIX C

FINANCIAL SCHEDULES AND SUMMARIES PREPARED BY AUDITOR FOR THE PERIOD JANUARY 1, 1971 THROUGH DECEMBER 31, 1977

1. Balance Sheet and Income Analysis derived from statements submitted to the Commonwealth National Bank and Massachusetts Probate court.
2. Expense and Income Analysis from Internal Revenue Service No. 1040 Income Tax submissions.
3. Income deviations between Schedules 1 and 2.
4. Analysis of Stocks and Bonds Investments.
5. Analysis of Real Estate Investments.
6. Analysis of other Major Assets.
7. Analysis of Loans and Liabilities (other than Real Estate Mortgages).
8. Analysis of Rental—Income and Expenses.
9. Analysis of "Rem-Win" Corporation.
10. Analysis of Contributions and Honorariums—per Form C.
11. Schedule of Cash Receipts from First National Bank of Boston (FNB)—Checkbook and Bank Statements.
12. Schedule of Cash Disbursements from FNB Checkbook and Bank Statements.
13. Schedule of Cash Receipts and Disbursements from National Savings and Trust Company (NST.—Checkbook and Bank Statements.

FINANCIAL SCHEDULES AND SUMMARIES PREPARED BY AUDITOR FOR THE PERIOD JANUARY 1, 1971 THROUGH DECEMBER 31, 1977—continued

14. Recapitulation of Schedules 11, 12 and 13.
15. Bank reconciliations for FNB and NST.
16. Analysis of "International Investors"/Norman Cohen transaction.
17. Schedule of other Bank Accounts.
18. Analysis of Senator's Home Office Account.
19. Analysis of Direct Disbursements for Dependent Daughters.
20. Analysis of Reimbursable Expenses/Reimbursements.
21. Schedule of Senate Disclosure Form "B" violations.
22. Trial Balance from analysis of above Schedules 1–21.

Note: Like items on different schedules were reconciled with each other. For example, honorariums on Schedule 10 were matched with income from speeches on Schedule 2 and both were checked with cash receipts shown in the speeches/honorarium column of Schedule 11.

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EXHIBIT NO. 48

COMMITTEE PRINT

INVESTIGATION OF SENATOR HERMAN E. TALMADGE

REPORT

OF THE

SELECT COMMITTEE ON ETHICS UNITED STATES SENATE

TO ACCOMPANY

S. Res. 249

together with

ADDITIONAL VIEWS

Volume I

Printed for the use of the Select Committee on Ethics

U.S. GOVERNMENT PRINTING OFFICE

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DONNA MCCLAFFERTY, *Staff Assistant*
LAWRENCE SULLIVAN, *Auditor*

CONTENTS

APPENDICES

I. Introduction

A. Background

In April 1978, a number of articles were published in connection with a lawsuit brought in Georgia by Senator Herman E. Talmadge to recover the proceeds of certain stock from his former wife. These press accounts focused on Senator Talmadge's testimony during the litigation that he did not know the source of his spending money, although the checks he had written to cash totalled only $600.00 over a five-year period. Senator Talmadge subsequently indicated that his cash came from small gifts from supporters. Later news stories noted possible inaccuracies in campaign reports filed by Senator Talmadge in connection with his 1974 campaign for re-election to the Senate, and in financial disclosure reports filed by the Senator pursuant to Senate Rules. Other newspaper articles concerned alleged overpayments to Senator Talmadge by the Senate resulting from incorrect vouchers submitted by the Senator; allegations that Senator Talmadge had exerted improper influence in connection with certain real estate transactions; and allegations that Senator Talmadge failed to report gifts and to pay gift taxes due on securities given by the Senator to his former wife.

These allegations came to the attention of the Senate Select Committee on Ethics and the Chairman and Vice Chairman determined that a preliminary inquiry, as provided by the Committee's Rules of Procedure, should be made into these charges.[1]

On May 24, 1978, Senator Talmadge wrote to the Committee and requested that the Committee review his practice of accepting small cash gifts (See Appendix B). On June 7, the Committee appointed Carl Eardley, former Deputy Assistant Attorney General in the Department of Justice, as Special Counsel. The Committee unanimously agreed that an initial review should be conducted into the allegations concerning Senator Talmadge. Senator Talmadge was notified by letter of the Committee's decision on June 9, 1978 (See Appendix C). On August 18, 1978, after auditors for the Committee and for Senator Talmadge had reviewed the Senate reimbursements paid to the Senator, Senator Talmadge repaid to the Senate the sum of $37,125.90 for excess reimbursements made to him for the period January 1, 1972 through June 30, 1978.

[1] S. Res. 338, 88th Cong. 2d Sess. (1964), as amended by S. Res. 110, 95th Cong. 1st Sess. (1977), sets forth two stages to be followed by the Committee in connection with any inquiry involving the conduct of a Member, officer or employee of the Senate. The first stage is an "initial review" by the Committee to determine whether there is reason to believe that possible improper conduct or a violation of a rule or law within the jurisdiction of the Committee may have occurred. If the Committee finds that there is substantial credible evidence which provides substantial cause to conclude that the improper conduct or violation within its jurisdiction has occurred, the Committee is then mandated to conduct an "investigation". The Committee adopted, pursuant to Sec. 2(f) of S. Res. 338, as amended, written procedures to be used in conducting inquiries, and in addition added an introductory stage to the investigatory process, a "preliminary inquiry". See Appendix A, where the relevant Rules of Procedure are set forth.

Following a careful study of the confidential report submitted by Special Counsel at the conclusion of the initial review, the Committee determined that there was substantial credible evidence that violations within the jurisdiction of the Committee had occurred. On December 18, 1978, the Committee voted to conduct an investigation as provided by Senate Resolution 338, as amended, and in accordance with Rule 5 of the Committee's Rules of Procedure. At that time, the Committee also concluded that the allegation that Senator Talmadge had exerted improper influence in connection with certain real estate transactions was without foundation and should be dismissed.

B. AUTHORITY OF SELECT COMMITTEE ON ETHICS

Article I, Section 5, Clause 2 of the United States Constitution provides that: "[e]ach House [of Congress] may determine the Rules of its Proceedings, punish its Members for disorderly behavior, and, with the Concurrence of two thirds, expel a Member." This constitutional authority to investigate and report to the Senate possible unethical conduct was delegated in 1964 to the former Senate Select Committee on Standards and Conduct, and in 1977 to the newly created Select Committee on Ethics. It is the duty of the Committee pursuant to its authorizing resolution, S. Res. 338, as amended in 1977, to:

> [r]eceive complaints and investigate allegations of improper conduct which may reflect upon the Senate, violations of law, and violations of the Senate Code of Official Conduct and violations of rules and regulations of the Senate, relating to the conduct of individuals in the performance of their duties as Members of the Senate, or as officers or employees of the Senate, and to make appropriate findings of fact and conclusions with respect thereto. . . . (S. Res. 338, 88th Cong. 2d. Sess. Sec. 2(a)(1) (1964), as amended by S. Res. 110, 95th Cong., 1st Sess. Sec. 201 (1977))

In order to fulfill this mandate, the Committee is authorized to hold hearings, issue subpoenas, administer oaths, take testimony orally or by deposition and retain outside counsel. The Committee is further authorized, with the prior consent of the department or agency involved, to utilize the services, information and facilities (and to employ the services of personnel) of any such department or agency of the Government.

C. LAWS AND SENATE RULES RELEVANT TO THE INVESTIGATION

Rule 44 of the Standing Rules of the Senate (in effect from July, 1968 through December 31, 1977) required each Senator to file an annual report listing all gifts with an aggregate value of $50 or more received from a single source during the calendar year. Such gifts have been interpreted to include cash, free hotel lodging and clothing. (See e.g., Report accompanying S. Res. 266, Report No. 90–1015, March 15, 1968 at page 14) Each Senator was also required to report any interest in real or personal property having a value of $10,000 or more which he or she owned or in which the Senator had a beneficial interest at any time during the prior year. These reports were to be filed annually on a confidential basis with the Comptroller General of the United States on or before the 15th of May of the following year.

Rule 44 also required each Senator to file a confidential copy of his income tax return for that calendar year, and to file a public report with the Secretary of the Senate listing all campaign contributions and honoraria received.

Senate Resolution 110, agreed to on April 1, 1977, amended the Standing Rules of the Senate by striking Rules 41 through 44 and substituting a new disclosure rule and other requirements.

Rule 42 (in effect from July, 1968 through December 31, 1977) prohibited a Senator from converting campaign contributions to his personal use. This prohibition is currently set forth in Senate Rule 46.

Senators are required by statute, section 58(a) of Title 2 of the United States Code, to certify the correctness of claims submitted to the Government for payment. Criminal penalties for persons who knowingly make a false, fictitious or fraudulent claim against the Government are set forth in section 287 of Title 18 of the United States Code. In addition, section 1001 of that Title imposes criminal penalties for making false statements to the Government and section 371 sets forth criminal sanctions applicable to persons who conspire to defraud the Government.

Certain other statutes are relevant to the allegations which were the subject of this investigation, principally the Federal Election Campaign Act of 1971, 2 U.S.C. 431 et seq., and the Internal Revenue Code of 1954, as amended, 26 U.S.C. 1 et seq.

D. SUMMARY OF FINDINGS

After its review of the evidence, including the facts stipulated by Senator Talmadge (See Appendix D), the testimony of 36 witnesses during 27 days of public hearings, and the 292 exhibits received into evidence, the Committtee made the following findings of fact:

1. From January 1, 1973 through June 30, 1978, fifteen vouchers were submitted to the Senate in the name of Senator Herman E. Talmadge which claimed and recovered Senate reimbursements in the aggregate amount of $43,435.83 for official expenses which were not incurred ($37,125.90 having been repaid by Senator Talmadge on August 18, 1978 for over-reimbursements between 1972 and 1978 inclusive);

2. Senator Talmadge failed to sign, as required by law, and to properly supervise the preparation of all the aforesaid vouchers;

3. The Financial Disclosure Reports required to be filed by Senator Talmadge under Senate Rule 44 for each of the years 1972 through 1977 were inaccurate;

4. Senator Talmadge failed to file in a timely fashion the Candidate's Reports of Receipts and Expenditures for 1973, as required by Federal law, and filed inaccurate reports for the period January 1, 1974 through December 31, 1974;

5. Campaign funds of Senator Talmadge in excess of $10,000.00 were not reported, as required by Federal law, and were deposited by his Campaign Chairman between July 3, 1973 and November 29, 1974 in an account maintained at the Riggs National Bank of Washington, D.C., in the name of "Herman E. Talmadge/Talmadge Campaign Committee." These funds were disbursed by said Campaign Chairman for non-campaign purposes.

6. With respect to the allegations concerning Senator Talmadge's failure to report certain gifts or securities made by him to Mrs. Talmadge, and to pay gift taxes due thereon, the Committee was informed that Senator Talmadge's obligation, if any, to pay gift taxes has been disputed by his auditors and is currently the subject of a review by the Internal Revenue Service. The Committee found no evidence to substantiate the allegation that Senator Talmadge's failure to report gifts or to pay gift taxes, if any, constituted improper conduct on the part of the Senator.[2]

On September 14, 1979, the Committee, by unanimous vote, agreed to report a Resolution setting forth these findings and the Committee's recommendations to the Senate.

II. Scope of Inquiry

The scope of the initial review authorized by the Committee included the following:

1. The alleged overpayments by the Senate to Senator Talmadge on the basis of official vouchers submitted by Senator Talmadge;
2. The alleged failure of Senator Talmadge to properly report to the Secretary of the Senate campaign expenditures for his 1974 campaign as required by law;
3. The alleged failure of Senator Talmadge to properly report gifts, contributions and his interests in property as required by Senate Rule 44 effective from 1968 to 1977;
4. Allegations that Senator Talmadge had failed to properly declare on gift tax returns gifts of securities he made to his ex-wife;
5. The allegation that the Senator had used improper influence in connection with certain private real estate transactions; and
6. The questions raised concerning the Senator's sources of cash.

On October 30, 1978, at the conclusion of the initial review into these six allegations, Special Counsel submitted a confidential report to the Committee summarizing the evidence with respect to each of the six allegations.

After reviewing Special Counsel's Report, the Committee [3] agreed on December 18, 1978 with Special Counsel's conclusion that allegations of improper conduct by Senator Talmadge in connection with certain land transactions were without foundation and thus should

[2] In his confidential report submitted to the Committee at the conclusion of the initial review stage of this inquiry, Special Counsel indicated his opinion that a failure by Senator Talmadge to report gifts of securities he had made to his wife and to pay gift taxes due thereon, if proven, would not be sufficiently serious to warrant the imposition of severe disciplinary action; Special Counsel recommended, therefore, that the Committee propose an appropriate remedy, as provided by Rule 4(f)(3) of the Committee's Rules of Procedure. No resolution of this allegation was reached, and the Committee proceeded with an investigation into the allegation, as mandated by S. Res. 338, as amended, and by Rule 4(f)(3). During the course of the investigation, Special Counsel was informed that Senator Talmadge's tax liability on this issue was a subject of dispute between the Senator's auditors and the Internal Revenue Service; Special Counsel decided, therefore, to present no additional evidence with respect to this allegation. The Committee was presented with no evidence during the investigation, therefore, from which it could conclude that any failure to report gifts and to pay gift taxes due was the result of improper conduct on the part of Senator Talmadge. Accordingly, the Committee determined that this allegation should be dismissed.

[3] During the preliminary inquiry and initial review, the Committee was composed of Senators Adlai Stevenson (Chairman), Harrison Schmitt (Vice Chairman), Abraham Ribicoff, Robert Morgan, John Tower and Charles McC. Mathias. Before the hearings convened, Senators Ribicoff, Tower and Mathias were replaced by Senators Quentin Burdick, Mark Hatfield, and Jesse Helms.

be dismissed. The Committee voted, four to one,[1] to authorize an investigation into the five remaining allegations.

One of the potentially important witnesses in the investigation, Daniel Minchew, former Administrative Assistant to Senator Talmadge, refused to testify unless given immunity. He was granted limited, or "use", immunity, which precluded the Department of Justice from using Mr. Minchew's testimony before the Committee, or any information resulting from his testimony, in any subsequent prosecution against him.

In the course of the investigation numerous witnesses were interviewed by Special Counsel and Committee investigators and voluminous records were examined by Special Counsel and the auditors for the Committee who assisted in the investigation.

Prior to the commencement of public hearings, the Committee ruled on a number of motions filed by counsel for Senator Talmadge and by counsel for Daniel Minchew. These motions included the request that the Committee adopt the standard of proof applicable in criminal cases and require that the allegations against Senator Talmadge be proven beyond a reasonable doubt. Following submission of written briefs and oral argument by counsel for Senator Talmadge and Special Counsel, the Committee denied Senator Talmadge's motion and determined that all allegations be proven by "clear and convincing evidence." (See Appendix E)

Senator Talmadge also moved the Committee to exclude any documentary evidence taken without authorization from the Senator's office by his former Administrative Assistant, Daniel Minchew. After being briefed and argued by Special Counsel and counsel for Senator Talmadge, this motion was denied by the Committee.

Two additional motions, to require Special Counsel to produce any exculpatory evidence and to provide more detail with respect to the allegations under investigation, were resolved by agreement between Special Counsel and counsel for Senator Talmadge.

Finally, upon motion made by counsel for Senator Talmadge, the Committee agreed to issue a *subpoena duces tecum* to Daniel Minchew to require the production of certain documents which had not been previously provided to the Committee.

On April 30, 1979, the Committee began public hearings into the charges against Senator Talmadge. A Stipulation of Fact was entered into by Senator Talmadge on that date and was introduced as Joint Ex. 1. (See Appendix D) Special Counsel concluded his presentation on June 30, 1979, after having called 26 witnesses to testify before the Committee. Counsel for Senator Talmadge then filed a Motion to Dismiss the charges against Senator Talmadge on the ground that Special Counsel had failed to establish a *prima facie* case with respect to the allegations under investigation. The Committee took the Motion and the Memorandum filed by Special Counsel in opposition to the Motion under advisement. (See Appendix F and G) Counsel for Senator Talmadge then informed the Committee that he did not intend to call any witnesses and would rely on the Memorandum filed in support of the Motion to Dismiss.

The Committee determined that the testimony of Senator Talmadge was critical to the resolution of the allegations before the Committee

[1] One Member of the Committee was necessarily absent.

and, on June 26, 1979, Senator Talmadge was formally requested to appear before the Committee. Senator Talmadge agreed to testify and the hearings were resumed on July 9, 1979 and concluded on July 12, 1979, following the testimony of ten witnesses called by Senator Talmadge and the sworn testimony of the Senator.

During the hearings, the Committee heard the testimony of 36 witnesses; 2793 pages of testimony were transcribed and 292 exhibits were received into evidence. All testimony heard by the Committee was given under oath. At the conclusion of the hearings, Special Counsel and counsel for Senator Talmadge were asked to file supplemental briefs on the Motion to Dismiss which was pending before the Committee. (See Appendix H and I)

As required by the Committee's Rules of Procedure, Special Counsel then submitted a confidential report to the Committee for its consideration.

III. Summary of Evidence With Respect to Allegations Subject to Investigation

A. OVER-REIMBURSEMENTS FROM U.S. SENATE

1. Senate procedures

On January 1, 1973, the United States Senate adopted new procedures for obtaining reimbursement from the Senate for expenses incurred by a Senator in connection with official Senate duties. As provided in Section 58(a) of Title 2 of the United States Code, Senators are entitled to reimbursement for, inter alia, official expenses incurred for: (1) airmail and special delivery postage; (2) office expenses incurred in the home state; (3) telephone service charges incurred outside Washington, D.C.; and (4) subscriptions to newspapers, magazines, periodicals and clippings or similar services. The statute provides for reimbursement of these expenses, up to a specified limit per Member, upon submission of a voucher by the Senator certifying that the expenses were officially incurred. A Senator's consolidated allowance for these expenses is computed on a calendar year basis; in any given month a Senator may draw down one-twelfth of his annual allowance plus any balance remaining from previous months. No bills, receipts or other supporting documentation were required to be filed with the Senate Disbursing Office in order to obtain reimbursement for these expenses.[1] Every month, the Senate Disbursing Office sends each Senator a copy of any vouchers paid during that month and a monthly statement indicating the balance available to the Senator for reimbursement. At the close of the calendar year, the Disbursing Office also sends each Senator a copy of each voucher submitted by the Senator for reimbursement.

2. Over-reimbursements to Senator Talmadge

Senator Talmadge maintained a checking account at the Trust Company of Georgia, in Atlanta, for deposits for reimbursements from the Senate and from other sources received for travel and other expenses, for deposits of honoraria and for payment of official and campaign

[1] On May 23, 1979, Senator Hatfield, on behalf of himself and the other Members of the Committee, submitted a resolution to the Senate which would require vouchers to be accompanied by supporting documentation. (S. Res. 170, 96th Cong., 1st Sess., agreed to August 2, 1979).

expenses. This account was called the "Special Account"; all checks covering official expenses incurred by Senator Talmadge were drawn on this Special Account and virtually all checks on the account were signed by Senator Talmadge personally (Tr. pp. 113, 116, 124, 1144, 1145). All reimbursement checks received from the Senate, with two exceptions, were deposited into the Special Account (Tr. pp. 95, 461).

In June, 1978, following the publication of newspaper articles alleging irregularities with respect to reimbursements received from the Senate, Senator Talmadge requested an audit of the Senate reimbursements paid to him for the period January 1, 1972 through June 30, 1978. On July 18, 1978, the Senator's auditors issued a report to Senator Talmadge which estimated the aggregate amount of reimbursements received by Senator Talmadge in excess of allowable expenditures for this period at $36,219.00 (R. Ex. 121). The Committee's auditors reviewed the audit and concluded that the amount of over-reimbursements for the period covered by the original audit was $50,020.57, of which $43,435.83 had been received for the period January 1, 1973–June 30, 1978, when the consolidated, or four-part voucher system was in effect. (See Paragraphs 1 and 2 of Stipulation of Fact; Ex. 42 and Ex. 45). The $50,020.57 included $900.50 in additional over-reimbursements which the Senator's auditors and members of his staff subsequently agreed were not allowable, and two reimbursement checks totalling $12,894.67 which had not been deposited into the Special Account and which were not included in the original audit. (See discussion at page 23, below). On August 18, 1978, Senator Talmadge repaid the Secretary of the Senate the sum of $37,125.90, the amount of over-reimbursements received for the period January 1, 1972 through June 30, 1978, less the $12,894.67. (See paragraph 2 of the Stipulation of Fact)

The evidence before the Committee establishes that, in each of the years 1973–77, reimbursements were made to Senator Talmadge on the basis of vouchers claiming amounts greatly in excess of allowable, or in many cases actual, expenditures:

1. During 1973, the only voucher which was submitted by Senator Talmadge's office to the Senate was $10,604.68; allowable expenditures for the entire calendar year were $1,300.23 (Tr. pp. 578–579; Ex. 442). As is discussed at page 23 below, the proceeds of that voucher, which bore a facsimile of Senator Talmadge's signature from an autopen machine, were never deposited in the Special Account, but were used by Daniel Minchew, Senator Talmadge's Administrative Assistant and Chairman of the Talmadge Campaign Committee, to open an account at the Riggs National Bank in Washington, D.C., in the name of "Herman E. Talmadge/Talmadge Campaign Committee" (Tr. pp. 127, 416–417, 422, 761–762).

2. In 1974, two vouchers were submitted on behalf of Senator Talmadge. The first was in the amount of $5,885.85 and included $3,685.85 for home office expenses. During this period, there were no allowable home office expenses and the total allowable expenditures for the period were $2,204.81. (See Ex. 12.6, Ex. 42). This voucher was signed by autopen (Tr. pp. 418–419). The second voucher submitted in 1974 was for $2,289.99, and also was signed using an autopen machine (Ex. 12.7, Tr. pp. 418–419). This

voucher was prepared by, or at the insistance of, Senator Talmadge's Administrative Assistant, Daniel Minchew, and its proceeds deposited by Mr. Minchew into the Riggs account (Tr. p. 791).

3. In 1975, when T. Rogers Wade served as Administrative Assistant to Senator Talmadge, over-reimbursements to Senator Talmadge resulting from the two vouchers submitted for the year totalled $15,868.23 (Tr. pp. 1209–1210; Ex. 42). The vouchers submitted for the period January 1–June 30, 1975, to which Mr. Wade signed Senator Talmadge's name, claimed $8,172.36 in reimbursements, including $6,500.00 in home office expenses (Tr. pp. 19–20, 21; Ex. 12). There were no allowable home office expenses for that period, and the total amount of recoverable expenses was only $446.85 (Ex. 42). The second voucher submitted in 1975, which also was signed by Mr. Wade using Senator Talmadge's signature, claimed $9,212.00, including $7,000.00 for home office expenses. During the relevant periods there were no allowable home office expenses and allowable expenditures totalled $1,068.98 (Tr. p. 21; Ex. 42).

4. In 1976, three vouchers were submitted, resulting in an aggregate over-reimbursement to Senator Talmadge of $8,824.64 (Ex. 42). The voucher for the period January 1–June 30, 1976 was signed by Senator Talmadge (Tr. pp. 128, 416–417; Ex. 17). It claimed total reimbursable expenses of $9,394.31, of which $8,052.56 was claimed as home office expense. The total reimbursable expenditures for that period were $1,540.99, $60.00 of which was allowable as home office expense (Ex. 42).

5. In 1977, the total amount of over-reimbursements to Senator Talmadge for the six vouchers submitted in that year was $5,027.81 (Ex. 42).

Most of the over-reimbursements received for these years resulted from excessive claims for home office expenses. For the years 1973 through 1977, a total of $42,744.32 was claimed by Senator Talmadge for home office expense (Tr. p. 584; Ex. 42). During this period the total allowable home office expense was $2,172.23, resulting in an overpayment of $40.572.09 in non-existent home office expenses (Ex. 42).

Because salaries related to the operation of Senator Talmadge's home office are paid by the Senate and office space is provided by the General Services Administration, the amount of allowable home office expense generally has been negligible (Tr. pp. 22, 91–92, 1144). The nominal expenses which actually were incurred were paid by Senator Talmadge by checks drawn on the Special Account (Tr. pp. 95, 185, 1144–1145).

In 1975, for example, when $13,500 was claimed as home office expense, only eighteen checks for allowable expenses, totalling $1,500, were drawn on the Special Account for the entire year (Ex. 42, Ex. 53a; Tr. pp. 1144–1145). Similarly, the voucher for the period January–June 1976, signed by Senator Talmadge, claimed home office expenses of $8,052.56, when the actual expense was only $60.00 (Ex. 42).

According to testimony before the Committee, Senator Talmadge signed virtually all of the checks drawn on the Special Account (Tr. pp. 125–126); he occasionally examined the checks on both the front and back sides (Tr. pp. 125–126, 153, 212) and reviewed the monthly

bank statements (Tr. pp. 94, 125–126, 153, 212). Senator Talmadge's accountant received copies of financial data relating to the operation of Senator Talmadge's office, including bank statements, deposit slips, checks and, for some years, copies of Senate vouchers (Tr. pp. 153, 174, 462, 507–508). and used this information in preparing Senator Talmadge's tax returns (Tr. pp. 469–471). A reconciliation of these documents would have revealed the discrepancy between actual expenditures and those being claimed for reimbursement. Senator Talmadge and his accountant both stated that no such reconciliation was undertaken before June of 1978 even though they had been informed in 1977 of the possibility of such a discrepancy (Tr. pp. 465–466, 468, 515, 1144, 1145, 1155, 1157).

In explanation, Senator Talmadge has testified that office financial matters were given a "low priority" (Tr. pp. 1141, 1142–1143, 1146, 1149). The evidence before the Committee is conflicting on this point. Several witnesses testified that Senator Talmadge was concerned about, and involved with, the office budget and other financial matters. Congressman Ronald ("Bo") Ginn. who served as Senator Talmadge's Administrative Assistant from 1966 to 1971, testified, for example, that during his tenure as Senator Talmadge's Administrative Assistant, Senator Talmadge "kept very close observation over all office matters" and that the Senator's grasp of details and figures was "the best he's ever seen" (Tr. pp. 1089–1092). This characterization is confirmed by the testimony given by Mrs. Allyne Tisdale, Senator Talmadge's financial secretary, by Mr. Lawrence Earls, Senator Talmadge's accountant, and, to some extent, by Senator Talmadge himself (Tr. pp. 123–126, 149, 563–564, 1194–1195).

However, other testimony heard by the Committee would bear out the Senator's statement that office matters were given a low priority. For example, Senator Talmadge has acknowledged his failure to supervise the preparation of vouchers and the use of the autopen or fascimile signatures by his staff in signing the vouchers submitted for the period 1973–1975 (Tr. pp. 19–21 1141–1142, 1144–1145, 1160–1166). Furthermore, Mrs. Allyne Tisdale, the member of the Senator's staff most qualified to handle bookkeeping matters was, according to her testimony, not given responsibility for preparing Senate vouchers until late 1976 (Tr. pp. 126, 130–131). The allegedly low priority given office financial matters might also serve to explain how Senator Talmadge's former Administrative Assistant, Daniel Minchew, could have diverted more than $12,000 in Senate funds without being detected, despite the monthly statements of reimbursements and year-end copies of vouchers provided by the Senate Disbursing Office. It may also explain why Senator Talmadge failed to take any action to verify information he received in August, 1977, and his accountant received one month later, as to possible over-reimbursements from the Senate. (Ex. 18, p. 57, Ex. 991, pp. 13–15; Tr. pp. 1155–1157). Finally, it is consistent with the fact that no disciplinary action has been taken against present members of Senator Talmadge's staff whose "staff errors" resulted in over-payments to the Senator of $29,720.98 for the years 1975–1977 (Tr. pp. 6–7, 12, 1148–1149; Ex. 42). This evidence could, however, also lead to the conclusion that Senator Talmadge knew that reimbursements received from the Senate greatly exceeded allowable expenditures.

B. FAILURE TO FILE ACCURATE REPORTS OF GIFTS AND ASSETS AS REQUIRED BY SENATE RULE

Rule 44 of the Standing Rules of the Senate, in effect from July, 1968 through December 31, 1977, required each Senator to file a Confidential Statement of Financial Interests with the Comptroller General of the United States. Senators were required to include in this statement (1) all gifts having an aggregate value of $50 or more received from a single source in a calendar year; and (2) all interests in real or personal property and all beneficial interests in trusts having a value of $10,000 or more.

For the years 1972–1977, Senator Talmadge filed statements disclosing gifts as follows:

Date filed	Period covered	Gifts reported
May 14, 1973	1972	None.
May 10, 1974	1973	Talmadge birthday, etc., $1,600.
May 6, 1975	1974	Talmadge birthday party committee, $2,000.
May 6, 1976	1975	None.
May 5, 1977	1976	Do.
May 11, 1978	1977	Do.

Note: Par. 7 of stipulation of fact.

These reports failed to include the following gifts made to Senator Talmadge:

Year and name of donor	Nature of gift	Value
1972:		
Richard H. Rich, Harold H. Brockey	Ties, shirt, sport coat	Unknown.
Robert M. Heard	Fruit of the month	Do.
1973:		
Diane B. Andersen	Check	$100.
Robert M. Heard	Fruit of the month	Unknown.
Robert H. Rich, Harold H. Brockey, Joel Goldberg.	Suit, shirt, tie	Do.
1974: R. B. Sewell, Sr	2 suits	Do.
1975:		
J. F. Hart	Birthday gift	$100.
R. B. Sewell, Sr	2 suits	$80.
1977:		
H. Lowell Conner	4 suits	$190 (approximate).
Atlanta American Motor Hotel	Courtesy hotel accommodations (no meals)	$450.
Al and Rol Forsythe	Portable trampoline	150 (estimate).

On July 20, 1978, Senator Talmadge filed amended statements for these years which reported the above gifts. (Paragraph 8 of Stipulation of Fact) Senator Talmadge also provided the Committee with a list of other gifts received during these years, each with an apparent value of less than the $50 reporting threshold. (Paragraph 9 of Stipulation of Fact). In response to questions concerning the possibility of additional, unreported tangible gifts and gifts of cash, transportation and lodging, Senator Talmadge has stated that he made no effort to keep records of gifts received by him. (Ex. 10, p. 18)

Senator Talmadge has acknowledged that he was provided the following trips by air which were not reported on any Confidential Statements of Financial Interests filed by the Senator:

Date	Destination	Transportation
Junly 10, 1970	Washington, D.C. to Valdosta, Ga	Southern Ry. System
July 12, 1970	Valdosta, Ga. to Washington, D.C	Do.
June 18, 1971	Washington, D.C. to Valdosta, Ga	Do.
June 20, 1971	Valdosta, Ga. to Washington, D.C	Do.
Apr. 14, 1972	Washington, D.C. to Valdosta, Ga	Do.
Feb. 28, 1973	Washington, D.C. to Bimini, Bahamas	Rockwell International.
Mar. 26, 1973	Washington, D.C. to Athens, Ga	Southern Ry. System.
June 9, 1974	Atlanta, Ga. to Augusta, Ga	Southern Co. Services.
Nov. 12, 1975	Washington, D.C. to Columbus, Ga	American Family Life Assurance Co.
Feb. 5, 1976	Washington, D.C. to Marco Island, Fla	International Paper Co.
Feb. 6, 1976	Marco Island, Fla. to Washington, D.C	Do.
June 11, 1976	Washington, D.C. to Palatka, Fla	Southern Ry, System.
June 13, 1976	Palataka, Fla. to Washington, D.C	Do.

Note: Par. 16 of stipulation of fact; see also, tr. p. 8–9.

That the trips occurred and were not reported is stipulated. That they should have been reported was not absolutely clear from the text of Senate Rule 44. In July 1977—more than a year after the last trip identified in the stipulated facts—the newly established Select Committee on Ethics was asked to render interpretative rulings under the disclosure requirements adopted by the Senate on April 1, 1977. The Committee held that gifts of air transportation would be reportable under Rule 44 (in effect from July, 1968 to December 31, 1977) and under Senate Rule 42 (in effect from January 1, 1978 through August 3, 1979). (Interpretative Rulings No. 41, dated July 1, 1977 and No. 46, dated July 20, 1977)

During this same period, 1972–1977, Senator Talmadge reported that no interests in property were held in trust for his benefit. (Paragraphs 3 through 6 of Stipulation of Fact)

In 1967, Senator Talmadge purchased, at a cost of approximately $119,000, an interest in the stock of Terminal Facilities, a syndicate which had acquired substantial holdings of real property. The stock, which was registered in the name of Senator Talmadge's then wife, Elizabeth S. Talmadge, was sold in 1972 for $750,000. In 1977, Senator Talmadge sued Mrs. Talmadge to recover the proceeds from the sale of the Terminal Facilities stock. On June 27, 1978, the Supreme Court of Georgia issued a decision upholding Senator Talmadge's contention that the stock, and the proceeds from its sale, were held in trust by Mrs. Talmadge for the benefit of Senator Talmadge.

The Terminal Facilities stock and the proceeds from its sale were not reported by Senator Talmadge either as his own asset or as property held in trust for his benefit in any of the financial disclosure reports he filed for the years 1970–1976, although in 1970–1971, the Terminal Facilities stock was reported by Senator Talmadge as being the property of Mrs. Talmadge, and in 1977, Senator Talmadge reported the proceeds as being due to him pending litigation (Tr. pp. 8, 1137–1138, Paragraphs 3 through 6 of Stipulation of Fact).

C. FAILURE TO FILE CANDIDATE'S REPORTS OF RECEIPTS AND EXPENDITURES AS REQUIRED BY LAW

As a candidate for re-election to the Senate in 1974, Senator Talmadge was required to submit reports showing campaign receipts and expenditures under Section 304 of the Federal Election Campaign Act

of 1971 (2 U.S.C. 434). ("Receipts and Expenditures Report of a Candidate for Nomination or for Election to the United States Senate", Senate Election Form 2.) [2] No "Receipts and Expenditures Report of a Candidate" was filed for the year 1973 until June 20, 1978. The report filed in 1978 disclosed that campaign expenditures of $14,669.11 had been paid by Senator Talmadge in 1973 and that he had been reimbursed for these expenditures by the Talmadge Campaign Committee on January 4, 1975 (Paragraph 13 of Stipulation of Fact).

During the period April 10, 1974 through January 30, 1975, Senator Talmadge filed reports certifying that he had no campaign receipts or expenditures; however, on January 30, 1975, he was reimbursed by the Talmadge Campaign Committee for $12,243.33 in campaign expenditures he had made in 1974 (Tr. pp. 7–8, 29–41, 737–739, 1139–1140). On that same day, January 30, 1975, Senator Talmadge had filed a sworn statement, notarized by his Administrative Assistant, T. Rogers Wade, that he had no receipts or expenditures for the period October 25, 1974 through December 31, 1974 (Tr. pp. 13–14). The reports filed by the Talmadge Campaign Committee on March 10, 1975 showed reimbursements to Senator Talmadge of the $26,913.44 cited above for 1973 and 1974 (Paragraph 15 of Stipulation of Fact). Amended reports were filed by Senator Talmadge on June 19, 1978 showing these expenditures and the reimbursement made by the Talmadge Campaign Committee (Ex. 4).[3]

D. DIVERSION OF CAMPAIGN AND OTHER FUNDS

On July 3, 1973, a checking account was opened by Daniel Minchew in the name of "Herman E. Talmadge/Talmadge Campaign Committee" at the Riggs National Bank in Washington, D.C. (Tr. pp. 761–762, 764). Mr. Minchew, who was then Administrative Assistant to Senator Talmadge and Chairman of the Talmadge Campaign Committee, testified that he affixed autopenned signatures of Senator Talmadge to the letter and the signature card used in opening the account (Tr. pp. 761–762).

From July 3, 1973 to November 29, 1974, a total of $39,314.67 was deposited to the Riggs account by Daniel Minchew (Tr. p. 578). This amount included the proceeds from a Senate reimbursement voucher for $10,604.68, dated June 19, 1973, which was prepared by Mr. Minchew with an autopenned signature of Senator Talmadge and used by Mr. Minchew as part of the initial deposit to the account (Tr. pp. 762, 784–785). Proceeds from a second Senate voucher in the amount of $2,289.99, dated March 26, 1974, also were deposited in the Riggs account by Mr. Minchew (Tr. p. 791).

It has been established that at least $10,050 of the funds deposited in the Riggs account were campaign contributions in the form of checks or travelers checks made out to Herman E. Talmadge or the Talmadge Campaign Committee, which were improperly diverted to

[2] In a letter dated April 4, 1974, Senator Talmadge was notified by the Assistant Secretary of the Senate of his obligation to file these Reports and that no such Reports had been received. (Ex. 2)

[3] See also discussion which follows.

the Riggs account by Mr. Minchew (Paragraph 12 of Stipulation of Fact; Ex. 44).

These included checks from the following individuals, in the amounts stated:

William Manning	$1,000
J. C. Shaw	5,000
Thomas Arnold	100
Claude P. Cook	500
H. P. Williams	500
Parke Brinkley	500
John Ray	100
William Fickling	250
Ralph Kittle	100

(Paragraph 12 of Stipulation of Fact)

In addition, $2,000 in travelers checks made out to the Talmadge Campaign Committee by Howard Keck, Chief Executive Officer of the Superior Oil Company, were deposited in the Riggs account by Mr. Minchew. (See Paragraph 12 of the Stipulation of Fact; Ex. 44.) Much, if not all, of the remaining $11,370.10 deposited to the account also would appear to be campaign contributions[4] (Paragraph 12 of Stipulation of Fact; Ex. 44). None of these funds were reported on campaign reports filed by Senator Talmadge or the Talmadge Campaign Committee, as required by Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (Paragraphs 13 and 14 of Stipulation of Fact).

The Committee received into evidence a document described as "Q-1" (Ex. 22) which mentions "the travelers check matter", an apparent reference to the $2,000 in travelers checks from Mr. Keck.[5] The upper portion of the document purports to be a memorandum dated August 20, 1974 from Daniel Minchew to Mrs. Allyne Tisdale, Senator Talmadge's Financial Secretary; the lower portion would appear to be Mrs. Tisdale's response and is dated August 21, 1974. It states in part: "Daniel. . . . Please give SENATOR $500 and then lock in the cabinet under TV? Just let me know where you will keep key?" Although Mrs. Tisdale originally stated "I would say that I typed it" and that it was typed in her style (Tr. pp. 169–170) she subsequently testified under oath that she is certain she did not type either that document or a second referred to as "Q–2" (Ex. 23).

Q–2 consists in part of a photocopy of two envelopes, one with the notation "TED LAMIS, Macon, GA 31201; 6–3–74 $50.00". The second reads "$500, Various Coca-Cola (EARL LEONARD)". Below the photocopy of these envelopes is the typed statement "DANIEL . . . For info: These sums were given today to Senator. None is reported in any form, of course. And he asked this question. Thanks. at 8–6–74 (As SENATOR said, this helps offset some of the campaign expenses which we are reluctant to pay from the Campaign A/C.)" If authentic, these documents would strongly suggest that Senator Talmadge knew

[4] A campaign contribution of $5,000 which was deposited into the Riggs account and subsequently withdrawn and deposited in the Talmadge Campaign Committee account is not included in this amount (Tr. pp. 1173–1174, 39, 1199; Ex. 44).

[5] The Committee also received into evidence a copy of a letter to Daniel Minchew dated August 21, 1974 from Mr. Robert Schramm, a former aide to Senator Talmadge and then employed by Superior Oil Company, giving Mr. Minchew Mr. Keck's address (Ex. 90). The travelers checks were deposited by Mr. Minchew into the Riggs account on August 22, 1974 (Tr. pp. 358–359; Ex. 81) and $2,000 in cash was withdrawn from the account on that same day (Tr. p. 597; Ex. 44).

that campaign funds were not being reported as required by law and were being converted to his own personal use.[6]

Mr. Manning testified under cross-examination by counsel for Senator Talmadge that he handed an envelope containing his check for $1,000 to Senator Talmadge in a meeting with the Senator and Daniel Minchew at the airport in Macon, Georgia (Tr. pp. 343–344). Mr. Manning stated that Senator Talmadge then gave the envelope to Daniel Minchew (Tr. pp. 345–346). Mr. Brinkley testified that he had discussed with Senator Talmadge his intention of making a contribution to the Senator, but did not recall if it had been delivered by hand when he met with Senator Talmadge, on August 22, 1974, or if the check had been sent in the mail (Tr. pp. 390–391).

The Committee's auditors determined that Mr. Minchew received and used for his own benefit approximately $18,000.00 of the total deposited into the Riggs account (Ex. 50, rev'd; Tr. p. 843). Mr. Minchew testified that these sums represented reimbursements to him for expenditures made on behalf of Senator Talmadge; the Committee's auditors found documentation to support a number of such expenditures. (See, e.g., Ex. 47.1–47.8 documenting $1,776.12 in otherwise unreimbursed expenditures made by Mr. Minchew; R. Ex. 50.3, R. Ex. 51.4; R. Ex. 52.31, Ex. 31.7; Tr. pp. 718, 843–844.) Bank records show that the balance in the account as of December 31, 1974 was $113.67, leaving approximately $16.000 of the total deposits withdrawn by Mr. Minchew unaccounted for.[7]

E. SOURCES OF CASH

In a deposition taken on August 27, 1977, in connection with the suit brought by Senator Talmadge against his former wife to recover the proceeds of the Terminal Facilities stock which had been purchased by the Senator in 1967, Senator Talmadge was questioned about his sources of cash.[8]

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[6] A Questioned Document Examiner from the Department of the Treasury examined these documents and testified before the Committee that the lower portion of Q–1 and all of Q–2 were typed on Mrs. Tisdale's typewriter and, because of certain characteristics in her style, concluded that these documents had been typed by Mrs. Tisdale (Tr. pp. 426–427, 435–436, 779). The Document Examiner also stated that it was possible that the documents could have been fabricated by someone who had studied Mrs. Tisdale's style and consciously attempted to duplicate it (Tr. pp. 936, 781). However, since the typewriter used to prepare these documents was returned to GSA in 1975, any fabrication would necessarily have had to take place before that time (Tr. p. 999).

[7] See footnote 4.

[8] Senator Talmadge testified in the deposition as follows:

Q. Now, are there any other items, Senator, that you would normally or routinely pay by cash?
A. That's about it, I guess.
Q. Food, I guess, was usually by cash?
A. Yes.
Q. Would you mind telling me what the source of that cash is?
A. Comes from personal funds.
Q. I found only one check for cash in five or six years out of the check stubs that you furnished us. I wondered where the cash came from.
A. I usually have a few dollars around and use that.
Q. You would not be willing to tell me what the source of that is?
A. My personal funds.
Q. Well, I assume that your personal funds, if you have them—I'm asking you where the cash comes from, physically?
A. I don't know.
Q. Do you receive any money in cash, Senator?
A. Very rarely, and I haven't received any since my last campaign.

* * * * * * * *

Q. I'm going to get into that, too, but I wanted to ask if you don't write checks to cash and cash the checks and people don't give you cash except in connection with the campaign, what is the source of the cash that you use to pay the expenses that you have just described that you pay in cash?

When it was pointed out to the Senator that he had written checks to cash totalling only $600 during a five-year period, the Senator was unable to give the source of his spending money. Subsequently, Senator Talmadge has said in public statements and in testimony before the Committee that his cash came in part from small gifts of five to twenty dollars (Tr. p. 8; Ex. 9, 10). On May 24, 1978, Senator Talmadge requested the Committee to review his practice of accepting cash gifts. (See Appendix B.)

Witnesses before the Committee testified that it was a common practice in Georgia for constituents to express their support of local political figures in the form of cash gifts (Tr. pp. 1063–1064, 1068–1069). One of the witnesses, former Lieutenant-Governor Peter Zack Geer, testified that on several occasions he had seen Senator Talmadge receive such gifts from supporters (Tr. pp. 985–986).

The Senator's former wife, Betty Talmadge, testified that during their marriage Senator Talmadge kept large supplies of cash which Mrs. Talmadge used to pay personal and household expenses (Tr. pp. 971–972, 982). According to Mrs. Talmadge's testimony, this cash was kept in the pocket of an overcoat belonging to Senator Talmadge when they were in Washington; at their residence in Lovejoy, Georgia, the cash was kept in a drawer (Tr. pp. 971, 975). Mrs. Talmadge further testified that the 77 $100 bills which she turned over to the Committee had come from an estimated $12,000–$15,000 which she had taken from this supply of cash (Tr. p. 975). Senator Talmadge testified that he did not maintain large supplies of cash and that he has no knowledge of the source of the $100 bills which were supplied to the Committee by Mrs. Talmadge (Tr. pp. 1139–1140).

F. FAILURE TO REPORT GIFTS AND TO PAY GIFT TAXES

Senator Talmadge stated in his deposition taken on August 27, 1977 (Ex. 18) that during the period 1959–1971 he purchased the following securities which were given to his then wife, Betty Talmadge:

A. Oh, I don't know. I've had a little money around the house there and I write some checks from time to time and I guess it came from one or the other sources.
Q. I want to be fair with you. We have only found one check of $300 to cash in all of the checks that you furnished to us.
A. Most of my transactions except very limited expenses are by check. I buy most of my food with cash and that's about all I spend cash for except token amounts I give Cel, or did give her so long as she was acting as maid down at the house.
Q. But if you didn't cash any checks, Senator, for cash, then where did you get your pocket money? That is what I am asking.
A. I don't spend much pocket money. I've got I think $100 or so in my pocket now, I don't recall where I got that.
Q. You don't know where the $100 you have got in your pocket came from?
A. I don't know whether it came from cashing a check or cash I had on me. I don't know.
Q. Well, if it came from cash on hand, do you have any more cash on hand?
A. No.
Q. Have you had cash on hand other than in banks?
A. Modest amounts, yes.
Q. And modest amounts would be approximately what?
A. Oh, a few hundred dollars.
Q. A few hundred dollars?
A. Yes.
Q. And what would be the source of those few hundred dollars?
A. I don't know.
Q. What could it be, Senator, if you didn't cash any checks for cash?
A. Well, it could have been contributions from friends, gifts, honorariums or something of that nature. I think those, however, are articles——
Q. So your best recollection here today is that you can't tell us where any cash you might have on hand came from?
A. No.
(Ex. 18, pp. 27–31.)

Name of security	Year of gift	Value at time of gift [1]
American Home Products (originally the E. J. Brach Candy Co.)	1959	$5,143.10
Central Bankshares Corp. (formerly Central Bank & Trust Co. of Jonesboro)	1964	2,500.00
Genuine Parts	1967	12,425.00
Second Fiduciary Exchange Fund, Inc.	1967	3,013.00
	1968	3,443.00
	1971	9,156.00
Citizens & Southern National Bank	1967	2,000.00
Interfinancial, Inc.	1964	[2] 7,273.00
	1971	[2] 672.00
	1972	[2] 425.00
Pet, Inc. (formerly Stuckeys)	1960	1,000.00
Servomation	1969	3,000.00
	1970	1,200.00
	1971	1,200.00
Solanta	1968	13,250.00

[1] This information was provided to the committee by Senator Talmadge's office.
[2] Estimate.

Note: Ex. pp. 41–50, 104–105, 110–111, 116, 125–126, 145.

Committee auditors have estimated the amount of gift tax due on these gifts at approximately $1,000.00 (Ex. 46). Senator Talmadge's auditors have disputed this figure. The Senator's obligation to pay taxes on gifts is being reviewd by the Internal Revenue Service. The Committee found no clear and convincing evidence of a failure to report gifts or to pay gift taxes thereon, if any, that constituted improper conduct on the part of Senator Talmadge. Accordingly, the Committee determined that this allegation should be dismissed.[9]

IV. Conclusions

From the facts set forth above, the Committee found that the record before it establishes, by clear and convincing evidence, the following:

1. that vouchers were submitted in the name of Senator Talmadge from January 1, 1973 through June 30, 1978, which claimed and recovered excess reimbursements totalling $43,435.83, and that Senator Talmadge failed to sign, as required by Section 58(a) of Title 2 of the United States Code, and to properly supervise the preparation of all the aforesaid vouchers;

2. that the Financial Disclosure Reports required to be filed by Senator Talmadge under Rule 44 of the Standing Rules of the Senate (in effect July, 1968–December 31, 1977) were inaccurate for each of the years 1972 through 1977;

3. that Senator Talmadge failed to file in a timely fashion the Candidate's Reports of Receipts and Expenditures for 1973, as required by Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) and inaccurate reports were filed for the period January 1, 1974 through December 31, 1974; and

4. that campaign funds of Senator Talmadge in excess of $10,000. were not reported as required by Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) and were deposited by Senator Talmadge's Campaign Chairman between July 3, 1973 and November 29, 1974 in an account maintained at the Riggs National Bank of Washington, D.C. in the name of "Herman E. Talmadge/Talmadge Campaign Committee" and were disbursed by said Campaign Chairman in violation of Rule 42 of the Standing Rules of the Senate (in effect 1968–1977).

[9] See note preceding.

The Committee further concluded that Senator Talmadge either knew, or should have known, of the acts and omissions set forth above and, therefore, by the gross neglect of his duty to faithfully and carefully administer the affairs of his office he is responsible for these acts and omissions, and should reimburse the Senate for $12,894.67 representing over-reimbursements deposited to the Riggs account, for which the Senate has not yet been reimbursed.[1]

The Committee found no clear and convincing evidence of a failure to report gifts or to pay gift taxes thereon, if any, that constituted improper conduct on the part of the Senator. Accordingly, the Committee determined that this allegation should be dismissed.[2]

V. Recommendations and Referral to Department of Justice

A. Resolution

On September 14, 1979, after a careful review of the evidence before it, the Committee, by a unanimous vote, agreed to report to the Senate the recommendations contained in the following resolution:

Whereas From January 1, 1973 through June 30, 1978, fifteen vouchers were submitted to the Senate in the name of Senator Herman E. Talmadge which claimed and recovered Senate reimbursements in the aggregate amount of $43,435.83 for official expenses which were not incurred ($37,125.90 having been repaid by Senator Talmadge on August 18, 1978 for over-reimbursements between 1972 and 1978 inclusive); and

Whereas Senator Talmadge failed to sign, as required by law, and properly supervise the preparation of all the aforesaid vouchers; and

Whereas The Financial Disclosure Reports required to be filed by Senator Talmadge under Senate Rules for each of the years 1972 through 1977 were inaccurate; and

Whereas Senator Talmadge failed to file in a timely fashion the Candidate's Receipts and Expenditures Reports for 1973, as required by Federal law, and inaccurate reports were filed for the period January 1, 1974 through December 31, 1974; and

Whereas Campaign funds of Senator Talmadge in excess of $10,000.00 were not reported, as required by law, and were deposited by his Campaign Chairman between July 3, 1973 and November 29, 1974 in an account maintained at the Riggs National Bank of Washington, D.C. in the name of Herman E. Talmadge/Talmadge Campaign Committee and were disbursed by said Campaign Chairman for non-campaign purposes.

Resolved, It is the judgment of the Senate that Senator Talmadge either knew, or should have known, of these improper acts and omissions, and, therefore, by the gross neglect of his duty to faithfully and carefully administer the affairs of his office, he is responsible for these acts and omissions.

Resolved further, It is the judgment of the Senate that the conduct of Senator Talmadge, as aforesaid, is reprehensible and tends to bring the Senate into dishonor and disrepute and is hereby denounced.

Further resolved, That Senator Herman E. Talmadge be required to reimburse to the United States Senate the sum of $12,894.57 plus inter-

[1] See discussion which precedes.
[2] See note preceding.

est on over-reimbursements in the aggregate amount of $43,435.83 at such rates and for such periods as are determined by the Secretary of the Treasury, in accordance with established procedures for collecting over-reimbursements.

The facts in this investigation are distinguishable from those of earlier matters in which the Senate "censured" or "condemned" a Member. The Committee therefore expresses its judgment and its recommendation with respect to the conduct of Senator Talmadge and the effect of that conduct on the Senate with words that do not depend on analogy to dissimilar historical circumstances for interpretation.

B. REFERRAL TO DEPARTMENT OF JUSTICE

A number of witnesses who testified under oath before the Committee gave testimony that conflicted in material respects with the sworn testimony of other witnesses before the Committee. The Committee must conclude, therefore, that one or more of these witnesses (not all of whom are Senate employees) gave false testimony under oath. Furthermore, the statements made by certain witnesses, if true, and the import of certain documents, if authentic, would indicate that other serious violations of law have occurred. Such violations on the part of various individuals, could include the following: the making of false statements to the Government; the making of false, fictitious or fraudulent claims against the Government; conspiring to defraud the Government; willful evasion of income and gift taxes; failure to keep adequate records as required by the Internal Revenue Code; failure to comply with the requirements of the Federal election laws; and receiving campaign contributions in a Federal building in violation of Federal law. Since the prosecution of such violations is within the jurisdiction of the Department of Justice, the Committee has made its files available to the Department for such action as the Attorney General may take to determine if violations of law have occured. Should the Department of Justice find evidence leading to the indictment or conviction of any Member, officer or employee of the Senate, the Committee will take such additional action as is appropriate.

C. LEGISLATIVE RECOMMENDATIONS

Certain inadequacies in accounting procedures within the Senate became apparent during the course of the Committee's investigation of Senator Talmadge. For example, there are currently no guidelines available to aid a Senator's office in establishing a sound bookkeeping system. To correct these deficiencies the Committee recommends the following:

(1) that bookkeeping procedures be developed by the Committee on Rules and Administration which would require the maintenance of separate books and accounts for Senators' personal. official and campaign funds;

(2) that rules governing the proper submission of vouchers be adopted;

(3) that rules concerning the use of the autopen be issued: and

(4) that a mechanism be developed whereby audits of a Senator's financial accounts, including the reconciliation of a Senator's office records with those of the Senate Disbursing Office, could be

conducted in circumstances suggesting the existence of possible irregularities.

It also became evident during the Committee's hearings that a great deal of confusion exists on the part of Senators and members of their staffs as to what constitutes an official expense for which reimbursement may be received, particularly with respect to the Member's Ten Percent Allowance. The Committee recommends the adoption of rules which clearly define "official" and "reimbursable" expenses.

The procedural recommendations set forth in this Report reflect the Committee's belief that each Member of the Senate is responsible for the personal, official and political funds used in connection with his office and is accountable to both the Senate and the public for the misuse of all such funds.

We approve the submission to the Senate of the Report of the Select Committee on Ethics concerning the investigation of Senator Herman E. Talmadge.

ADLAI E. STEVENSON, Chairman.
HARRISON H. SCHMITT, Vice Chairman.
QUENTIN N. BURDICK.
ROBERT MORGAN.
MARK O. HATFIELD.
JESSE HELMS.

EXHIBIT NO. 49

98TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPT. 98-891
Volume 1

IN THE MATTER OF REPRESENTATIVE GEORGE V. HANSEN

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

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

REPORT

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

A. PROCEDURAL HISTORY

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

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

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

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

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

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

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

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

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

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

B. BRIEF SUMMARY OF CASE

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

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

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

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

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

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

C. RECOMMENDATION

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

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

HOUSE RESOLUTION

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

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

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

The Committee made no special oversight findings on this resolution.

REPORT OF SPECIAL COUNSEL

UPON COMPLETION OF PRELIMINARY INQUIRY

REPORT OF SPECIAL COUNSEL UPON COMPLETION OF PRELIMINARY INQUIRY

On April 4, 1984, pursuant to Rule 14 of the Rules of the Committee on Standards of Official Conduct, this Committee commenced a preliminary inquiry into whether any of the offenses for which Representative George V. Hansen was convicted on April 2, 1984, constituted a violation over which the Committee has jurisdiction. Attached to this report are copies of the documentary evidence received in the preliminary inquiry, including: relevant portions of the transcript of Congressman Hansen's trial on charges of violating 18 U.S.C. § 1001; relevent trial exhibits; selected correspondence and submissions from Congressman Hansen's counsel to the Committee and a transcript of the oral testimony of Congressman Hansen given before the Committee on May 17, 1984.[1]

1. THE INDICTMENT

On April 7, 1983, Congressman Hansen was indicted by a Federal Grand Jury in the District of Columbia. The indictment charged him with four counts of filing false statements in violations of 18 U.S.C. § 1001 based on his financial disclosure filings under the Ethics in Government Act. The four counts involved (1) excluding personal loans of a total of $135,000 from Carl McAfee, Odell Rodgers and John Meade in 1982, (2) excluding his wife's indebtedness of $61,503.42 to Nelson Bunker Hunt in 1981, (3) excluding his wife's profit of $87,475 from silver transactions in 1980 and (4) excluding his wife's indebtedness of $50,000 to a Dallas bank in 1979 (Tr. 1944-1950).[2]

2. SUMMARY OF THE EVIDENCE

A. Hansens' Financial Relationship

Starting in 1976, over concerns about their financial condition, Congressman George V. Hansen and his wife Connie started to devise means by which they could raise funds to pay back debts that they owed (Tr. 1014). The plan devised was for the Congressman to solicit funds of $100 or less from individuals outside his congressional district and to apply those funds to his personal debts (Tr. 1021-1023). After consultations with his personal attorney John L. Runft, Congressman Hansen wrote to the Federal Election Commission ("FEC") and advised it of his solicitation plan (Def.Ex. 30; Tr. 1017). On March 30, 1977 the FEC wrote to the Congressman (Def.Ex. 32) stating that the Federal Election Campaign Act of 1971 "would not apply" to the plan as proposed. The FEC went on to state:

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[1] "Relevancy" was determined as follows: Special Counsel designated those portions of the trial transcript and those trial exhibits they thought were relevant to the Committee's consideration. By letter dated April 18, 1984, Congressman Hansen's counsel was given the opportunity to cross-designate. Congressman Hansen's attorneys took advantage of this invitation and worked out those portions of the transcript and those exhibits which they wanted included. Thereafter, on May 17, 1984, Special Counsel and Congressman Hansen's attorney entered into a stipulation agreeing that the portions and exhibits agreed upon were those which were relevant to the Committee's consideration.

[2] "Tr." references are to the trial transcript, attached as an appendix hereto.

> The Commission's conclusion that the described plan is not within the Act should not be construed as Commission endorsement or approval of the plan; . . . The Commission also notes the possible application of the Rules of the House of Representatives to this situation . . .

(Def.Ex. 32). Prior to receiving the FEC's response, Congressman Hansen, on March 14, 1977, sent a letter to the House Select Committee on Ethics ("Ethics Committee") (Def.Ex. 31), advising it of his request to the FEC and asking for the Committee's "comments and suggestions" of the plan (Tr. 1040). On April 5, Congressman Hansen again wrote the House Ethics Committee (Def.Ex. 34) to advise it of the FEC's response and to propose various alternatives—direct mail, independent committee—to the solicitation program (Tr. 1040).

In response to the Congressman's letters, the Ethics Committee, on May 11, 1977, issued Advisory Opinion No. 11 (Def.Ex. 35) concluding that neither a member, his or her spouse or a committee such as the one proposed by Congressman Hansen could solicit funds for the member's "unrestricted personal use" (Tr. 1047). [The Committee's total advice is contained in two Advisory Opinions—No. 11 issued in direct response to Congressman Hansen's March and April inquiries and Advisory Opinion No. 4 issued sometime earlier.]

After receiving this advice, Congressman Hansen again conferred with Mr. Runft to find a "legal and proper way of proceeding forward . . . in a fashion that was open and within the bounds of the law" (Tr. 1048). The alternative agreed upon was a "property settlement agreement" in which Congressman and Mrs. Hansen would give up the automatic, legal rights each had to the other's assets and debts (Tr. 1063). Then, according to this agreement, the debts would be transferred to Mrs. Hansen. Thereafter, Mrs. Hansen could solicit gifts to eradicate what would then be her debts alone (Tr. 1048–1050; Def.Ex. 40). Following the Hansens' agreement, Mrs. Hansen wrote to the Ethics Committee on June 3, 1977 (Def.Ex. 36) stating that Congressman Hansen would abide by the advisory opinions, but she would not let "Congress . . . deprive [her] of the basic rights of a citizen . . . to pay [her] bills and protect [her] home." She went on to say that she and the Congressman had separated their finances "with considerable difficulty" and that she was going to raise funds for what were now her debts.

At the time of the June 1977 letter, the Hansens did not send the Committee an actual copy of the property settlement agreement or provide specific information concerning how they planned to maintain their financial lives (e.g. tax returns, bank accounts, mortgages) in the future. On June 8, Chairman Richardson Preyer, on behalf of the Ethics Committee, wrote to Mrs. Hansen (Def.Ex. 37) stating that the Committee did not intend to deprive her of her civil rights and explained the change in rules prohibiting the kind of solicitations that Congressman Hansen originally had proposed (Tr. 1059).

The property settlement agreement (Def.Ex. 40) was drafted in June and finally executed by the parties on September 30, 1977 (Tr. 1066). In conjunction with the property settlement agreement, the

Hansens also executed three quit-claim deeds (Def.Exs. 75-77) in which the Congressman gave up to Mrs. Hansen his interest in their then existing real property (Tr. 1071-72, 1135-36). Under the terms of the property settlement agreement, Congressman Hansen was given the family's personal debts and obligations, and Mrs. Hansen was given the real property and the debts for which the Hansens originally wanted to solicit funds (Tr. 1122, 1228). As explained by the Congressman's attorneys, under the property settlement, Congressman and Mrs. Hansen did not have to live their financial lives separately (Tr. 1055-60, 1346). It simply dissolved the automatic right each had to the other's assets and liabilities. After the settlement, Congressman and Mrs. Hansen could continue to engage in joint finances, but this would have to be the result of an express decision to do so, as any two people could do. Following this execution, Mrs. Hansen did proceed to collect over $100,000 (Tr. 1074, 1265).

The prosecution cross-examined Mrs. Hansen and others about the claimed debts. The Hansens' two attorneys did not recall the amounts or people to whom the Hansens owed the alleged $372,000 (Tr. 1141-42, 1481-83). Mrs. Hansen too was somewhat vague about the source of the debts claimed (Tr. 1325). The Hansens' trial counsel told the court that there was no documentation of these debts (Tr. 1036), and the Hansens' tax return for the year in which Mrs. Hansen asserted the debts showed $818 in interest deductions for personal loans (Tr. 1270).

The evidence at trial showed that the property settlement was never filed with a court or in a public place (Tr. 1116). Consequently, it neither changed the right of an existing creditor to seek payment from either Hansen, nor did it alter the right of future creditors to do the same thing. After the agreement went into effect, the Hansens continued to live their financial lives together. They maintained joint bank accounts (Tr. 1232); they continued to file joint tax returns in which assets and liabilities of each spouse were declared for the benefit of both (Tr. 1233); they continued to own and purchase cars in both their names (Tr. 478, 1234, 1237-38); and they even continued to hold, buy and sell real estate in both their names (Tr. 478, 1241, 1229, 1261-64). The prosecution showed, for example, that one of the properties for which Congressman Hansen had executed a quit-claim deed in conjunction with the property settlement, was subsequently sold by the Hansens in both names (Tr. 1261-64) and was declared jointly in their taxes that year (Tr. 1264). Mrs. Hansen acknowledged that some financial statements for years after the property settlement went into effect also showed joint assets and liabilities (Tr. 1253-57). Mrs. Hansen also stated at the trial that it was possible that some of the $100,000 which had been raised by her solicitations had been spent by the Congressman or had been spent for his benefit (Tr. 1267-81). Bank records revealed that on July 11, 1977 a sum of $4,700 was in fact transferred from the solicitation account to the Hansens' joint account (Govt.Exh. 72; Tr. 1281).

B. Nelson Bunker Hunt Loan

Congressman and Mrs. Hansen met Nelson Bunker Hunt in 1976 at a social reception (Tr. 81, 1196). The Congressman took Mr.

Hunt aside at this dinner and asked him for money to help him with debts resulting from legal bills and political fights (Tr. 82). Mr. Hunt said he was sympathetic to the Hansens but that he did not want to just "reach into his pocket" to make a contribution (Tr. 82). Instead, Hunt told the Congressman that he would help him make some money on his own. After additional thought, Hunt thought that helping the Congressman directly "might not look good," "might be suspicious" and might "be a problem" (Tr. 84). Congressman Hansen told Hunt that he and Mrs. Hansen were separating their finances and Hunt could help by helping Mrs. Hansen (Tr. 97). At the time of this conversation, the Hansens' separation agreement had not yet been executed, but it had been discussed and agreed upon in principle between Mr. and Mrs. Hansen (Tr. 85). Mr. Hunt's plan was to pass on to Mrs. Hansen when "he heard of a good stock investment or perhaps a good commodity investment or something" (Tr. 97). Mrs. Hansen described this arrangement as follows: ". . . [I]f you give a person a fish and he'll eat for a day, but you teach him to fish and he'll eat for his life . . ." (Tr. 1197).

Pursuant to that agreement, Mr. Hunt did call Mrs. Hansen and told her to get in touch with a commodities broker in Chicago named Owen H. Nichols (Tr. 99, 1198) in order to place an order for soybeans futures. On April 20, 1977 Hunt called Nichols and purchased a large quantity of soybean contracts (Tr. 189). In total, 250,000 bushels of soybeans were purchased at a total paper value of $2,489,700 (Tr. 191).[3] Later on April 20, 1977 Hunt again called Nichols. This time he told him to transfer the 250,000 bushels into a new account for Mrs. Hansen. These same bushels were sold later that day, netting a profit of $51,775.00 (Tr. 197). Mr. Nichols did not talk with Mrs. Hansen about the transaction until after the market had closed and the profit made in her name (Tr. 200). Following April 20, another soybean transaction was made by Mr. Nichols on Mrs. Hansen's behalf (Tr. 204). This one, involving 100,000 bushels with a paper value of $1,046,000, resulted in a minor loss of $410 (Tr. 205). Again Mr. Nichols made these transactions on the advice of Mr. Hunt. Finally, on April 25, 1977, Mr. Nichols bought 200,000 more bushels of soybeans on Mrs. Hansen's account (Tr. 206). These bushels, worth $2,050,000, were sold on April 29, resulting in a loss of $85,220 (Tr. 208). All of the transactions, then, produced a $33,855 loss to Mrs. Hansen (Tr. 208).

When Mr. Hunt heard of the loss, he telephoned Mrs. Hansen (Tr. 101) and then arranged for her to come to Dallas in order to arrange for a loan to pay her loss (Tr. 101, 1200). On May 27, 1977 an aide to Mr. Hunt called Sam Henry, a Senior Vice President at the First National Bank of Dallas, to arrange for a loan for Mrs. Hansen (Tr. 259). On the same day, Mrs. Hansen came to the bank and signed the necessary papers and received a cashier's check for $50,000 (Tr. 259-60). Mrs. Hansen told the bank and put down on the loan papers that the $50,000 was for "personal expenses" (Tr.

[3] Commodities transactions have a certain "paper" value, that is the total value of the commodity if it was kept and delivered at its future date. This "paper" value has significance only when the purchaser actually wants to take delivery or if the value of the commodity plummets dramatically. In the latter case, the paper value would define the upper limits of the risk.

262). Hunt co-signed the $50,000 loan from the First National Bank of Dallas to Mrs. Hansen (Tr. 101). The $50,000 check was endorsed by both Congressman and Mrs. Hansen, deposited in one of their joint accounts, and used by both for personal expenses (Tr. 292-300). Mrs. Hansen paid the $33,855 soybean loss with a $40,000 check (Tr. 1287).

Mrs. Hansen executed notes to Mr. Hunt on October 26, 1978 (for $3,107) and on June 3, 1980 (for $61,503) (Tr. 109-110). These notes have not yet been paid (Tr. 975). On the ninety-day periods on which interest for the note was due, the bank sent notices to Mrs. Hansen (Tr. 265). No interest was paid, and after a second notice, Congressman Hansen called the bank and told them that a check for the accrued interest would be sent (Tr. 267). Thereafter, Mr. Hunt arranged for the payment of the interest to date (Tr. 268). In November 28, 1978, the one year note was extended for another year, again with Mr. Hunt's guarantee (Tr. 270). The actual renewal occurred in January 1980 and was backdated at that point because that is when the interest was paid and the loan was current (Tr. 271). Before the loan was ultimately paid by Mr. Hunt in June 1980, the bank contacted Congressman Hansen on a few other occasions about the loan interest payments (Govt. Ex. 20-22) (Tr. 275).

Mrs. Hansen ultimately did not pay the Dallas bank for the note and the bank, on June 3, 1980, turned to Mr. Hunt for collection. Hunt paid the bank $61,503.42 representing principal and interest on the loan (Tr. 104, 275).

There was no dispute that the $50,000 Dallas loan extension, the payments by Nelson Bunker Hunt and the notes to Mr. Hunt were not included in Congressman Hansen's financial disclosure forms for 1978 through 1980.

C. Silver Transaction Profits

In November 1978, Congressman Hansen was re-elected. In January 1979, Mr. Hunt called Mrs. Hansen again (Tr. 114, 1206). Mr. Hunt, aware of Mrs. Hansen's loss from the soybean transaction, now recommended that she consider investing in silver (Tr. 114, 1206). He advised her to contact his silver broker, Les Ming, who worked in a commodities firm in Oklahoma City. Ninety percent of Ming's business was for Hunt and his family (Tr. 312). Mr. Ming's job was to evaluate the silver market and call Mr. Hunt to make a recommendation concerning possible investments (Tr. 315). On January 16, 1979, Messrs. Hunt and Ming exchanged a number of telephone calls. During one of these calls, Mr. Hunt said that he "had a friend, George Hansen, who may be interested in silver" (Tr. 332). Mr. Hunt identified Mr. Hansen as a U.S. Congressman and told Ming to offer Hansen Hunt's silver contracts (Tr. 323). On January 16, Ming purchased 125 silver contracts, each of which contained 5000 ounces of silver with a paper value of $3,876,800 (Tr. 379).

After the silver purchases had been made, Mr. Ming called Congressman Hansen pursuant to Hunt's suggestion (Tr. 340). Eventually Ming spoke with Connie Hansen (Tr. 343). After Ming and Mrs. Hansen talked, Mr. Ming arranged for the contracts to be put in Mrs. Hansen's name (Tr. 365). On January 18, Ming sold the 125 contracts for Mrs. Hansen for a net profit of $87,000 (Tr. 371). The

record differs as to who made the decision to sell. Ming says he and Mrs. Hansen did (Tr. 370); Hunt says he did (Tr. 115), and Mrs. Hansen said she left the decision totally to Ming (Tr. 1207).

In order to collect the profit, Mrs. Hansen first had to produce a certain percentage of the money required to buy the contract—called the margin (Tr. 1208). This amounted to $1000 a contract or $125,000. Congressman Hansen made the arrangements for the margin payment (Tr. 419). He called his accountant and campaign treasurer C. Lee Caldwell and told him that he needed his help in a commodities transaction for Mrs. Hansen (Tr. 420). Congressman Hansen told Mr. Caldwell to write a check for $125,000 from an account in which there was some $292 (Tr. 421), to take that to another Idaho bank, and that bank would wire the money to the commodities house to cover the transaction (Tr. 424). The $125,000 and the $87,000 profit would then be re-wired to the second bank, and the first would be re-paid (Tr. 446).

The $87,000 was deposited in Congressman and Mrs. Hansen's joint account (Tr. 1211, 1292). Congressman Hansen stipulated at trial that the entire $87,000 was used by him with knowledge that it was the profit for the 1979 silver transaction (Tr. 1293).

There was no dispute that neither the $87,000 profit nor the $125,000 short margin loan was reported in Congressman Hansen's financial disclosure forms covering 1979.

D. Loans from Virginia Businessmen

In late 1979 or early 1980 Congressman Hansen met Carl McAfee, an attorney from Norton, Virginia (Tr. 508). Mr. McAfee was representing the family of one of the Iranian hostages, and Congressman Hansen was active in the Iranian crisis (Tr. 509). Mr. McAfee was a business partner of an Arthur Odell Rodgers and represented Mr. John Meade, a former Virginia banker who was convicted of various bank fraud charges in 1982 (Tr. 510-11).

Congressman Hansen told Mr. McAfee of his debts and asked him for some money (Tr. 512). While he asked for a larger amount, McAfee agreed to lend the Congressman $25,000 and did so on July 20, 1981. In return for the loan, the Congressman gave Mr. McAfee a note, payable on demand by July 17, 1982 (Tr. 516). Mr. McAfee and his business partner, Odell Rodgers, borrowed a like $25,000 from Miners & Merchant Bank (Tr. 518). Miners & Merchants Bank, in turn, was the institution at which McAfee's client John Meade was president. Congressman Hansen deposited the $25,000 in his own account (Tr. 515). On August 14, 1981, McAfee made another loan to Congressman Hansen, this time in the amount of $60,000 (Tr. 524). McAfee testified that he recalled that Congressman Hansen said that the purpose of the two loans was for the congressman to promote a book he had written (Tr. 525). Again Congressman Hansen wrote a note for the loan payable this time on August 14, 1982 (Tr. 526). Also, as with the $25,000, McAfee and Rogers themselves took a like $60,000 loan from Meade's bank to cover the loan they made to Hansen (Tr. 529). McAfee testified that these two loans were paid back after the FBI contacted them about Congressman Hansen and after they reported that contact to Hansen himself (Tr. 532, 555). The $60,000 was paid back in August, 1982 after the FBI contacted McAfee about an investiga-

tion into the workings of the bank (Tr. 555). The $25,000 was paid back on June 16, 1983 after the Congressman's indictment (Tr. 556, 882, 897).

At around the same time of the loans, Messrs. McAfee, Rogers and Meade were involved in a plan to develop a hydrogen powered automobile (Tr. 559). During the course of these men's plans, they contacted Congressman Hansen to have him set up an appointment with the Secretary of the Army about the car (Tr. 564). They wanted to get the Army to determine whether the hydrogen car was feasible, and the meeting with the Secretary was to try and persuade him to send engineers to Australia and verify the workability of the car (Tr. 565). Even though Mr. McAfee was an acquaintance of the Secretary of the Army, he nevertheless sought the appointment through Congressman Hansen because "he could get it faster" (Tr. 565). A meeting was set up, and Congressman Hansen accompanied Messrs. McAfee, Rodgers and Meade to it. Shortly after it started, both Congressman Hansen and the Secretary left (Tr. 566-67). Evidence showed that Congressman Hansen deposited the first $25,000 on the same day that Messrs. McAfee and Rodgers came to Washington and met with the Congressman and the Army personnel. Mr. Meade described the reason for seeking Hansen's involvement with the Army was the need to convince the Army to become involved with the project (Tr. 704). Mr. Meade also testified that he might have thought to use Congressman Hansen to see if he could not convince the Army to send personnel to Australia to look at the car (Tr. 722). In addition, Congressman Hansen called Pentagon officials on October 15, 1981 to urge Army investigation of the car (Tr. 854).

In November, 1981 Congressman Hansen called Meade directly to ask him for additional money. Mr. Meade testifed that he recalled the money also was to promote the Congressman's book (Tr. 685). Pursuant to that conversation, Meade did lend Hansen another $50,000 for a note executed on November 21, 1981 (Tr. 684-85). In contrast to the McAfee loans, Meade's was payable on demand, with no specific date or level of interest specified (Tr. 689). The $50,000 was paid back early in 1984, soon before the Congressman's trial (Tr. 690). Mr. Meade's conviction was for "misapplication of bank funds, false entries and making false statements in order to get a loan" (Tr. 659).

Congressman Hansen did not pay the interest due on the notes for some time. The first time interest was due, Meade and Rodgers paid one-third each; the remainder was paid by someone else (Tr. 653-56, 670-76). Congressman Hansen first paid interest on the loan on April 14, 1983, after Meade and his bank were under investigation (Tr. 659-60).

It is not disputed that the McAfee, Rodgers or Meade loans of $135,000 were not included in Congressman Hansen's financial disclosure reports for 1981.

E. Blackmail Attempt of Hunt

The government first became aware of the Congressman's various financial transactions because of a blackmail attempt that was made on Nelson Bunker Hunt.

On March 31, 1981, Mr. Hunt received an anonymous letter from a person who charged that "During January of 1979 you gave $87,000 to Rep. George Hansen of Idaho" (Def.Ex. 2; Tr. 133). The letter went on in great detail describing how the 1979 silver transaction had been done and how the $125,000 margin payment had been arranged. The blackmailer alleged that the payment was made "to secure Rep. Hansen's support in your bid for a large silver mine in Idaho." The letter asked that, in return for silence, Mr. Hunt make a $440,000 loan in 120 days by depositing some of the money into a Caribbean bank account. When Mr. Hunt received the letter, he called one of his attorneys, Ivan Irwin (Tr. 138). Hunt and Irwin discussed whether the letter was from a "crank" (Tr. 139). Mr. Hunt then called Congressman Hansen about the letter, and Hunt testified that the Congressman said that the matter had to be reported "to the Attorney General or the Justice Department" (Tr. 140). On April 1, the day after the letter was received, Mr. Hunt's attorney flew to Washington to meet with Congressmen Hansen (Tr. 944). Mr. Irwin returned to Dallas to confer with Mr. Hunt (Tr. 950) and also spoke with Congressman Hansen on the telephone (Tr. 951). Irwin testified that Congressman Hansen again said that the matter should be reported to the Justice Department. On April 3, Hunt, Irwin and the Congressman spoke again (Tr. 953). April 3 was a Friday, and on the following Monday, April 6, Congressman Hansen, Mr. Runft, Mr. Irwin and Mr. McKenna went to see officials in the Justice Department to report the blackmail letter (Tr., 958). Later on April 6, Congressman Hansen was first called and then visited by FBI agents who took statements concerning the transactions surrounding the blackmail letter (Tr. 964). Ultimately, the letter was traced to Arthur Emens, an employee of Mr. Ming, the commodities broker who had handled the silver transaction (Tr. 384). This employee pleaded guilty to a misdemeanor blackmail charge and was sentenced to a fine and community service (Tr. 1466).

At the time of the blackmail incident, Mrs. Hansen still owed Mr. Hunt money. Hunt's attorney testified that Mr. Hunt told him that when he went to Washington to meet with Congressman Hansen, to "either come back with some money from the Hansens or . . . come back with some fresh notes to evidence the indebtedness of Mrs. Hansen resulting from Mr. Hunt's payoff of the First National Bank in Dallas" (Tr. 961). Pursuant to Hunt's orders, Irwin did receive two new notes from Mrs. Hansen (Tr. 961). The notes were backdated to reflect the interest payment Mr. Hunt had made prior to assuming the $50,000 debt and another for the amount then owing on principal and interest (Tr. 961).

3. CONGRESSMAN HANSEN'S DEFENSE

Congressman Hansen's defense at trial consisted of a few parts. With respect to the Dallas loan of $50,000 and the various silver transactions, the Congressman stated that (1) these were his wife's loans and transactions, (2) he and his wife had executed a property settlement agreement whereby their financial lives were separate, (3) as a result of that agreement he was advised by legal counsel that he did not have to report his wife's affairs as part of the dis-

closure required by either the House rules or EIGA and (4) he kept the appropriate House committee informed of his practices and it acquiesced to them. With respect to the Virginia loans, the Congressman's position was (1) that the money was borrowed for the nonprofit tax reform organization with which he was affiliated, (2) the money borrowed was spent for that organization and (3) he was advised by his counsel that he did not have to report those loans.

A. John Runft's Advice

For part of the legal advice on which he relied, Congressman Hansen turned to John L. Runft, his personal attorney from Boise, Idaho with whom he dealt since 1974 (Tr. 1013). Mr. Runft wrote the letters Congressman Hansen sent to the FEC seeking approval of his solicitation plan (Tr. 1022). After the advisory opinions prohibited the solicitation, it was Mr. Runft who devised the plan in which the family debts, shared by Congressman and Mrs. Hansen, would all be transferred to Mrs. Hansen through a property settlement, enabling her to solicit funds because they would now be exclusively hers (Tr. 1016, 1048–50).

In the spring/summer of 1978, Mr. Runft also was consulted about the effect of the Hansen's property settlement on the existing financial reporting requirement of the House rules (Tr. 1077). In his 1978 financial report, Congressman Hansen had not listed any of Mrs. Hansen's debts (Tr. 1079). Newspaper articles reported this omission and Congressman Hansen solicited Mr. Runft's advice (Tr. 1079). Mr. Runft said that he told Congressman Hansen "to get in contact with the Ethics Committee again and make sure that everything is known and above aboard" (Tr. 1079). Mr. Runft further advised the Congressman that, under House Rule XLIV, there was no need to report Mrs. Hansen's financial activities and that the House Ethics Committee had the obligation to notify Congressman Hansen if "he was wrong in any way" (Tr. 1080). Accordingly, on May 9, 1978, Congressman Hansen again wrote to the House Ethics Committee (Def. Ex. 38). His letter initially was prompted by and recounted the newspaper articles apparently quoting a member of the Standards Committee staff criticizing Congressman Hansen's financial filing statements. Congressman Hansen then recapitulated the procedure he had gone through to receive FEC and Committee advice concerning soliciting funds and the property settlement he made with his wife. Then, referring to Advisory Opinion No. 12, issued by the House Ethics Committee in December, 1977, the Congressman concluded that his property settlement put Mrs. Hansen in the category of spouses who were not in the "constructive control" of the member and whose transactions did not have to be reported. Finally, after restating what he had done in the past and his decision not to report, the Congressman stated:

> I am confident that my filing, done carefully with the advice of 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 respectively request confirmation of the validity of my report.

(Def. Ex. 38; Tr. 1398). Two days later, Mrs. Hansen sent another letter prepared by Mr. Runft to the Ethics Committee advising it of the property settlement and her decision not to include her transactions on the Congressman's report (Def. Ex. 39; Tr. 1081). She too declared herself not to be under the Congressman's "constructive control." [Evidence about whether and what the Ethics Committee responded to Congressman Hansen was not available to the prosecutors and outside the scope of trial because of the Speech and Debate Clause. As it turns out, Special Counsel has uncovered several documents which confirm that the Committee and/or its staff did respond. These documents, which contradict one of the implications of the Congressman's defense, are referred to and summarized in Section 5 of this Report.]

Following these incidents, Congress passed the Ethics in Government Act of 1978 ("EIGA"). The Act *inter alia,* codified as to Congress and other government officials the reporting requirements which used to be contained in congressional and agency rules. After passage of the Act, Congressman Hansen asked Mr. Runft whether the Act changed his reporting responsibilities (Tr. 1083). Mr. Runft explained the request as follows: "Congressman Hansen asked me . . . , under the new Act, was there a reasonable interpretation available under the Act that would allow [him] to continue not to report Mrs. Hansen's income under that Act" (Tr. 1984). Mr. Runft researched the purpose of the Act and concluded:

> My conclusion . . . consists of two parts. First, I believed or I concluded that in light of the property settlement agreement, . . . that a reasonable interpretation of the Act, particularly Section 702(d)(2) would allow the Congressman not to file information concerning 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 the Act required that the designated Committee, which was the Select Committee on Official Conduct [sic] of the House of the 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.

(Tr. 1086-87). Congressman Hansen accepted this advice and continued not to report Mrs. Hansen's assets or debts. Section 702, on which Mr. Runft relied for his advice, states that no report is required with respect to a spouse "living separate and apart from the reporting individual with the intent of terminating the marriage or providing for permanent separation . . ." (Tr. 1151). Mr. Runft read that exception to include the Hansens, even though they were not separated or living apart or contemplating divorce, because they had executed a property settlement agreement (Tr. 1152). Under cross-examination, Mr. Runft testified that, despite his general advice, he did not recall giving the Hansens specific advice concerning the reporting of the $50,000 Dallas loan (Tr. 1162). He further stated that he did not know about a number of Congress-

man's and Mrs. Hansen's financial transactions, including the fact that Congressman Hansen spent the $87,000 silver profit (Tr. 1162).

B. Jim McKenna's Advice

In addition to Mr. Runft, Congressman Hansen consulted with Jim McKenna about his financial disclosure requirements (Tr. 1340). At the time of soliciting the first advice in May 1978, Mr. McKenna was not yet on the Congressman's staff, but was close to the Congressman and worked for a public interest law firm in Washington (Tr. 1336-38). Mr. McKenna stated that he looked at the applicable House rules and the correspondence between Congressman Hansen and the Ethics Committee, and confirmed Mr. Runft's opinion that, under the House rules, Congressman Hansen did not have to report his wife's assets and liabilities (Tr. 1342). After he joined the staff, Mr. McKenna testified that he had a number of conversations with Ethics Committee staff about the existence of the Hansen's property settlement agreement and the Hansen's decision not to report Mrs. Hansen's activities (Tr. 1348). [Again, correspondence back to Congressman Hansen and staff version of the conversations were unavailable at trial because of congressional immunit. l Counsel has interviewed some members and staff of the then Ethics Committee. The correspondence which documents the Committee's actual response to Congressman Hansen and the staffs' different recollection of the conversations with Mr. McKenna are summarized in Section 5 of the Report.]

After EIGA was passed, Mr. McKenna also was asked to advise Congressman Hansen concerning the reporting requirement (Tr. 1349). Mr. McKenna concluded that, given the property settlement agreement, reporting Mrs. Hansen's situation was not required and actually would violate her right to privacy (Tr. 1350). McKenna based his decision on the fact that the Hansens repeatedly had told the Committee of their agreement and his interpretation that the purpose of EIGA was to include only those spouses whose finances had not been separated, as were the Hansens (Tr. 1351).

Mr. McKenna also testified that he was extensively involved with the Congressman's establishment and involvement in the Association of Concerned Taxpayers ("A.C.T."), a tax reform association which sought membership and funds through a direct mail effort (Tr. 1369-80). McKenna said that Congressman Hansen spent over $135,000 for that organization (Tr. 1410). Finally, McKenna stated that two days before the 1982 EIGA report was due, Congressman Hansen told him that some of the funds used by him for the organization resulted from loans made to him by Messrs. McAfee, Rodgers and Meade (Tr. 1424). McKenna then stated:

> In view of the promise of confidentiality [made to those people solicited by direct mail], 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 [his loans] off the form in 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 acknowl-

edged its obligation; and that in fact the money had been spent as he represented to the lenders.

(Tr. 1425). In other words, McKenna advised Congressman Hansen not to report the $135,000 in loans because the Congressman had borrowed the money for use by A.C.T. and because A.C.T. had been promising confidentiality to any person who it solicited for direct mail contributions. To rebut Mr. McKenna's description of large expenditures over $135,000 on behalf of A.C.T., the prosecution introduced evidence that showed that at a time close in proximity to when Congressman Hansen actually spent $95,000 on behalf of A.C.T., the Congressman obtained $95,000 in new loans from still another Idaho bank (Tr. 1632-39). The government's suggestion was that it was this later $95,000 which was spent on behalf of A.C.T. and the $135,000, or part of it, was spent by Congressman Hansen for something else.

McKenna testified that Congressman Hansen had told him that he [Hansen] had told the lenders [McAfee, Rodgers and Meade] that the loans would be used for A.C.T. (Tr. 1428). He also stated that he never had seen the Hansen's property settlement agreement (Tr. 1475), that he knew nothing about the soybean transaction (Tr. 1497), that he did not know that Congressman Hansen had solicited Bunker Hunt for money (Tr. 1497), that he did not know where the proceeds from the $50,000 Dallas loan had gone or that the Congressman spent some of it (Tr. 1498), that he was not involved with the disclosure of the $87,000 silver profit and that he was not very familiar with the extent of Congressman Hansen's activities on behalf of Messrs. McAfee, Rodgers and Meade (Tr. 1506).[4]

4. THE VERDICT

On April 2, 1984, after a ten-day trial, the jury found Congressman Hansen guilty on all four counts of the indictment (Tr. 1978).

5. CONGRESSMAN HANSEN'S CORRESPONDENCE WITH HOUSE ETHICS COMMITTEE

Correspondence and communications between Congressman Hansen, his attorneys and the House Committees on Ethics and Standards of Official Conduct are particularly important in this case because the Congressman relied on those contacts as part of his trial defense and because the transactions for which he was convicted occurred at a time when House disclosure rules and the law were changing. The significance of this correspondence is outlined by a statement Congressman Hansen's trial attorney made to this Committee on May 17, 1984:

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[4]Special Counsels' consideration of Congressman Hansen's defense assumes that the attorneys called to the stand gave the advice they assert. However, it is possible to question whether events occurred precisely in the way asserted. When Congressman Hansen was interviewed by the FBI about the blackmail letter and asked why he did not report the transactions with Nelson Bunker Hunt, he said that he decided not to do so after extensive discussions with his counsel. However, John Runft said he knew little about that transaction (Tr. 1092), and Jim McKenna directly contradicted the Congressman by stating that he had never discussed that transaction at all (Tr. 1500). In addition, the attorneys' testimony about the May 9, 1978 correspondence to and lack of response from the Ethics Committee, *see* Section 5, *infra*, also bears on the credibility of these witnesses.

> Given those facts, the committee did not, certainly it did not say we need more information, it did not say you must report those things because they are reportable under the Act or House rule.

(May 17 Transcript, at 14.)

Of special importance was Congressman Hansen's May 9, 1978 letter to the Ethics Committee (Def.Ex. 38) complaining of the staff comments to the press and inviting the Committee to confirm that his decision not to report Mrs. Hansen's liabilities was correct. The Congressman based a good deal of his defense at trial and before the Committee on the position that the Committee was made constantly aware of his position and "acquiesced" to it. There also was the implication that the Committee did not respond to the May, 1978 inquiry. This implication was given by:

A. John Runft

Congressman Hansen's Idaho attorney first gave the advice concerning the Committee.

> 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 . . .?
>
> A. My opinion was that under those particular conditions . . . [it] was not an item that needed to be reported . . .
>
> Furthermore, and always along with this advice . . . was the Committee had the authority and duty to review these reports . . and advise Congressman Hansen if he was wrong in any way. (Tr. 1079-80)
>
> * * * * *
>
> So on that basis, if my decision or my interpretation . . . 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.* (Tr. 1087) (emphasis added)

B. Jim McKenna

When the issue of disclosure first arose in May, 1978, Jim McKenna was not yet on the Congressman's staff. He was, however, consulted for his opinion.

> Q. And had you come to any conclusion at that time regarding whether or not Mrs. Hansen's assets and liabilities had to be reported . . . ?
>
> A. Yes, sir it was my opinion based . . principally and somewhat independently . . . on a *review of the correspondence* that had occurred between the committee and the Hansens with reference to the matter in which the filing were to occur—and I satisfied myself . . . that the wife's assets and liabilities were not subject to report.

(Tr. 1342) (emphasis added). To give this opinion, McKenna stated that he thoroughly reviewed the "entire file of Mr. Hansen's file of correspondence with the then Ethics Committee" (Tr. 1343).

> Q. And included in that file were what kinds of correspondence, what kinds of letters.
>
> A. Well, they were letters from Mr. Hansen, letters from Mrs. Hansen, and my recollection is that *there was very little back*, . . .

(Tr. 1343) (emphasis added). McKenna was further drawn out by the Congressman's trial counsel:

> Q. You testified yesterday that the House Committee on Ethics was advised of the property settlement agreement and then continued to be advised . . .
>
> A. As I testified yesterday, I spoke to staff on this specific issue at least four, and I think five times.
>
> Q. To your knowledge, did Congressman Hansen ever receive a response from Mr. Preyer to this [May 9, 1978] letter asking—which in any way rejected the validity of his report?
>
> A. My personal recollection is no. And I have searched the files, and *we can't find a response.*
>
> Q. So there has been no response to this letter.
>
> A. As far as I know.

(Tr. 1398-99) (emphasis added). Then on cross examination, McKenna again gave the same impression:

> Q. Mr. McKenna, you testified about a May 9, 1978 letter . . .
>
> Q. And the request [in the letter] is "At this time I respectfully request confirmation of the validity of my report."
>
> Now, did you receive a response from the House Ethics Committee, in writing, sir?
>
> A. I did not, and I do not know that the Congressman did.
>
> Q. Did you follow up and request a written response?
>
> A. I thought this was that request.
>
> Q. Did you follow up?
>
> A. Did we make a subsequent one?
>
> Q. Yes.
>
> A. I did not. I do not know whether Mr. Runft did.
>
> Q. Is there a piece of paper, sir, from the House Ethics Committee, anywhere, that represents that Congressman Hansen, prior to the Ethics in Government Act, that he needn't report his wife's assets?
>
> A. A piece of paper?
>
> Q. Yes.
>
> A. I doubt it. *In fact, I think I testified that we had no response from the House,* and I suspect the House had an obligation to us.

(Tr. 1484-85) (emphasis added). On re-direct, McKenna reiterated:

> Q. Mr. Weingarten asked you whether there was even any answer to the letter to Congressman Preyer, and you answered that there was not, to your knowledge. On what basis did you conclude that the House Committee had some obligation to respond?
>
> A. On the basis of the Act itself, . . . having performed the act required under the statute, the Congressman brought that act to the attention of the committee and then subsequently wrote them a letter saying, "I am relying on this state of facts in filing my form, and I ask you to tell me whether I am right or wrong."
>
> I believe they had an affirmative duty to decide right or wrong and tell him at that point.

(Tr. 1525–26). McKenna went on to state that the Committee's response, or lack of it, to the earlier request became one basis for later decisions not to report Mrs. Hansen's transaction because they had "acquiesced" to the Hansens' approach (Tr. 1350).

C. Congressman Hansen

In his statement before this Committee, Congressman Hansen also emphasized the importance of the May 9 letter:

> That conclusion [not to report] was communicated to this committee in language that could not be misunderstood. And I think if you read the letters you will see what I mean . . but because we had a Property Settlement Agreement and *the Committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after the Agreement.*

(May 14 Transcript, at 45) (emphasis added).

Special Counsel undertook its own review of the correspondence and communications between Congressman Hansen and the Ethics Committee and also interviewed members of the Committee and staff of the time. This review uncovered documents, particularly a June 15, 1978 letter, which contradict the statement or implication that the Committee did not respond to the May 9 letter. The actual chronology of the correspondence is as follows:

—May 9, 1978 Congressman Hansen writes House Ethics Committee complaining of leaks to the press and seeking committee confirmation of his disclosure (Def.Ex. 38)

—May 12, 1978 Committee staff member sends letter of apology to Congressman Hansen and reiterates staffs' view that the disclosure was inadequate (Comm.Ex. 1) [5]

—May 17, 1978 Committee staff writes memorandum to Congressman Preyer and Wiggins advising them of conclusion that Congressman Hansen's disclosure is inadequate (Comm.Ex. 2)

—June 9, 1978 Committee staff send draft letter intended for Congressman Hansen to Congressman Wiggins for his approval (Comm.Ex. 3)

—June 15, 1978 Congressmen Preyer and Wiggins send draft letter and a cover to Congressman Hansen concluding that his

[5] "Comm.Ex." refers to a document which was not introduced at trial but which has been incorporated into this Report.

disclosure is inadequate; draft encompasses explanation of staff's May 17 memorandum; cover letter solicits any additional information from Congressman Hansen before draft is made final (Comm.Ex. 4)

After the June 15 letter was sent, one of Congressman Hansen's attorneys, John Runft, visited or called the staff to take issue with the conclusion that had been reached in the draft. This discussion with Runft is memorialized in an August 10, 1978 memorandum to the file (Comm.Ex. 5) written by Don Terry, the staff director with whom Runft talked. There is no written explanation of why the June 15 draft letter was never finalized.

Special Counsel notified Congressman Hansen's attorneys about the correspondence that was found. John Runft stated that he had no recall of any draft or cover letter, but that he now did recall discussing with Don Terry by telephone the staff's conclusions concerning the May 1978 disclosure. Runft's view was that he was able to persuade the staff that they misunderstood the property agreement and its effect on disclosure. The staff has no such recollection and state that they did not change their opinion. On June 5, 1984, Congressman Hansen's trial attorney wrote Special Counsel a letter explaining how the discovery of the Committee's reply only substantiated the defense theory of the case (Comm.Ex. 6).

Don Terry, Roy Dye, Richard Powers and John Swanner, staff of the then Ethics and Standards Committees, confirm that they spoke with Mr. McKenna on a number of occasions. However, it is their recollection that most of these conversations concerned their request for a copy of the property settlement agreement which was promised but never delivered and that they did not "acquiesce" to the Congressman's interpretation.

Of course, the correspondence and statements by the Committee and staff were not available at Congressman Hansen's trial. The prosecutors sought this type of evidence, but were successfully blocked by assertion of the Speech and Debate Clause and the trial court's finding of that privilege. This Committee, however, has access to these internal records and evidence, and they do reveal that, by June 15, 1978, Congressman Hansen and at least one of his attorneys knew that the Ethics Committee staff and Congressmen Preyer and Wiggins did not concur in their judgment about not having to disclose Mrs. Hansen's liabilities. The implication that the Congressman wrote the Committee, asked for guidance and then was not answered, is not substantiated by the evidence and raises the question of whether Messrs. Runft and McKenna forgot or were being less than candid at the trial.

6. CONGRESSMAN HANSEN'S STATEMENT TO THE COMMITTEE

In his statement and answers to questions before this Committee, Congressman Hansen repeated the explanations of the various transactions which had been testified to by other witnesses at his criminal trial. The Congressman also alluded to some of the legal arguments he has been pursuing, especially his contention that the violations of EIGA should not be subject to criminal penalties (May 17 Transcript, at 33).

In addition, calling the past ten years a "tale of terror" (*id.*, at 21), a "horror story" (*id.*, at 39) and a "witch hunt" (*id.*, at 40), Congressman Hansen stated that the EIGA prosecution was nothing more than a political vendetta. He said the vendetta also included IRS leaks of his financial data to his political opponents (*id.*, at 28), the Justice Department condoning prosecutorial misconduct (*id.*, at 40) and the trial judge in his case being partial (*id.*, at 40).

With respect to the property settlement agreement, Congressman Hansen stated ". that she [Mrs. Hansen] was an independent individual and she ought to have the right to survive . . ." (*id.*, at 30). Then, with respect to reporting the various transactions, he said it would be "inconsistent" (*id.*, at 35) with the property agreement to report. The basis was ". . . if it is hers, not mine, you don't put it down" (*id.*, at 37).

During his appearance, Congressman Hansen maintained the positions that ". . . we advised the committee, there was no effort to ever hide any of this" (*id.*, at 30-31). Concerning his communications to the House Ethics Committee about the property settlement agreement and about his decision not to report his wife's transactions for 1978, Congressman Hansen said "That conclusion was communicated to this Committee in language that could not be misunderstood . . . the committee knew and acquiesced in the way I was treating Mrs. Hansen's debts and assets after the Agreement" (*id.*, at 45).

Congressman Hansen stated that, to protect his privacy, he did not send a copy of the property agreement to the Committee and that he did not give the Committee specific information concerning how he and Mrs. Hansen continued to maintain their financial lives after the settlement was entered.

In summary, Congressman Hansen stated: "I don't know, maybe there is a time in this government that makes things so convoluted and complex that you get in trouble for being up front and on the table and honest . ." (*id.*, at 48-49).

7. SPECIAL COUNSEL'S REVIEW AND DISCUSSION

On the basis of this preliminary inquiry, the Committee is required to determine whether "the evidence of such offense[s]," of which Congressman Hansen was convicted, constitute violations "over which the Committee is given jurisdiction." Rule 14, Rules of Procedure, Committee on Standards of Official Conduct. The Rules of the House of Representatives provide that the jurisdiction of the Committee extends to any alleged violation by a member "of the Code of Official Conduct or any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member . . . in the performance of his duties or discharge of his responsibilities." Rule X, cl. 4(e), Rules of the House of Representatives ("House Rules").

Special Counsel submit that a review of the evidence at the trial, the instructions given, the verdict and the information heard or provided to this Committee reveal the possible violation of two separate statutes applicable to his conduct as a member, the Code of

Ethics for Government Service (by prior precedent [6] the Code is an "other standard of conduct applicable to the conduct of" members under House Rule X, cl. 4(e)(1)) and four rules of the House governing conduct by members.

Special Counsel begins with the offenses for which Congressman Hansen was convicted, and then the rules, laws and standards of conduct applicable to a member's conduct which may form an additional basis for the Committee's jurisdiction.

A. Financial Disclosure

During the time period under consideration, Members were required to submit financial information about themselves and their spouses under House Rule XLIV and then also under EIGA. From October, 1977 until January 1979, Rule XLIV required information about spouses assets and liabilities "unless the reporting individual indicates that: (a) he or she neither derives, nor expects to derive, any economic benefit from such interests; and (b) such interests were not obtained in any way from the assets or activities of the reporting individual." Advisory Opinion No. 12, reprinted in Ethics Manual for Members and Employees of the U.S. House of Representatives, 98th Cong., 2d Sess., at 176 (1984). After January, 1979, Rule XLIV was amended to incorporate the provisions and exceptions of EIGA. Under EIGA, a member must include information about the assets and liabilities of a spouse with two exceptions. The first is if a member can show that the item (i) . . . "represents the spouse's . . . sole financial interest . . . and which the reporting individual has no knowledge of, (ii) [spouse's transaction] . . . are not in any way . . . derived from the income, assets or activities of the reporting individual, and (iii) [is one] from which the reporting individual neither derives, nor expects to derive, any financial or economic benefit." 2 U.S.C. § 702(d)(1)(D).[7] The second exception in EIGA, the one relied on by Congressman Hansen's attorneys, excludes information about a spouse "living separate and apart from the reporting individual with the intention of terminating the marriage . . ." 2 U.S.C. § 702(d)(2).

The "evidence" in Congressman Hansen's trial revealed a number of different, potentially reportable transactions or events: (1) the soybean transactions, (2) the original Dallas bank loan, (3) the extension of the Dallas loan, (4) the Hunt pay-off of the Dallas loan, (5) the $125,000 margin loan, (6) the $87,000 silver profit and (7) the $135,000 loans from Messrs. McAfee, Rodgers and Meade. Congressman Hansen's conviction involved (3), (4), (6) and (7), but

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[6] *See, e.g.*, In The Matter of Representative Daniel J. Flood, H.R. Rep. No. 856, 96th Cong., 2d Sess., at 5 (1980); and In The Matter of Representative John J. McFall, H.R. Rep. No. 1742, 95th Cong., 2d Sess., at 3 (1978); and In the Matter of Raymond J. Lederer, H.R. Rep. No. 110, 97th Cong., 1st Sess., at 118 n.6 (1981).

[7] Prior to the change in Rule XLIV in 1977, a member could exclude information about the assets of a spouse if that spouse was not in the member's "constructive control." That phrase was opined to encompass spouses who had property separation agreements. Advisory Opinion No. 12, supra, at 179. It was this prior rule and interpretation which Congressman Hansen asserted in his May, 1978 letter to the Ethics Committee. The June, 1978 draft reply explained that the "constructive control" test applied only to assets, not liabilities and that it had been superceded in any event (Comm Ex. 4).

the others occurred when House Rule XLIV, in addition to EIGA, was applicable.[8]

Congressman Hansen did not deny his failure to report these various transactions. Instead, he argued that he was justified in his actions because of his correspondence with the Ethics Committee and the advice he had received from counsel. In other words, to paraphrase the Congressman's explanation, he stated that he had a property agreement with his wife, the Committee knew about that agreement, that agreement made him financially separate from his wife, his attorneys advised him that financially separated spouses are not included in the House Rule or EIGA, and he relied on that advice. It is Special Counsel's view that Congressman Hansen's explanation does not hold up, especially under the "clear and convincing" standard of evidence applicable to Committee proceedings.[9]

To rely on advice of counsel (and the same can be analogized to relying on advice or correspondence from the Committee), Congressman Hansen would have to seek the advice in good faith, provide all material facts and then follow the advice given. *See Williamson* v. *United States,* 207 U.S. 425, 453 (1908). There is evidence that he failed all three requirements.

It is fairly clear that Congressman Hansen approached his attorney with a prejudice toward non-disclosure. His request was not "What does the law require," but "Was there a reasonable interpretation available . . . that would allow [him] to continue *not to report* Mrs. Hansen's income under that Act" (Tr. 1984) (emphasis added). In addition, now that the Committee's response to the Congressman's May 9 letter is known, it would have been far better evidence of good faith to seek further written clarification, especially after new rules were enacted and a new reporting law passed. Congressman Hansen showed that he knew how to seek formal advice from the appropriate Committee, and such a solicitation, rather than reliance on his personal or staff attorney, would have better supported his assertion of good faith. This especially is the case after EIGA was passed because that law specifically provides for advisory opinions which then become absolute defenses to any sanction under the law (Tr. 1599).

Even if he sought legal advice in good faith, Congressman Hansen did not follow that which he was given. With respect to both his advice under House Rule XLIV and EIGA, John Runft said he told the Congressman he did not have to report *and* to keep the Committee totally advised of his decision. The evidence showed that Congressman Hansen did *not* keep the Committee apprised: He sought advice on his solicitation scheme, was turned down and

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[8] The soybean transaction (1) and the original Dallas loan (2) occurred during the hiatus in reporting resulting from the change in old to new Rule XLIV. Since only transactions occurring from October to December, 1977 were reportable, *see* Advisory Opinion No. 12, supra, at 178, these could not amount to violations of any rules. In addition, the $125,000 (5) was large enough and lasted long enough to be a separate loan, but Congressman Hansen could have thought of it as a temporary overdraft which might not have to be included.

[9] By now, it is well-settled that disciplinary actions undertaken by this Committee and the House of Representatives are governed by the "clear and convincing" standard of evidence, falling somewhere between "preponderance" of the evidence required in civil cases and "proof beyond a reasonable doubt" required in criminal matters *See* Manual of Offenses and Procedures. Korean Influence Investigation Pursuant to H. Res. 252, 95th Cong., 1st Sess., at 40 (Comm. Print 1977).

then developed the property settlement agreement idea. He did not then go back to the Committee and seek the same type of formal advice on the efficacy of the scheme. More important, despite a number of requests, he never gave the Committee a copy of the actual agreement. In addition, he may have told the Committee that a property settlement agreement was in effect, but he certainly did not tell the Committee that some of the funds raised by Mrs. Hansen pursuant to the direct mail campaign were deposited in their joint account and used by the Congressman, that they continued to maintain numerous joint financial transactions, including cars, homes and bank accounts, that he endorsed and spent the proceeds from the $50,000 Dallas loan, or that he arranged for and spent the $87,000 silver profit. Special Counsel believe that all of those facts would have been relevant and material to the Committee. Without communicating them, Congressman Hansen hardly can state that he kept the Committee "totally" advised, as his lawyer suggested.

Furthermore, Congressman Hansen was put on notice from very early on that the Committee disagreed with his interpretation of the House rule. He asked for confirmation in May 1978. A month later he was sent a letter from the chairman and ranking minority member advising him that they differed with his view and that he should include Mrs. Hansen's liabilities on his disclosure form. The Congressman's attorneys then called the Committee staff to further discuss the Committee's view. Consequently, Congressman Hansen had no reasonable basis to continue not to report Mrs. Hansen's transactions. No subsequent advice of counsel, rendered on an interpretation of the former version of House Rule XLIV, could overcome the conclusion communicated in the June 15 draft letter and the subsequent conversations with counsel. The fact that the draft letter was not finalized cannot, in retrospect, be interpreted as acquiescence to a position totally opposite to what the letter itself concludes. If there was any possible continuing doubt by the Congressman that the Committee or its leadership thought he should include Mrs. Hansen, he should have sought further clarification.

Even if the Committee's failure to formalize its June 1978 letter could be considered ambiguous with respect to his reporting obligations in 1978, changes in subsequent years, including a further amendment to House rule and the enactment of EIGA, should have given him reason to seek additional, current advice. These intervening events should have put a reasonable person on notice that earlier representations to and contacts with the Committee had become stale and required additional discussion or clarification. This is even more the case because EIGA itself included a procedure for a member to solicit and rely upon formal advisory opinions. Instead, perhaps worried about still another adverse ruling, Congressman Hansen relied on advice of counsel which contradicted the only written Committee correspondence on the subject.

Furthermore, while a defendant may rely upon advice of counsel sought in good faith, even if erroneous, Runft's interpretation of Section 702(d)(2) of EIGA—that the Hansens could liken themselves to persons living apart in contemplation of divorce—was so without basis and devoid of legal substantiation, that it undercuts the proposition that the advice, as described at trial, actually was given in

that way or that Congressman Hansen, a legislator with experience in reading the plain language of statutes and their history, could rely on it in good faith.

Finally, the evidence established at trial and Congressman Hansen's statement to the Committee revealed that he did not tell his attorneys all of the material facts concerning his situation. Any legal advice they did give did not encompass some things which may have made a difference. Mr. Runft, for example, knew little about how the $50,000 Dallas loan was spent or the Congressman's access to it and did not know that the Congressman also spent the $87,000 silver profit. Mr. McKenna testified that he never saw the Hansen's property agreement, knew nothing about the soybean transaction which started the whole disclosure issue, did not know about the Congressman's solicitation of Bunker Hunt, did not know how the $50,000 was spent or about the Congressman's efforts on behalf of McAfee, Rodgers and Meade. Special Counsel views these facts to be very material in determining whether, under the letter and spirit of the rule and statute, Mrs. Hansen's transactions had to be reported. The fact that Congressman Hansen's attorneys today testify that these facts would not change their advice is unpersuasive. First, such testimony is too self-serving to be adopted on its face. Second, there is evidence—assertions about correspondence with the Committee—which raises questions about the credibility of those witnesses. Third, "materiality" is an issue for Special Counsel, the Committee and the House to determine on their own. What Congressman Hansen's attorneys conclude is "material" is just one consideration in that determination.

Consequently, because he took actions which contradicted advice he solicited and was given, because he did not follow the legal advice on which he relied and because he did not give his attorneys enough facts on which to base their legal advice, Congressman Hansen was not justified in failing to report his wife's transactions. His actions, therefore, violated House Rule XLIV and EIGA. These violations clearly are within the jurisdiction of this Committee and should subject Congressman Hansen to disciplinary action by the Committee and the House.

B. Filing False Statements

The offenses for which Congressman Hansen was convicted under the false statements statute, 18 U.S.C. § 1001, make it illegal for any person to knowingly and willfully make a false statement or representation on a matter within the jurisdiction of any department or agency of the United States which is material to such matter.[10] The House has determined that false statements or swearing on material matters in the performance of a Member's duties constitutes conduct which violates the Rules of the House, specifically House Rule XLIII, cl. 1, which requires members to conduct themselves in a "manner which shall reflect creditably on the House of Representatives." *See* In The Matter of Representa-

[10] The House of Representatives and its component offices and committees have been held to be "departments or agencies" of the government within the meaning of § 1001. *United States* v. *Bramblett*, 348 U.S. 503 (1955); *United States* v. *Diggs*, 613 F.2d 988, 999 n.64, cert. denied, 446 U.S. 982 (1980).

tive Edward S. Roybal, H.R. Rep. No. 1743, 95th Cong., 2d Sess., at 3-4 (1978), 124 Cong. Rec. H 12820-12828, H 13249-13261 (daily ed. Oct. 13, 1978) (false testimony before the committee).

The House has viewed the filing of false statements with the finance office of the Clerk as subject to sanction as well, even though not under oath or proffered in the course of a committee investigation. In The Matter of Representative Charles C. Diggs, H.R. Rep. No. 351, 96th Cong., 1st Sess., Vol. I, at 19 (1979) (false payroll authorization forms).

It is Special Counsels' view that a false statement on a form submitted to the Standards Committee is particularly within the Committee's jurisdiction where, as under EIGA and the procedures adopted by the House, the Committee is itself the "agency" to which responsibility for reviewing the forms has been committed. The Committee, *inter alia*, is specifically directed to determine whether the reports required to be filed under the Ethics in Government Act are "filed in a timely manner, are complete and are in proper form." 2 U.S.C. § 105(a) In addition, the substantive requirements of House Rules prohibit the receipt of gifts of over $100 from persons with a direct interest in legislation, House Rule XLIII, cl. 3, and limit earned outside income to 30 percent of the aggregate salary of a Member per year, House Rule XLVII, cl. 1(a). The filing of false information or omission of information would influence, or tend to influence, the decision of the Committee with respect to matters committed to it concerning compliance with substantive and procedural rules of the House.[11] For the reasons described under "Financial Disclosure" above, Special Counsel concludes that Congressman Hansen willfully failed to disclose material information and did not have a reasonable "advice of counsel" defense. This willful failure violated Section § 1001 and House Rule XLIII. These violations also should subject Congressman Hansen to further disciplinary action.

C. Other Rule Violations

While Congressman Hansen was convicted for filing false information having to do with financial disclosure, the events which were testified to at this trial do indicate other potential violations of House rules.[12]

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[11] Congressman Hansen argued both before and at trial that the omissions from the financial disclosure forms were not material because the committee is not required, and does not, review the forms for compliance with the rule. Citing to the legislative history discussing the purpose to foster public disclosure, not internal enforcement, the Congressman contended that the committee could not rely on the forms with respect to a decision "required to be made," because no decision is ever made by the committee other than to print the forms. Special Counsel reject this contention as unjustified by the legislative history and an overly narrow reading of the committee's responsibility to assure compliance with House rules. Like any disclosure scheme, whether it be the federal securities laws, or the federal election laws, great dependence is placed upon voluntary truthful and full reporting. It is no defense to failure to file under such a scheme that the committee does not act on the information it receives, for it relies upon complete reporting by members and staff.

[12] Rule 14 of this Committee's rules of procedure states that the purpose of a preliminary inquiry is "to review the *evidence* of such offense [that for which the Member was convicted] and to determine whether it constitutes a violation over which the Committee is given jurisdiction . . ." (emphasis added). Because of the rule's use of the word "evidence" of the offense rather than the offense itself, Special Counsel believe that a preliminary inquiry is *not* confined solely to those rules which are analogous to the statute for which the member ultimately was convicted. In other words, if a member is convicted for statute x, and the evidence at trial shows that

Continued

1. SOLICITATION CAMPAIGN

The first related violation involves the Hansens' solicitation campaign, the episode which can be said to have started this incident. The Hansens were told through Advisory Opinion Nos. 4 and 11 that they could not raise funds through a direct mail campaign for the Congressman's personal debts. This advice was predicated on House Rule XLIII, cl. 7 which, in pertinent part, states "[a] Member . . . shall treat as campaign contributions all proceeds from testimonial dinners or other fund-raising events." Advisory Opinion No. 4, *reprinted in* Ethics Manual for Members and Employees of the U.S. House of Representatives, 98th Cong., 2d Sess., at 159 (1984).

The Hansen's solution was to transfer the debts to Mrs. Hansen and then allow her to raise funds. As previously noted, the Hansens did not provide the Committee with a copy of their Agreement or the specifics about how the Agreement would affect their day-to-day finances. Special Counsel doubts that the property separation scheme is consistent with the spirit of Advisory Opinion Nos. 4 and 11. The possibilities for abuse are readily apparent, and a member should not be allowed to circumvent the intent of a rule, if not its specific language, by such a paper reorganization of his or her financial affairs. *However, even assuming that Mr. Runft's device technically complied with the advisory opinions, the evidence at trial revealed that the Hansens did not maintain the scheme as presented.* Mrs. Hansen admitted that some funds which were raised as part of the direct mail campaign were taken out of her special account and placed in hers and the Congressman's joint account (Tr. 1281). In addition, the evidence at trial showed that a careful accounting of what money was spent for which debts was neither kept nor possible to keep, and that co-mingling probably occurred. The results of the transfer of solicited funds to a joint account and the loose financial practices are exactly what the Committee had disallowed—Mrs. Hansen's solicitation of funds through direct mail which were used by Congressman Hansen. Having asked for advice and having devised a procedure to allow the solicitation plan, the Hansens were under a special duty to implement that plan carefully. The evidence clearly shows that this was not done, and the resulting practice, in Special Counsels' view, violated Advisory Opinion Nos. 4 and 11 and House Rule XLIII on which they were based.[13]

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the member violated a rule analogous to statute x *plus* some other related rule, the Committee would be remiss if it did not consider the related standard of conduct. This is *not* to say that any or all potentially applicable statutes and rules should be included in a preliminary inquiry. To do so would be unfair to the member who, in the Rule 14 context, would not have enough opportunity to adequately defend the new charges. However, those rules which are so fundamentally related to the principal offense that they are almost central to it can and should be considered, especially, as in this case, when the conduct prescribed by those related rules was put in issue at the trial and addressed by both the prosecution and the defense. In this specific case, the motivation for Congressman Hansen's failures to disclose was very much at issue in trial and part of each side's presentation.

[13] In addition, the critical property settlement agreement may have become invalid under Idaho law itself. Where spouses with separate assets co-mingle that property and blur the distinction, it reverts to the status of "community property." *See Martsch* v. *Martsch*, 103 Idaho 142, 645 P.2d 882 (1982); *Gapsch* v. *Gapsch*, 76 Idaho 44, 277 P.2d 278 (1954). If the Hansen's bookkeeping and finances had this result, the settlement agreement would have had no effect whatsoever on the ban on solicitation and on the disclosure requirements.

2. ACCEPTING GIFTS

House Rule XLIII, cl. 4, provides that a member may not receive gifts of more than $100 in value per year directly or indirectly from any person having a direct interest in legislation before the Congress. Through interpretation of the rule, the Committee has defined persons having a direct interest in legislation as any person who is, or employs, a registered lobbyist, maintains a political action committee or anyone who has an interest in legislation distinct from the "general public interest" in legislation. Advisory Opinion No. 10, *reprinted in* Ethics Manual for Members and Employees of the U.S. House of Representatives, 98th Cong., 2d Sess., at 173 (1984). Indeed, the purpose of the rule was to instill public confidence that Members of the House would not be influenced, or have their impartiality questioned, by gifts from persons with interests in legislation before the Congress. The intent of the rule, as clarified by later interpretations, was to prevent and deter apparent as well as actual conflicts of interest. *See Manual of Offenses and Procedures, Korean Influence Investigation Pursuant to House Resolution 252,* 95th Cong. 1st Sess., at 29 (Comm. Print 1977).

The evidence showed that Congressman Hansen solicited money from Mr. Hunt and then accepted what Special Counsel concludes were gifts in the pay-off of the $61,000 Dallas loan and in the receipt of the already-made $87,000 silver profit. Given his wide and varied interests in matters before the Congress and the direct impact which the actions of Congress have upon his business activities, Nelson Bunker Hunt obviously is a person with a direct interest in legislation within the definition and intent of that term.

As the Committee has previously stated, "[t]he more the donor's interest is shared with the public at large, the less likely it is that the provision was meant to prohibit the acceptance of the gift . . . At one extreme, a large gift from the head of an energy company during the pendency of an energy company divestiture bill would be barred. But a similar gift from the same source during the pendency of general minimum wage or economic stimulus legislation might not amount to a "direct interest." *Manual of Offenses and Procedures, supra,* at 29. And the Committee has determined that "legislation before the Congress" should be "read broadly to include an ongoing special interest in or affecting the legislative process." Advisory Opinion No. 10, *supra,* at 174.

Under these circumstances acceptance of the loan pay-off and the silver profit from Nelson Bunker Hunt, whose interest in matters pending before the Congress was open and notorious, evidences a direct violation of Rule XLIII, cl. 4.

3. APPEARANCE OF CONFLICT OF INTEREST

The Code of Ethics for Government Service, House Concurrent Resolution 175, 72 Stat. pt. 2, B12 (July 11, 1958), provides that: "Any person in Government Service should . . . [ ] (5) . . . never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties." The Code has been deemed to carry the force of law and by precedent has been deemed to apply to Members of the House. *See* In the Matter of

Representative Robert L.F. Sikes, H.R. Rep. No. 1364, 94th Cong., 2d Sess., at 8 and n. 11 (1976); In the Matter of Representative Raymond F. Lederer, H.R. Rep. No. 110, 97th Cong., 1st Sess., at 118 n. 46 (1980); Constitution, Jefferson's Manual and Rules of the House of Representatives § 63, H.R. Doc. No. 271, 98th Cong., 2d Sess., at 26 (1983).

The acceptance of constantly extended loans and ready-made commodities profits from Mr. Hunt and of loans and interest payments from the three Virginia men (including deposit of the first $25,000 on the same day that Messrs. McAfee and Rodgers came to Washington to attend a meeting with the Army arranged and attended by Congressman Hansen) certainly calls into question whether reasonable persons might construe acceptance of such largesse as influencing the performance of his governmental duties or whether these favorable loans and arrangements were made solely because Mr. Hansen was a Congressman.[14] Review of the precedents indicate that such direct and substantial financial involvement with persons for whom the Member seeks to expedite or advance government decision-making constitutes an appearance of conflict, in violation of an ethical standard previously applied to Members. In the Matter of Representative Robert L.F. Sikes, H.R. Rep. No. 1364, *supra,* at 21.[15]

8. RECOMMENDATION

Special Counsel recommends that the Committee conclude that Congressman Hansen has committed violations of law and House rules, that the Committee has jurisdiction over such violations and that the Committee should proceed promptly to hold a hearing, pursuant to Rules 16 and 17 of the Committee's rules, for the purpose of determining what sanction to recommend to the House of Representatives in this matter.

Respectfully submitted.

STANLEY M. BRAND,
ABBE DAVID LOWELL,
Special Counsel.

[14] This is not to say that the time-honored role of members as ombudsmen for their constituents and the public is not an accepted, legitimate and necessary part of their responsibilities of office; only that a member cannot receive such large personal financial rewards under circumstances which "might be construed as influencing the performance of his governmental duties."

[15] Part of the prosecution's presentation of its case involved its implying bribery of Congressman Hansen by Messrs. Hunt, McAfee, Rodgers or Meade. This implication raises additional statutes and rules which Special Counsel reviewed as part of this preliminary inquiry. *See* 18 U.S.C. §§ 201(c) (bribery), 201(g) (gratuity) and 203 (conflict of interest). The government did not indict under these statutes and was unable to show any direct "quid pro quo" required for bribery, any correlation between an official act for which a gratutity might have been done and the loans, or activities substantial enough to constitute an actual conflict of interest. *See* Defendant's Motion in Limine to Exclude Evidence, at 3-10 (March 15, 1984). Special Counsel does not believe sufficient proof for any of these charges exists in the evidence or that the charges form a basis for exercising Committee jurisdiction.

U.S. House of Representatives

COMMITTEE ON STANDARDS OF
OFFICIAL CONDUCT

Washington, D.C. 20515

12 May 1978

The Honorable George Hansen
1125 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Hansen:

As you requested, I have attempted to recall the series of conversations I have had with Mr. David Morrissey and the subject matter of each. To the best of my recollection, the first time I talked with Mr. Morrissey was on or about Tuesday, April 25th. At that time he asked when the Financial Disclosure statements would be available to the press. I told him not before May 1st, but probably a day or two after that due to the expected number of last-minute filings. He also asked if the Idaho Congressmen had filed yet and could I tell him what had been disclosed. I told him at that time I could not tell him any specific Financial Disclosure information over the phone, including who had or had not filed.

Mr. Morrissey called our office several more times during the last week in April with basically the same demands. On each occasion he was told by me that I could not tell him any information on any Financial Disclosure statement or who had filed. I suggested that he might check with the Secretary of State in Idaho to determine what statements had been received by them. Each Secretary of State was apparently handling the Financial Disclosure statements received by them differently and I thought it possible he could find out what he wanted to know from that source.

On or about Monday, May 1st Mr. Morrissey called wanting a specific date we could give him the information on your form. This was the first time I recall his mentioning you by name. I reiterated the committee's position. When he called the following day, I told the secretary here to tell him I was out. On Wednesday, May 3rd he called saying he knew you had filed and the statements were to be public now and he wanted the information. By that date the committee was firm upon the 9:00 A.M. Thursday, May 4th time for making the statements available in this office.

Thursday, May 4th Mr. Morrissey called for me and stated he was "really burned" because the information on your form had been released by this committee to another reporter on Wednesday. I told him that was not correct; that no information had been released by the committee in any form to anyone prior to 9:00 A.M. Thursday. He insisted he was correct and I responded "that's a lie". He assured me the other reporter told him he got the information from our committee on Wednesday. I told him "If he is telling you that, he is lying to you". I then told him I still could not give him the information he wanted beyond the fact that all Members had filed prior to May 4th. I believe I told him the House Press Gallery might give him the information because they had purchased a copy of all Member's statements, but I would not.

EXHIBIT 1

On Friday, May 5th, Mr. Morrissey called and I talked to him for 20 to 30 minutes. By this time, I was reasonably familiar with your property division with your wife and the source of the liabilities Mr. Morrissey felt should have been disclosed and were not. He maintained your wife's debts resulted from your activities and according to Advisory Opinion #12 of the Select Committee on Ethics, should have been disclosed. I told him my reading of Advisory Opinion #12 was the same as his, but I was not familiar with the circumstances of the property division or with what interpretation the Select Committee might give in a specific case. When asked for my personal opinion, I did respond as quoted "my impression is that the Congressman is probably incorrect". I regret the use Mr. Morrissey made of that statement. I erroneously felt that I had sufficiently explained the following: 1) without the facts, my opinion was of no value whatever and should not be represented as an authoritative source nor attributed; 2) if a determination were to be made, it would not even be made by my committee, much less by me, and; 3) your previous statements about the debts indicated you had considered the matter and arrived at a different conclusion than I.

When asked what this committee would do about your situation, I told him all Financial Disclosure statements had been reviewed by me for completeness and yours was found to be complete on its face. Any question about your statement had not been raised except by him.

The remainder of the conversation consisted of an explanation by me of the authority of the committee to investigate allegations of misconduct or other violations of the Rules of the House. This background information was apparently used by Mr. Morrissey in the newspaper article shown me on Monday, May 8th, as specifically applying to you, presupposing you had filed an incomplete Financial Disclosure statement. Since that conversation, I have not talked to Mr. Morrissey.

Throughout the time I received calls from Mr. Morrissey, the staff of the Select Committee on Ethics, with whom I was in frequent contact, advised me he had also been calling them regularly about this matter. I believe he was told by them the provisions of Advisory Opinion #12 and told to draw his own conclusions as to its application to your situation; a judicious course I regret I did not follow to the letter.

I hope this information will be helpful to you in understanding my part in the events described. If I may provide additional information as to these events, please call on me.

Sincerely,

Jim Haltiwanger

James N. Haltiwanger

Possible violation of ethics code

5-7-78 Times News

Hansen report may be incomplete

REP. GEORGE HANSEN
wife's debts unlisted

By DAVID HORNBERGER
Times-News writer

Second District Congressman George Hansen may be in violation of House ethics codes for not reporting debts of his wife, an attorney with the House Committee on Standards of Official Conduct said Friday.

Although a formal determination of a violation would have to be made by the full committee, a question exists whether Hansen's ethics reports contain all necessary information, committee staff member and attorney Jim Hallwanger said.

Should a determination be made that an intentional violation of the codes has occured, it is possible the congressman might face legal penalties, including fines and imprisonment. A determination that an unintentional violation has occurred might result in Hansen being asked to file additional information with the House Committee on Standards of Official Conduct.

The new codes of ethics, passed by the House last year, went into full force May 1. On that date congressmen were required to file disclosure reports listing most assets and debts. The intent of the codes, representatives said last year, was to ensure voters recent sexual and monitary scandals in the Congress were a thing of the past. The reports require congressmen to make public most private holdings which might be interpreted as a conflict of interest.

One part of the new codes, which were formulated by the temporary Select Committee on Ethics, require a congressman to list debts and assets of a spouse unless those debts or assets were acquired by the spouse in a manner totally independent of their relationship to the congressman.

Hansen's report, filed last week, lists debts owed to seven banks, one law firm and one certified public accountant. These debts are not required to be itemized by specific dollar amounts, but rather are listed as falling into amount categories, showing the debt is less than one specified figure but greater than another amount. Hansen's debts were listed as totaling between 133,000 and $150,000.

But last year Hansen and his wife legally divided their debts and assets, prior to Mrs. Hansen beginning a nation-wide fund-raising effort to pay her half of their personal, non-campaign debts.

"George and I have arrived at a legal and equal division of property and indebtedness," Mrs. Hansen wrote in a fund-raising letter last year, "I have assumed a substantial portion of those debts arising from the political dirty tricks

(Continued on p.A2)

Hansen info in question

(Continued from P. A-1)

— debts of hundreds of thousands of dollars."

This division of debts and assets, Congressman Hansen told the Times-News last week, means the debts and assets assumed by his wife — which she says total "hundreds of thousands of dollars" — do not have to be filed in his ethics report. Hansen declined to disclose what debts and assets had been assumed by his wife.

Asked about Hansen's statement, Hallwanger said "my impression is that the congressman is probably incorrect." Hallwanger stressed, however "I'd have to see the specifics of the case before I could say if it had to be reported," but added a question about the Hansen case [illegible].

Hallwanger said no specific question had yet reached the committee about the Hansen filing, adding the reports only became available on Thursday. But the full committee will soon be considering all allegations of improper filings in the new reports, he said.

If any Congressman is determined to have knowingly filed false reports he might be determined to be in violation of sections of the United States Code, Hallwanger said. If an unknowing violation has occurred, a congressman would probably just be asked to file the additional information in his reports, he added.

In 1975 Hansen pleaded guilty to criminal misdemeanors, admitting he had not reported campaign contributions and expenditures. Originally sentenced to serve two months in jail, that sentence was suspended and replaced with a $2,000 fine.

May 17, 1978

MEMORANDUM TO: Congressman Richardson Preyer and Congressman Charles Wiggins

FROM: Select Committee Staff

RE: Advisory Opinion Request of Congressman Hansen

Congressman Hansen has written to the Select Committee asking for an opinion regarding disclosure of spouse liabilities under House Rule XLIV. If the Chairman and Ranking Minority Member can agree on the response then the matter can remain strictly confidential. If there is no agreement, then the matter should be referred for consideration by the full Committee.

ISSUE

The request for an advisory opinion results from the following fact situation:

In June of 1977 Congressman and Mrs. Hansen entered into a legal property settlement wherein their liabilities were separately divided between the two parties. The reason for the division was to allow Mrs. Hansen to solicit funds to pay some of the debts in a manner which would not personally benefit Congressman Hansen, and therefore would not be in violation of House Rule XLIII.

House Rule XLIV as amended provides that items of a spouse which are under the "constructive control" of the reporting individual should be disclosed. Congressman Hansen contends that since his spouse's liabilities are not shared by him in any way, they are not under his "constructive control"; and therefore need not be disclosed. Mr. Hansen has asked the Select Committee to confirm his contention.

The following summarizes the development of spouse disclosure requirements of House Rules in the context of the situation discussed above.

OLD RULE

In 1968 the House adopted financial disclosure requirements for Members, officers, and certain employees. At that time the House Rule required only disclosure of certain types of holdings and the source of certain types of income. The Rule also required the disclosure of those holdings which were under the "constructive control" of the reporting individual.

The Committee on Standards of Official Conduct adopted the following interpretation of "constructive control" for the first filing made in April 1969:

EXHIBIT 2

> "...financial interests are regarded as constructively controlled ... if enhancement of those interests would substantially benefit the person reporting. Normally, in the absence of specific property division agreements, trusts, etc...the interests of spouses ...would be constructively controlled."

Congressman Hansen heavily relies on this past interpretation of "constructive control" to claim an exemption from disclosure under the current rule. However, it appears that the old interpretation adopted by the Standards Committee applied only to holdings and was never intended to refer to liabilities.

This conclusion is based on the fact that the requirement to list certain unsecured liabilities in excess of $10,000 did not become effective until 1972. The question of how the "constructive control" test would apply to liabilities never came up from 1972-1977, and therefore the issue was never addressed by the Committee on Standards of Official Conduct. Consequently, it seems that the application of the "constructive control" test under the old Rule had reference only to "holdings" and that any reliance upon such interpretation in relation to liabilities would be misplaced. However, even if the old interpretation had applied to liabilities, any new or additional interpretation or clarification issued by the Select Committee on Ethics would supersede the old interpretation.

NEW RULES

When the new rules were adopted on March 2, 1977 the "constructive control" language or "beneficial interest" test was retained. However, the Commission on Administrative Review recognized that additional interpretation would undoubtedly be necessary given the greatly increased disclosure requirements, and it was understood that the Select Committee on Ethics would clarify and interpret application of the new rules as they become effective. Accordingly, the Select Committee on Ethics was given authority to adopt regulations, and issue advisory opinions respecting application of the new House Rules adopted on March 2, 1977. Additionally the Select Committee was given jurisdiction over any legislation to incorporate the new House Rules into statute.

At first, it was decided that the Select Committee should report a bill incorporating the new disclosure requirements into statute, applying the requirements to candidates for Congress and "fleshing out" the rule with definitions and clarifications. If enacted, it was anticipated that the bill would take effect before the first disclosure report, and the House Rules would have then been amended to conform to the statute.

However, when consideration of the statute became delayed, because it was extended to government-wide disclosure, and questions concerning application of the House disclosure rules Rules began to multiply, the Select Committee, issued a four page advisory opinion concerning application of the new House Rule XLIV. One major issue that was addressed was the requirement of spouse disclosure.

Because the "beneficial interest" interpretation that had been adopted for holdings in 1968 had little or no reasonable application to the new disclosure requirements concerning income, gifts, reimbursements, and liabilities, the Select Committee acted to interpret and clarify spouse disclosure requirements in a manner consistent with the spirit and intent of House Rule XLIV as amended.

For instance it would have been overkill to require that any and all gifts or reimbursements received by a spouse had to be listed simply because the reporting individual might theoretically benefit from such gift (e.g. a silver tea set received from a grateful client of a spouse; or a stipend received from the employer of the spouse in recognition of superior work, etc.). Additionally, it was decided that no purpose would be served by requiring the exact income of a spouse (even though such income would probably benefit the reporting individual), and therefore disclosure was limited to the source, but not amount, of earned income.

In order to apply common sense considerations and a "rule of reasonableness" in the application of the intent of the new disclosure rule the Committee adopted the following language in Advisory Opinion # 12:

> "In view of the more detailed information now required to be disclosed, the Select Committee believes that clarification of spouse disclosure requirements is necessary.
>
> Accordingly, the financial interests of a spouse should be reported as follows: (1) source, but not amount, of spouse earned income exceeding $1,000; (2) gifts or reimbursements to the spouse, unless received independent of the relationship to the reporting individual; and (3) assets and liabilities of the spouse unless the reporting individual indicates that: (a) he or she neither derives, nor expects to derive, any economic benefit from such interests; and (b) such interests were not obtained in any way from the assets or activities of the reporting individual."

Under the Select Committee's interpretation, it seems clear that liabilities of a spouse should be listed unless they were acquired independently of the reporting individual. Therefore, it appears the liabilities which were transferred to Mrs. Hansen ought to be disclosed.

Additional Considerations

The Select Committee has adopted a middle ground between those who would require full disclosure of all income, gifts, assets, liabilities, etc. of spouses and dependnet children, and those who would require little, if any, such disclosure. The Senate has already passed legislation which leans heavily towards full disclosure of everything. Although the motivation to enter into this particular property agreement was not to circumvent disclosure, under the interpretation Mr. Hansen has proposed, a reporting individual could literally transfer his liabilities to a spouse on December 30 and thereby circumvent the disclosure rule because it was not his liability "as of the close of the calendar year".

Common sense would indicate that this is an unacceptable interpretation. However, if such an interpretation were accepted, then those who would require absolute spouse and dependent disclosure would have made their point. Additionally, there is some question as to whether an individual can legally waive his responsibilities to creditors, although it may be that this particular property division was made with the consent of creditors.

Even though application of the rule seems clear in this case, Congressman Hansen has some extenuating circumstances which ought to be given careful consideration.

First, there is great reluctance to disclose apparently because some of the liabilities involved are owed to friends who made personal loans, and Mr. Hansen does not wish to have them involved publicly. Nevertheless, other Members of Congress have already made disclosure of such personal loans because the Rules provide no exemption for personal notes, even from relatives.

Secondly, Mr. Hansen states that, since the loans are no longer his responsibility, any disclosure of his wife's situation is impossible because it would invade her privacy and intrude upon her independence. Although this in undoubtedly true of other Members as well, probably few, if any, have entered into separate property agreements with their spouses by dividing formerly shared liabilities.

CONCLUSION

Given the "uniqueness" of this particular case, it might be possible to provide for some "middle ground" and allow Mr. Hansen to simply disclose those legal liabilities (e.g. some personal loans may not have been secured by a legal note) which he transferred to his spouse in June 1977. Mr. Hansen may then wish to assert that what happened since that time is beyond his knowledge and none of his business, and it would be possible to support such a contention when inquiries are made from the press and his political opponents. In the alternative, he may disclose any such legal liabilities transferred to his spouse less those which were paid off or reduced to below $2,500 as of December 31, 1977.

U.S. House of Representatives
SELECT COMMITTEE ON ETHICS
Washington, D.C. 20515

June 9, 1978

Mr. David Shurtz
c/o Honorable Charles E. Wiggins
2371 Rayburn House Office Building
Washington, D.C. 20515

Dear Dave:

Attached is a possible draft to respond to Congressman Hansen's inquiry. Basically, page 1 of the draft follows Mr. Wiggins' suggested response.

I talked to Congressman Hansen two weeks ago and requested that his attorney call me if there had been any arrangements made with creditors to release Mr. Hansen of any personal liability at the time of the transfer of the debts to Mrs. Hansen. There has been no response, but I do not believe that it would be proper to draw any conclusions from this fact. I should also point out that Congressman Hansen might well be concerned about the implications of the response suggested by Congressman Wiggins. The reason for the transfer of debts was to allow Mrs. Hansen to raise funds which would not accure to the personal benefit of Congressman Hansen. If we now state that the sole reason why he has to disclose these debts is because he is still liable, then there would be concern about the propriety of his spouse's fund-raising efforts under House Rules.

Nevertheless, Mr. Preyer is anxious to arrive at the correct result and to minimize any publicity, etc., surrounding this matter (apparently there has yet to be an official complaint filed). Therefore, it seems appropriate to accept Mr. Wiggins' suggestion with the additional "dicta" contained on page 2. Please note that the terms are couched in language such as "appear to" so that Mr. Wiggins and Mr. Preyer would not be definitively ruling on the "constructive control" question at this time. However, I think it is almost certain that they would rule in this manner, if required, and to so indicate at this time would probably put the matter to rest instead of prolonging the debate.

EXHIBIT 3

Although Mr. Wiggins did not fully participate in the Committee mark-up of Advisory Opinion #12, and is not comfortable with some of its implications (particularly in regard to disclosure of spouse assets), we do have to recognize and rely on its existence. Otherwise, we have no basis for the rather lenient treatment of spouse income, gifts, and reimbursements provided for in Advisory Opinion # 12.

Simply put, Advisory Opinion #12 requires disclosure of spouse liabilities if they were originally the liabilities of the reporting individual. Such a provision only makes common sense, because otherwise one could easily transfer the liability to the spouse and circumvent disclosure. It is quite possible that a creditor who is a friend would agree to such an arrangement, but since the Rules provide no exception for liabilities to "friends", such a "loophole" would be unacceptable.

Finally, I want to emphasize that the language in the fourth paragraph on page three would provide Congressman Hansen with a response to any critics, both in the media and potential political opponents, concerning this subject, as well as provide Mr. Hansen with a basis for asserting that he has acted properly throughout this entire matter.

After you have had a chance to discuss this with Mr. Wiggins, please give me a call.

Sincerely,

Don

DON TERRY

SELECT COMMITTEE ON ETHICS
Washington, D.C. 20515

June 15, 1978

Honorable George Hansen
1125 Longworth House Office Building
Washington, D.C. 20515

Dear George:

Enclosed is a draft of our proposed response to your recent inquiry concerning the requirements of Rule XLIV.

We are sending this draft to you so that you might have an opportunity to bring to our attention any additional relevant information before we issue a formal letter within the next two weeks.

Sincerely,

RICHARDSON PREYER
Chairman

CHARLES E. WIGGINS
Ranking Minority Member

EXHIBIT 4

June 15, 1978

Honorable George Hansen
1125 Longworth House Office Building
Washington, D.C. 20515

Dear George:

This letter is in response to your request for an advisory opinion regarding spouse disclosure requirements pursuant to House Rule XLIV. Specifically, you asked whether certain personal liabilities which were transferred to your wife before December 31, 1977 needed to be disclosed on the financial disclosure statement filed by Members of Congress on or before April 30, 1978.

Rule XLIV requires disclosure of "the identity and category of value of each liability owed, directly or indirectly, which exceeds $2500 as of the close of the preceding calendar year". Basically, the assertion is made that any liabilities transferred to your spouse before December 31, 1977 were no longer under your "constructive control", and therefore are not subject to the disclosure requirements.

However, we have no indication that the affected creditors released you from your personal liability to them at the time of the transfer. Accordingly, it is probable that you remain in some way ultimately liable for the debts originally incurred by you.

Under such circumstances, our decision would appear to be simple and clear-cut. You should disclose those liabilities exceeding $2500 as of the close of calendar year 1977 which were originally incurred by you. There is no requirement, of course, to disclose any liability whose balance was reduced below $2500 as of December 31, 1977.

Since this decision is based on rather narrow grounds, it does not necessarily involve any interpretation of the "constructive control" question. Nevertheless, it would appear that the transferred liabilities may also be subject to disclosure under the "constructive control" test of Rule XLIV depending upon the factual circumstances of a given case.

The following summarizes the development of spouse disclosure requirements of House Rule XLIV in the context of the situation discussed in your letter.

In 1968 the House adopted financial disclosure requirements for Members, officers, and certain employees. At that time Rule XLIV required only disclosure of certain types of holdings and the source of certain types of income. The Rule also required disclosure of those financial holdings which were under the "constructive control" of the reporting individual.

The Committee on Standards of Official Conduct adopted the following interpretation of "constructive control" for the first filing made in April 1969:

> "Financial interests in the name of another should be regarded as constructively controlled...if enhancement of those interests would substantially benefit the person reporting. Normally, in the absence of specific property division agreements, trusts, etc., the interests of spouses...would be constructively controlled."

You heavily rely on this past interpretation of "constructive control" to assert an exemption from disclosure under the current Rule. However, it appears that the original interpretation adopted by the Standards Committee applied only to holdings and was never intended to refer to liabilities.

This conclusion is based on the fact that the requirement to list unsecured liabilities in excess of $10,000 did not take effect until 1972. The question of how the "constructive control" test would apply to liabilities of the spouse never arose from 1972-1977, and therefore the issue was never considered by the Committee on Standards of Official Conduct.

Consequently, it seems that the "constructive control" test under the old Rule had reference only to "holdings" and that any reliance upon such interpretation in relation to liabilities would be misplaced. However, even if the old interpretation had applied to liabilities, any new or additional interpretation or clarification issued by the Select Committee on Ethics would supersede the old interpretation.

The "constructive control" interpretation that was adopted for holdings in 1968 has little or no reasonable application to the new disclosure requirements concerning income, gifts, reimbursements, and liabilities. Accordingly, the Select Committee acted to interpret and clarify spouse disclosure requirements in a manner consistent with the spirit and intent of new House Rule XLIV as amended.

For instance, it would have been unreasonable to require that any and all gifts or reimbursements received by a spouse must be disclosed simply because the reporting individual might theoretically benefit from such items, (e.g. a gift received from a grateful client of a spouse; or a bonus received from the spouse's employer in recognition of superior work, reimbursements or travel in connection with a spouse's business trip, etc.). Additionally, it was decided that no purpose would be served by requiring the exact income of a spouse (even though such income would probably benefit the reporting individual), and therefore disclosure was limited to the source, but not the amount, of earned income.

In order to apply common sense considerations and a "rule of reasonableness" in the application of the intent of the new disclosure rule, the Committee adopted Advisory Opinion # 12 on December 1, 1977. That advisory opinion states that spouse liabilities should be disclosed unless the reporting individual indicates that they "...were not obtained in any way from the assets or activities of the reporting individual."

Under the Select Committee's interpretation, it seems clear that liabilities of a spouse should be listed unless they were acquired independently of the reporting individual and the reporting individual was not substantially benefited therefrom. Therefore, it would appear that the liabilities which were transferred to Mrs. Hansen ought to be disclosed under the "constructive control" test, as well as the unambiguous text of the Rule.

To hold otherwise would allow for the circumvention of the Rule. Although the motivation to enter into this transfer was certainly not to avoid disclosure, under the interpretation you propose, any reporting individual could simply transfer liabilities to a spouse on December 30, and thereby circumvent the Rule because it was not his liability "as of the close of the calendar year".

Please be assured that we are of the opinion that the treatment you have received in the press concerning this subject is unwarranted, and that we are convinced any failure on your part to list required information under House Rule XLIV was based on your good-faith interpretation of that Rule. Therefore, there would be no grounds for any possible action against you based on an assertion of willful falsification or failure to file required information.

However, it does seem to us that the information discussed above should have been listed in your disclosure form.

If you have any further questions concerning this matter, please do not hesitate to contact us.

Sincerely,

RICHARDSON PREYER
Chairman

CHARLES E. WIGGINS
Ranking Minority Member

In mid-June, Congressmen Preyer and Wiggins sent a proposed draft of a letter clarifying spouse disclosure requirements to Congressman George Hansen for his comments. Mr. Hansen's attorney subsequently discussed two major points of the draft letter with Donald Terry of the Select Committee staff:

1) The draft asserted that since affected creditors apparently did not release Congressman Hansen from any personal liability, he would most likely still be legally liable for those debts. Therefore, any such debts would be subject to disclosure if they exceeded $2,500 as of December 31, 1977.

We are now informed that Congressman Hansen made a number of courtesy calls to his personal creditors in advance of the public statement announcing his property settlement. Mr. Hansen made these calls to most, if not all, of the creditors because he wanted his friends and supporters to understand the circumstances surrounding the property settlement and to tell them that the marriage itself would remain unaffected by the property settlement.

While Mr. Hansen apparently did not specifically ask anyone to be personally released from any further liability, none of the creditors objected to or questioned the procedure when they were advised of the plan.

(2) The draft letter states that regardless of the legal liability at this point, House Rule XLIV, as interpreted by the Select Committee requires disclosure of any spousal debts "unless they were not obtained in any way from the activities of the reporting individual." Since the debts were "transferred", at least in part, from Mr. to Mrs. Hansen, the draft concludes that they should be disclosed.

Mr. Hansen's attorney argues that there was no "transfer" of debts or liability. Instead the property settlement was actually a legal reformation of the old debts which, in effect, created a new situation without connection to any former liabilities.

Since Mr. Hansen wrote to the Select Committee there has not been any formal complaint filed with the Committee on Standards of Official Conduct. However, the attached letter was recently forwarded to the Committee.

EXHIBIT 5

LAW OFFICES
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TELEX
89-2343

June 5, 1984

BY HAND

Abbe David Lowell, Esq.
Committee on Standards of
Official Conduct
U.S. House of Representatives
Washington, D.C. 20515

Dear Abbe:

Pursuant to our telephone conversation of last evening and our meeting this morning, I have done some additional investigation and have thought some more about the documents which you have recently found in the files of the House Select Committee on Ethics. Although I do not, at present, have copies of these documents in my possession (because you explained that you would be checking first with the Committee to determine whether they could be released to me), I have a general recollection of their contents. Since I will be unavailable on June 6 and 7 and I know that you are busy preparing the final draft of the report you will be submitting to the Committee, I am taking the liberty of commenting on these newly-raised matters in this letter.

1. I advised you this morning that neither Congressman Hansen nor Mr. Runft has a specific recollection of having seen the draft letter that you showed me this morning. I understand that is consistent with the present memory of others who were involved at the time. For example, you advised me that Don Terry also did not recall that there had been a letter either drafted or sent. It is not surprising, of course, that by this date -- almost six years after the events -- a particular document is not recalled by any of the parties.

2. The attorney with whom Mr. Terry spoke in June 1978 was John Runft. I understand that Mr. Runft called you this morning and told you his recollection of the discussion he had with Mr. Terry. It was Mr. Runft's impression that the conversation ended with Mr. Terry having a more correct understanding of the purpose and effect of the Property Settlement Agreement and its consequence for financial disclosure obligations than he had had prior to their lengthy discussion. Indeed, it was Mr.

Runft's feeling that he had satisfied Mr. Terry that the treatment of Mrs. Hansen's liabilities on the financial disclosure form was correct.

3. I have had Mr. Runft check his time sheets and bills for the month of June 1978. He has advised me that they reflect the following entries:

> 6/23/78 -- Telephone conference with George re proposed House Ethics Committee ruling.
>
> 6/27/78 -- Telephone conference with George re Ethics Committee. Rough draft of opinion; telephone conference with Don Terry of the House Ethics Committee re disction [sic] between property settlement involving vested interest and transfers of property and re verbal agreement; consistent with Property Settlement Agreement consisting [sic] reformation of contract; telephone conference with George re above
>
> 6/30/78 -- Telephone conference with George reviewing House Ethics Committee position and conference with attorney for Committee

These entries make it clear that in the week between June 23, 1978, and June 30, 1978, Mr. Runft had telephone conferences regarding the draft which you found in the House Committee files. Following these conversations, the House Committee determined not to send the letter that it had proposed to send to Congressman Hansen.

4. If anything, this exchange demonstrates that Congressman Hansen did not simply send a letter in the hope that the letter would be filed away and forgotten and could be brought out as a self-serving defense whenever it seemed useful. The letter plainly prompted discussion within the House Committee and provoked questions to the Congressman's attorney. Those questions were answered, apparently to the satisfaction of the Committee members. To my mind, this exchange strengthens -- rather than weakens -- the Congressman's position that he received implied consent from the House Committee for his decision not to report his wife's liabilities. Indeed, requests for a copy of the Property Settlement Agreement made in later years by the staff of the Committee on Standards of Official Conduct indicated that the House Committee did not subscribe to the view expressed in the draft letter that you showed me. If the Committee had agreed with that letter, there would have been no relevance whatever to the language of the Agreement.

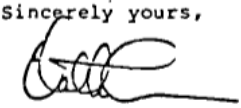
5. I hope it is clear to you that no portion of the Congressman's defense in this matter is intended to criticize the Committee on Ethics or the Committee on Standards of Official Conduct in any way. It is, and always has been, Congressman Hansen's view that he expressed his position to the Committee on Ethics in his correspondence in May 1978, and that the Committee did its job by reviewing that correspondence and determining not to take any action based upon it. The documents that you have now found provide further support for that proposition. The matter was amply discussed, questions were directed to Congressman Hansen's counsel, and the questions were answered. The Committee then determined not to send to the Congressman the letter which a staff member had drafted.

6. In our conversations you have used, at various times, the term "political reasons." I do not assume that the Committee's actions in either preparing the draft which you showed me this morning or in determining not to send it were based on considerations other than those appropriate to the Committee. If one were to take account of "political reasons," it is the Congressman's strong belief that there were more "political reasons" for the Committee to issue an opinion telling him his financial disclosure form was incomplete than not to do so. Indeed, the Committee had shown no hesitation to rule adversely to the Congressman in Advisory Opinion No. 11.

7. You have mentioned that the one individual with a "clear recollection" of the events in 1978 was a staff member by the name of Mr. Dye. You should know, in this regard, that I have been advised that Mr. Dye has been, for the past four years, on the staff of the Democratic Study Group, an organization which lists Congressman Hansen as one of its chief adversaries. I do not mean to impugn anything that Mr. Dye has said. But it is relevant, I believe, for anyone evaluating the facts to know whether the witness with the most "clear recollection" harbors any bias in the matter.

I will try, within the next two days, to have my office get to you any documents that are relevant to this new subject. Please feel free to contact Stephen Braga of my office if any questions do come up tomorrow or the next day.

Sincerely yours,



Nathan Lewin

NL/clb

APPENDIX I

Spouse and Dependent Disclosure

Proponents of full spouse disclosure contend that any relationship between a husband and wife inevitably results in the co-mingling of assets and income, and that the financial interests of a spouse are generally shared by the partner. Without spouse and dependent disclosure, advocates argue, financial disclosure requirements could be easily circumvented through the transfer of assets from the reporting person to the other members of his family. Further, it is argued that even if the spouse's interests were held truly independent of the public official, there would still be a potential conflict of interest regarding the spouse's interests. Those opposed to detailed spouse and dependent disclosure essentially maintain that the interests of a spouse or dependent are separable and distinct and that mandatory disclosure is an unnecessary invasion of privacy and, possibly, unconstitutional.

House Rule XLIV, as amended on March 2, 1977, provides for the disclosure of the financial interests of the spouse if such interests are under the "constructive control" of the person reporting. The definition of the term constructive control, which has been used since 1968 when disclosure was first required by House Rules, originated with the Committee on Standards of Official Conduct:

> The financial interests of a spouse are regarded as constructively controlled by the person reporting if enhancement of those interests would substantially benefit the person reporting.

Although there may be some uncertainty as to its effect, application of this definition appears to require disclosure of the financial assets and liabilities of a spouse unless the income, gifts, and holdings of the spouse would not accrue to the benefit of the person reporting.

While the Senate Rule changes adopted on April 1 use the concept of constructive control, the Senate subsequently altered its position with the passage of S. 555, the Public Officials Integrity Act of 1977. Basically, S. 555 requires the disclosure of spouse and dependent interests unless:

> (A) the reporting individual has no knowledge of the spouse or dependent interests;
>
> (B) the reporting individual had made every reasonable effort to obtain the required information from the spouse or dependent;
>
> (C) the reporting individual neither derives nor expects to derive, any benefit from such interests; *and,*

(D) such interests were not derived directly or indirectly from interests or income formerly owned or controlled by the reporting individual.

Thus, the Senate departed from the concept of constructive control and adopted instead a test which requires spouse and dependent disclosure under all but extremely rare circumstances.

The initial question for the committee's consideration was the constitutionality of spouse and dependent disclosure requirements. As cited previously, a number of state statutes requiring spouse disclosure have been upheld by state supreme courts, and the U.S. Supreme Court has dismissed appeals in the three instances where these decisions were appealed.

Furthermore, in a letter to the committee, the Justice Department made the following statement in regard to H.R. 7401:

> With respect to the disclosure of the interests of spouses, we agree with the State court cases that have concluded that the public interest in the integrity of Government served by public disclosure of spousal interests outweighs the privacy interests of the spouses. Absent disclosure of such interests, public officials and candidates could conceal their assets by placing title in their spouses' names. It seems evident, too, that a public official may act to enhance the financial interests of his spouse even if he exercises no control over such interests, and this action would not be deterred by public disclosure if spousal interests were excluded. For these reasons, we believe that Congress may constitutionally require the reporting of the interests of spouses in order to make the reporting system fully effective.

The committee is convinced that spouse and dependent disclosure is constitutional.

Additionally, the committee was persuaded by a number of strong policy considerations and accepted precedents that disclosure of spouse and dependent interests was necessary if the objectives of this legislation are to be fulfilled.

First, as a basic proposition, resources of a husband and wife are usually held in common, and the financial interests of a spouse are generally shared by the partner. A bookkeeping arrangement wherein one spouse holds sole title to a particular financial asset does not mean that the partner does not share an interest in the financial holding. The common and civil laws of marriage, divorce, wills and estates, alimony, and "community property" also begin with the fundamental understanding that the financial resources of husband and wife are considered one and the same. This concept was recognized in 1968 when the requirements of spouse disclosure were incorporated into House Rule XLIV, and in the recent strengthening amendments to House Rule XLIV, which continued the concept of spouse disclosure.

Second, spouse disclosure is presently required in the executive branch under certain circumstances. For example, a criminal conflict of interest statute (18 U.S.C. Sec. 208) requires a federal employee to disqualify himself from official duties concerning matters in which he, his spouse, or minor child have any financial interest.

The Administration has also required Executive appointees to disclose the financial interests of their spouse and dependents. Requirements for disclosing spouse and dependent interests are also contained in Sec. 403(a) of Executive Order 11222.

Third, spouse and dependent disclosure in the private sector has long been included in federal legislation. Section 16(a) of the Securities and Exchange Act of 1934, for example, requires that beneficial ownership of securities must be listed in registration statements, annual reports, proxy statements, and applications for registration as a broker-dealer or an investment advisor. The term "beneficial ownership" includes listing those securities owned by family members, including spouse, children and relatives who share the same home of the reporting individual (SEC Release No. 34-7793, January 19, 1966, 31 F.R. 1005, 17 CFR 241.7793). Section 17 of the Public Utility Act of 1935 contains the same requirements.

Finally, testimony before the committee confirmed the need for relevant spouse and dependent disclosure. Speaking on behalf of the Administration, Alan K. Campbell, Chairman of the U.S. Civil Service Commission, reinforced this concept by strongly supporting the disclosure of interests held by spouse and minor children:

> The basis for this reporting is that government employees may be influenced not only by their own personal, private interests, but also by those of persons so closely connected to them as spouse and minor children living in their own household.

Failure to require disclosure of the financial holdings of a spouse or dependent would render the Act meaningless. Melvin G. Copper, Executive Director of the Alabama Ethics Commission, stress this point in his testimony before the committee:

> Any member of the legislative branch who wished to evade the financial reporting requirements of the law could easily funnel money and property to his or her spouse and dependent children. Conflicts of interest would be far more difficult to pinpoint and prevent.

The committee also considered, and rejected as irrelevant, arguments that the government may have difficulty in bringing a civil or criminal action against an individual who either did not file, or filed an incomplete statement, because the spouse may have refused to provide the necessary information. This concern is more appropriately raised as a defense when the reporting person, despite a good-faith effort, is unable to comply with the reporting provisions of the law. The committee believes that such good-faith tests may be useful in reviewing specific cases of noncompliance, but that such situations should not be viewed as impediments to the passage of this bill.

The disclosure provisions of H.R. 7401 represent the committee's conviction that spouse and dependent disclosure is essential, but that the information reported should be restricted to those items which are relevant to a potential conflict of interest.

The committee believes that it has balanced competing interests of disclosure, privacy and recordkeeping by specifying the following to be reported:

(1) The source, but not the amount, of earned income in excess of $1,000 of a spouse. The committee does not believe that the objective of disclosure would be appreciably advanced if the public were to know that a spouse earned $15,000 or $50,000 from a particular source. Nor does the committee believe that it is appropriate or particularly useful to require an individual to report a dependent child's income from part-time or summer jobs.

(2) A delicate balance is also struck with regard to reporting gifts or reimbursements. If such items are received by a spouse "because of" the relationship to the reporting individual, then they should be disclosed. However, if gifts or reimbursements are received totally independent of any relationship to a Member of Congress, then they are irrelevant to the purpose of disclosure; and need not be disclosed. (See Appendix, Advisory Opinion #9.) For instance, it would be ridiculous to require disclosure of any reimbursements a spouse received while traveling on business trips or to require disclosure of an award which the spouse received for a personal achievement totally unrelated to the public official.

(3) The committee believes that in all but the most unusual of circumstances, the assets, debts and holdings of a spouse or dependent would be shared by or potentially accrue to the benefit of the reporting individual. The legislation, therefore, requires that such interests be disclosed *unless* the reporting individual certifies that the interests were obtained and are held independently of the reporting individual, and that the reporting individual neither derives nor expects to derive, any benefit from these independent interests. This benefit test should be interpreted very broadly. For example, the committee tabled an amendment which would have changed the exemption to read ". . . neither derives, nor expects to derive, *other than through inheritance*. . . . any benefit. . . ." (emphasis added). Thus, the potential receipt of benefit from interests held by a spouse or dependent should be construed quite literally. These disclosure requirements do not preclude the possibility that in a given situation, the business or family arrangment would be such that certain spouse or dependent holdings would not have to be reported. As a general principle, however, it is the intent of the bill that holdings of a spouse and dependent should be fully reported.

APPENDIX J

RULE 17. (a)(1)(A) As soon as practicable after the completion of the first phase of a disciplinary hearing respecting a Statement of Alleged Violation, the Committee shall consider each count contained in the Statement and with respect to each count as originally drawn or as amended shall vote on a motion that the count has been proved. A count shall not be proved unless at least a majority of the Committee vote for a motion that the count has been proved. A count which is not proved shall be considered as dismissed by the Committee.

(B) If the Committee votes that a count has been proved, the Committee may upon completion of the second phase of the disciplinary hearing, by a majority vote of the Committee, consider and vote on a motion that a recommendation be made to the House for appropriate action respecting the violation charged in such count.

(2) If in a vote taken under paragraph (1)(A) respecting a count a majority of the Committee does not vote that the count has been proved, a motion to reconsider that vote may only be made by a Member who voted that the count was not proved. If in a vote taken under paragraph (1)(B) to adopt a recommendation to the House respecting a violation charged in a count a majority of the Committee does not vote in favor of the recommendation, a motion to reconsider that vote may only be made by a Member who voted against the recommendation.

(b)(1) With respect to any violation with which a Member of the House was charged in a count which the Committee has voted as proved, the Committee may include in its recommendation to the House one or more of the following sanctions:

(A) Expulsion from the House.

(B) Censure.

(C) Reprimand.

(D) Fine.

(E) Denial or limitation of any right, power, privilege, or immunity of the Member if under the Constitution the House may impose such denial or limitation.

(F) Any other sanction determined by the Committee to be appropriate.

(2) With respect to any violation with which an officer or employee of the House was charged in a count which the Committee has voted as proved, the Committee may include in its recommendation to the House one or more of the following sanctions:

(A) Dismissal from employment.

(B) Fine.

(C) Any other sanction determined by the Committee to be appropriate.

(c)(1) The purpose of this clause is to inform the Members of the House of Representatives as to the general guidelines the Commit-

tee considers appropriate for determining which, if any, sanctions to recommend to the House respecting violations proved in a disciplinary hearing. This clause does not limit the authority of the Committee to make or not to make recommendations for such sanctions.

(2) For technical violations, the Committee may direct that the violation be reported to the House without a recommendation for a sanction.

(3) With respect to the sanctions which the Committee may determine to include in a recommendation to the House respecting a violation, reprimand is appropriate for serious violations, censure is appropriate for more serious violations, and expulsion of a Member or dismissal of an officer or employee is appropriate for the most serious violations. A recommendation of a fine is appropriate in a case in which it is likely that the violation was committed to secure a financial benefit; and a recommendation of a denial or limitation of a right, power, privilege, or immunity of a Member is appropriate when the violation bears upon the exercise or holding of such right, power, privilege, or immunity.

(d) The Committee report accompanying a recommendation to the House adopted by the Committee under clause (a)(1)(B) respecting a violation charged in a count shall contain a brief but complete statement of the evidence which supported the finding as to that count and a brief statement of the Committee's reasons for the recommendation.

○

[Notice: In Lieu of a Star Print, Errata is Printed to Indicate Corrections to the Original Report]

ERRATA

House Report 98–1169

In the Matter of Representative Geraldine A. Ferraro

Page 11, under (3) *Holdings*, line 4, change to read as follows: Non-interest-demand loan to Frajo Associates, Inc. from Representative Ferraro—$15,000–$50,000 category (this could be a loan to Frajo in 1984 for Frajo's purchase of a St. Croix Condominium).

Page 29, last line of the Report, change to read as follows: This report was approved by the Committee on Standards of Official Conduct on December 3, 1984, by a vote of 10 yeas, 2 nays.

○