

**The original documents are located in Box 54, folder “President - Special Prosecutor Investigation General (2)” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.**

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[Sept. 1976?]

Dow-Jones  
Albuquerque  
2:05 p. m.

Democratic Presidential candidate Jimmy Carter demanded that President Ford explain a report in the Wall Street Journal this week that government investigators found he had spent campaign money for personal use. Jimmy Carter accused President Ford of a "discrepancy" when he said he had never converted political funds to personal use. It was Carter's first attack on the campaign funds issue and his harshest assault on the President of the campaign.

In addition to citing the campaign fund report he listed a number of other areas in which he said Ford's claims were at odds with the facts and demanded public answers from the President.

Carter aides said the speech here begins the start of a new offensive aimed at forcing the President to leave the White House more often and hold more news conferences. The Carter strategy is to keep President Ford on the defense. "I call on the American people to force Mr. Ford to tell the truth, the whole truth, and nothing but the truth."

WATERGATE SPECIAL PROSECUTION FORCE

United States Department of Justice

315 9th Street, N.W.  
Washington, D.C. 20530

SEP 7 1976

September 1, 1976

Stephen C. Bransdorfer, Esq.  
Miller, Johnson, Snell & Cummiskey  
465 Old Kent Building  
Grand Rapids, Michigan 49502

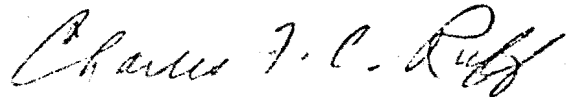
Dear Mr. Bransdorfer:

This is with reference to our conversations concerning the subpoenas served on the Custodian of the Records of the Kent County Republican Committee and the Kent County Financial Committee. As I indicated to you, it will constitute sufficient compliance with the mandate of the subpoenas for the Committees to make their records available for examination by agents of the Federal Bureau of Investigation in Grand Rapids. Although the records will, as a result of the issuance of the subpoenas, come within the control of the grand jury, they may be retained in the Committee's offices subject to the need for production of designated documents in the District of Columbia. If such production becomes necessary, I will so advise you and arrange for appropriate representatives of the Committees to appear.

It is my understanding that you have already had some discussions with agents of the Federal Bureau of Investigation concerning procedures for their examination of the records. As I indicated in our conversation earlier today, I have sent to the agents in Michigan a third subpoena addressed to the Custodian of the Records, Fifth District Congressional Committee, and compliance with this subpoena may be handled in the same fashion as the two previous subpoenas.

I very much appreciate your cooperation in this matter and you may call me should any difficulties arise.

Sincerely,



CHARLES F. C. RUFF  
Special Prosecutor



# United States District Court

For the District of Columbia

THE UNITED STATES

's.

JOHN DOE

REPORT TO UNITED STATES DISTRICT COURT HOUSE  
Between 3d Street and John Marshall Place  
and on Constitution Avenue NW.  
ROOM 6403  
Washington, D.C.

To: Custodian of the Records  
Kent County Republican Financial Committee

You are hereby commanded to attend before the Grand Jury of said Court on Thursday,

the 2nd day of September, 1976, at 10:00 o'clock A.M., to testify on behalf of the United States, and not depart the Court without leave of the Court or District Attorney. And bring with you the documents described on the attached sheet.

WITNESS: The Honorable William B. Jones, Chief Judge of said Court, this

19th day of August, 1976

CHARLES F. C. RUFF 202/739-5341  
Watergate Special Prosecution Force  
Attorney for U. S. Department of Justice

JAMES F. DAVEY, Clerk.

By Robert D. Lini Deputy Clerk.

Form No. USA-92-184 (Rev. 7-1-73)

DOJ-

J. M. STURGIS

GRAND RAPIDS  
456-5489

DETROIT  
965-2323

ATTACHMENT

All bank account or safety deposit records, ledgers, journals, cancelled checks, check stubs, minutes of committee meetings, telephone records, correspondence, internal memoranda, diaries, appointment calendars, and all other records relating to the activities and operation of the Kent County Republican Financial Committee for the period January 1, 1964, to the present.

J. M. STURGIS

GRAND RAPIDS  
456-5489

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# United States District Court

For the District of Columbia

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vs.

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September 21, 1976

CONFIDENTIAL - EYES ONLY

MEMORANDUM FOR: DICK CHENEY  
FROM: MAX FRIEDERSDORF

Congressman Bill Cohen (R-Me.) called me late today and said that he has received a tip from NBC that the information contained in the WALL STREET JOURNAL today came from a former staff member of the House Judiciary Impeachment Committee now working for Carter in Wisconsin.

Congressman Cohen believes the individual is Bill Dixon who formerly worked for the House Judiciary Committee and is now on leave of absence from House Banking and Currency Committee to work on the Carter campaign.

Cohen says he has no proof of this but he has conferred with Congressman Tom Railsback (R-Ill.) and they are considering the possibility of calling for an investigation to see if material taken from the committee is being used for political purposes.

Cohen said that all of the information in the story today had been gone over during the President's confirmation hearings for Vice President and, of course, there was nothing that the committee found damaging to the President.

Cohen says that Dixon was involved in the improper leaking of Nixon memos during the impeachment hearings to the Democratic side.

Cohen requested that this information be kept confidential for the time being so that he and Railsback can try to obtain more facts. He said they also plan to confer with Hutchinson and McClery concerning the matter.

cc: Jack Marsh  
Philip Buchen

CONFIDENTIAL - EYES ONLY



Determined to be an administrative marking  
Cancelled per E.O. 12356, Sec. 1.3 and  
Archivist's memo of March 16, 1983  
By KR NARS date 8/5/88



14/

MF

WHITE HOUSE  
MAIL ROOM

To: Phil Buchen 76 OCT 1 AM 9 02

fyji



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Official Notification

Pursuant to provisions of H. Res. 1099 (90th Congress), you are hereby notified by the Committee on Standards of Official Conduct that PART A of the Report of Financial Disclosure which you have filed with this Committee has been examined as indicated below. Permission for this examination was approved in compliance with provisions of House Rules.

John J. Flynt, Jr.  
M.C.

JOHN J. FLYNT, Jr.  
Chairman.

1968 through 1972

RESPONSIBLE PUBLIC INQUIRY

(For persons examining PART A of Reports on Financial Disclosure)

Rules of the Committee and of the House of Representatives permit only one Report (PART A) on Financial Disclosure to be examined at a time, and require examiner to sign and complete two copies of this form prior to examination.

PLEASE PRINT

Date: 9/29/76

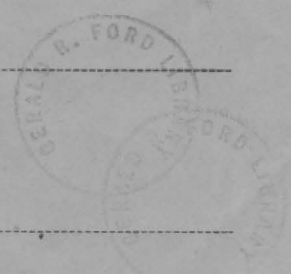
Examination of Report of: Gerald R. Ford, member  
Member, Officer or Employee of House of Representatives

Examination by: GREGORY R SCOTT, PARALEGAL, WILMER, CUTLER & PICKERING  
Name (print) Occupation Employer

Address: 1666 K ST, NW, Wash DC 20006 Phone: 872-6179

Reason for inquiry: research

Gregory R. Scott  
Signature of examiner (do not print)



**U.S. House of Representatives**

**COMMITTEE ON STANDARDS OF  
OFFICIAL CONDUCT**

**Washington, D.C. 20515**

**OFFICIAL BUSINESS**

*John J. Flynt, Jr.*  
WASHINGTON, D.C.  
FM  
SEP 9  
1976  
200

ALWAYS	USE ZIP	CODE

**M. C.**

WHITE HOUSE  
MAIL ROOM

1976 OCT 1 AM 9 02

The Honorable Gerald R. Ford  
The White House  
Washington, D. C. 20500

14/

MF

phil Buchanan *fuji*

WHITE HOUSE  
MAIL ROOM

1976 OCT 1 PM 12 12



U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

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John J. Flynt, Jr. M.C.

JOHN J. FLYNT, Jr. Chairman.

RESPONSIBLE PUBLIC INQUIRY

1968-1972

(For persons examining PART A of Reports on Financial Disclosure)

Rules of the Committee and of the House of Representatives permit only one Report (PART A) on Financial Disclosure to be examined at a time, and require examiner to sign and complete two copies of this form prior to examination.

PLEASE PRINT

Date: 9-30-76

Examination of Report of: GERALD FORD Member, Officer or Employee of House of Representatives

Examination by: ROBERT A BARR REPRINTER U.S. NEWS & WORLD REPORT Name (print) Occupation Employer

Address: 2701 N ST N.W WASH DC Phone: 333-7400

Reason for inquiry: RESEARCH

Robert A Barr

Signature of examiner (do not print)

**U.S. House of Representatives**

COMMITTEE ON STANDARDS OF  
OFFICIAL CONDUCT

Washington, D.C. 20515

---

OFFICIAL BUSINESS

*John J. Flynt, Jr.*

M. C.

The Honorable Gerald R. Ford  
The White House  
Washington, D. C. 20500

October 1, 1976

On to an interview with Jerry's brother at New Rochelle ---

Gerald Ford's brother said one of the President's gravest disappointments was not being told the truth about Watergate by Richard Nixon. Thomas Ford made the comment during an interview at New Rochelle, New York. He also defended President Ford's pardoning of Nixon saying putting the President in jail would have been too damaging internationally.



October 1, 1976

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 1, 1976

Mr. President

I've listed everyone who had anything to do with shipbuilding or ships - including Bud Pessellof of Matson Lines and Ed Hood of Nat'l Shipbuilding Council.

Feb. 5, 1964 - 4:30 p.m. - Al Shapiro

Feb. 7, 1964 9:30 a.m. Ed Hood

Feb. 12, 1964 -1:30 p.m. Mr. Purdon and Al Shapiro

Feb. 19, 1964 10:45 a.m. Al Shapiro

May 4, 1965 Lunch Al Shapiro

June 25, 1964 2:30 p.m. Al Shapiro

Aug. 31, 1964 9:30 a.m. Al Shapiro

Sept. 25, 1964 2:30 p.m. Al Shapiro

Sept. 28, 1964 9:30 a.m. Ed Hood

Jan. 19, 1965 - 9:30 a.m. Bud Pessell and Sam Powell

Feb. 17, 1965 2:30 p.m. Al Shapiro and Bud Pessell

Apr. 6, 1965 9:30 a.m. Ed Hood

Apr. 29, 1965 11:00 a.m. Messrs Shean, Blake, and Wilson of Western Shipbuilders Assn.

Note: On the Appointments in 1964 I think it's quite possible that although we didn't cancel the appointments, these gentlemen may have come in and talked to Frank because during that time you were spending so much of your time when you didn't have to be on the House Floor at the Warren Commission hearings.

Phil Carlip didn't show up on the schedule until late 1967 or early 1968

October 1, 1976

United Press International says Deputy Attorney General Harold Tyler has stated that the probe does not involve President Ford's congressional campaign but is part of an investigation in the 1972 Presidential election. Associated Press quotes Tyler as saying he doesn't know whether Ford is the target of the probe or if allegations about the political funds are serious.

This afternoon, I contacted the Justice Department for clarification. A spokesman there said what Tyler meant was he just doesn't know who is being probed. Tyler did say that as far as he knows it isn't Ford. But the spokesman says that statement could be taken full circle to mean that Tyler isn't sure Ford is not involved. However, the spokesman cautioned that that's not what Tyler said. That leaves this controversy in the same confusing and festering state it has been for the past two weeks. President Ford denies any impropriety but an FBI informer states there has been. Special Prosecutor Charles Ruff won't comment but the Deputy Attorney General does, even though according to the Justice Department he doesn't know anything. Tyler does however expect the investigation to be concluded by election day. Hopefully, Tyler is speaking from information that he does have. And then he says to the other announcer: "See that's not so hard to understand, is it Tom?"

The other one says: "It's quite confusing, Jim. What about Attorney General Levi's position in this? He hasn't said anything.

The other one: Well, it was revealed yesterday that Attorney General Levi did O.K. the probe of President...well, the finances here in Kent County. So we know he must know something but our efforts to reach him today failed and he hasn't been quoted on any of the wire services so I don't know exactly what Mr. Levi does have to say.

The other one: A member of President Ford's cabinet!

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000----000

THE WHITE HOUSE  
WASHINGTON

TO: Phil Buchen

FROM: Tamara/Dave Gergen

As per your request.



60 MINUTES

"UNIONS, MONEY AND POLITICS".

VOL. IX, No. 3


FINAL CUT

10/3/76

RATHER:

BECAUSE THEY CONTEND IF THE GOVERNMENT DOESN'T GO ON HEAVILY SUBSIDIZING THE AMERICAN MERCHANT MARINE, THERE WON'T BE ANY PLACE FOR SEAGOING ENGINEERS TO FIND JOBS. THE UNITED STATES MERCHANT MARINE USED TO BE NUMBER ONE. TODAY, IT'S EIGHTH IN THE WORLD.

THERE ARE PEOPLE IN CONGRESS WHO SAY THAT THE MARITIME INDUSTRY IS ALREADY OVER SUBSIDIZED. ON THE OTHER SIDE, THERE ARE SOME LAWMAKERS WHO SAY, THE MARINE INDUSTRY IS IN SUCH BAD SHAPE, THAT IT MUST BE SUBSIDIZED EVEN MORE. ADDING THAT IN CASES OF NATIONAL EMERGENCY A STRONG MERCHANT MARINE FLEET CAN BE AN ESSENTIAL. THIS REPORT IS IN NO WAY AN ATTEMPT TO EXAMINE THE PROS AND THE CONS OF THAT ARGUMENT. IT IS RATHER, AN ATTEMPT TO SHOW THE EXTENT THAT <sup>THE</sup> PEOPLE WHO MOST BENEFIT FROM FAVORABLE MARITIME LAWS, THE EXTENT TO WHICH THOSE PEOPLE HAVE GONE



RATHER (CONTINUED)

TO GET THEIR WAY.

ON THE SENATE SIDE, THE FINANCE COMMITTEE IS THE BIRTH PLACE FOR SUBSIDY BILLS. BEGINNING <sup>WITH</sup> THE CHAIRMAN, SENATOR RUSSELL LONG, OF LOUISIANA. TWO YEARS AGO, LONG HAD TAKEN COMPETITION IN HIS PRIMARY. NO OPPONENT IN THE GENERAL ELECTION. BUT, HE GOT TWENTY TWO THOUSAND DOLLARS FROM MARITIME UNIONS. IN THE PAST FOUR YEARS, THOSE UNIONS HAVE GIVEN TALMADGE OF GEORGIA, FIVE THOUSAND DOLLARS. BENSTEN OF TEXAS, SEVEN THOUSAND THREE HUNDRED SEVENTY FIVE DOLLARS. PACKWOOD OF OREGON, THIRTEEN THOUSAND. HARTKE OF INDIANA, FOURTEEN THOUSAND. BYRD OF VIRGINIA, FIVE THOUSAND. AND GRAVEL OF ALASKA, FORTY SIX THOUSAND FIVE HUNDRED DOLLARS. WHEN A SUBSIDY BILL REACHES THE FULL SENATE, THE MARITIME UNIONS HAVE FRIENDS EVERYWHERE. THESE ARE SOME OF THEM.

IN THE SENATE, HUBERT HUMPHREY, DANIEL

RATHER (CONTINUED)

INOUE , BIRCH BYAH, ADLAI STEVENSON,  
GEORGE MCGOVERN, WARREN MAGNUSON JOHN  
GLENN, TOM EAGLETON, ALAN CRANSTON, JOHN  
TUNNEY, GALE MCGEE, FRANK MOSS, RICHARD  
STONE, HOWARD CANNON, CHARLES MATHIAS,  
JOHN DURKIN.

ERNEST HOLLINGS, DICK CLARK,  
HOWARD BAKER, MARK HATFIELD. IN THE HOUSE  
IT'S THE SAME STORY.

THE MERCHANT MARINE AND FISHERY COMMITTEE  
IS THE OBVIOUS FAVORITE HERE. ACCORDING  
TO FEDERAL ELECTION COMMISSION RECORDS,  
THIRTY OUT OF THIRTY NINE MEMBERS ON THIS  
COMMITTEE SO KEY TO MARITIME INTERESTS,  
HAVE RECEIVED CONTRIBUTIONS FROM THE MARINE  
ENGINEERS, THE NATIONAL MARITIME UNION,  
THE SEAFARERS, AND THE MASTERS MATES AND PILOTS.  
AND ACCORDING TO SOME MEMBERS ON THAT COMMITTEE,  
THOSE CAMPAIGN DOLLARS PAY OFF, WHEN MARITIME UN  
REPRESENTATIVES SHOW UP TO PRESS THEIR CAUSE.

CALIFORNIA'S CONGRESSMAN PAUL MCCLOSKEY.

MC CLOSKEY:

I THINK THE MAJORITY ON MY COMMITTEE, THE MERCHANT MARINE AND FISHERIES COMMITTEE, AND I SUSPECT THEY WERE ON THE SENATE SIDE.

IF THEY ARE NOT TERRIFIED OF THE ANGER OF THE MARITIME UNIONS, ARE MUCH MORE WILLING TO COOPERATE WITH MARITIME LABOR CHIEFS THAN PERHAPS ANY OTHER ELEMENT IN OUR SOCIETY.

RATHER:

ONE OF THE BIGGEST RECIPIENTS OF CAMPAIGN CONTRIBUTIONS FROM THE MARITIME UNIONS, IS CONGRESSMAN JOHN MURPHY OF NEW YORK.

YOU HAVE RECEIVED SOMETHING IN THE NEIGHBORHOOD OF ELEVEN THOUSAND DOLLARS IN CAMPAIGN CONTRIBUTIONS FROM MARITIME RELATED UNIONS. NOT JUST THE MARINE ENGINEERS.

MURPHY:

THAT'S RIGHT.

RATHER:

WOULD YOU CONSIDER THAT FIGURE TOO HIGH, AS AN ESTIMATE?

MURPHY:

I THINK IT MIGHT BE TOO LOW.

RATHER:

WHAT DO THEY GET FOR THE MONEY?



MURPHY:

WHAT THEY -- THEY GET WHAT THEY LOOK FOR. THEY LOOK FOR REPRESENTATION, AND GOOD REPRESENTATION, AND KNOWLEDGEABLE REPRESENTATION IN THEIR INDUSTRY. AND THEIR EFFORTS TO TRY AND KEEP THE AMERICAN FLAGSHIP ON THE WORLD'S OCEANS, IS -- IS WHY THEY CONTRIBUTE AND PLAY A VERY, VERY STRONG AND POSITIVE LOBBY OPERATION IN WASHINGTON.

MC CLOSKEY:

ANY CONGRESSMAN WHO GETS FIVE TO TEN TO TWELVE THOUSAND DOLLARS FROM A SINGLE SOURCE. I DON'T THINK MOST OF MY COLLEAGUES, ARE CERTAINLY, IN THIS CONGRESS EVER PROMISE ANYTHING FOR A CAMPAIGN CONTRIBUTION. BUT I KNOW WHAT IT DOES TO ME WHEN I GET A LARGE CONTRIBUTION. I GET LESS WILLING TO VOTE AGAINST THAT INTEREST WHEN THE NEXT ISSUE COMES UP.

RATHER:

THIS IS JESSE CALHOON. HE'S PRESIDENT OF THE MARINE ENGINEERS BENEFICIAL ASSOCIATION, M.E.B.A. WITH NINE THOUSAND MEMBERS.

M.E.B.A. UNDER CALHOON'S PERSONAL DIRECTION SPEND AT LEAST THREE HUNDRED AND EIGHTY THOUSAND

RATHER (CONTINUED)

DOLLARS IN CONGRESSIONAL CAMPAIGNS IN NINETEEN SEVENTY FOUR. CALHOON'S PERSONAL REPUTATION, TOUGH. HE ONCE REPORTEDLY KICKED A SHIPPING EXECUTIVE IN THE HEAD AT A BARGAINING TABLE. AND TWO YEARS AGO, WHEN ASKED WHY M.E.B.A. SPENDS SO MUCH ON POLITICAL CAMPAIGNS, CALHOON SAID, " TO HELP OUR FRIENDS AND PUNISH OUT ENEMIES."

OF ONE/ THESE ENEMIES, THE UNITED STATES MERCHANT MARINE ACADEMY AT KINGS POINT, NEW YORK. SINCE THE SECOND WORLD WAR, THE ACADEMY HAS BEEN GRADUATING MERCHANT MARINE ENGINEERS AND DECK OFFICERS. IT'S A FOUR YEAR COURSE, SIMILAR TO ANNAPOLIS OR WEST POINT. TOTALLY FUNDED BY FEDERAL TAX MONEY, AT ABOUT FOURTEEN MILLION DOLLARS A YEAR. AND YOU'D THINK IT WOULD BE A PRIME SOURCE FOR ENGINEERS ON SEAGOING VESSELS. BUT CAPTAIN CHARLES RENICK WHO HAS CHARGE OF PLACING GRADUATES, HAS A DIFFERENT STORY.

RENICK:

ABOUT EIGHTY PERCENT OF THE AMERICAN MERCHANT MARINE, THIS IS THE DEEP WATER FLEET, IS UNDER UNION CONTRACT. AND YOU MUST BE A UNION

RENICK (CONTINUED)

MEMBER TO BE EMPLOYED IN -- ON THESE SHIPS. AND, THEY CLOSED THE ROLES SO THAT THEY WILL NOT TAKE YOU IN AS A MEMBER. SO THAT MEANS THOSE CLOSE OUT THESE JOBS TO OUR GRADUATES.

RATHER:

FOR SIX YEARS, GRADUATES FROM THE UNITED STATES MERCHANT MARINE ACADEMY, HAVE BEEN UNABLE TO GET JOBS ON SHIPS UNDER CONTRACT TO M.E.B.A. SO, WHERE DO THEY GO?

RENICK:

TANKER COMPANIES, OFFSHORE DRILLING COMPANIES, OCEANOGRAPHIC RESEARCH VESSELS, ON THE GREAT LAKES. OTHER AREAS THAT ARE NOT INFLUENCED BY THE CLOSING OF THE BOOKS OF THE -- THE UNIONS.

RATHER:

YOU SEE, CALHOON HAS VOWED HE'D LIKE TO SHUT DOWN THE U.S. MERCHANT MARINE ACADEMY, PLUS AND FEDERAL SUPPORT TO SIX STATE SCHOOLS, THAT TRAIN <sup>MARINE</sup> ENGINEERS. CALHOON SAYS THESE PEOPLE AREN'T PROPERLY TRAINED. PLUS THERE JUST AREN'T ENOUGH JOBS TO GO AROUND.

CALHOON'S CRITICS POINT OUT THAT IF HE'S SUCCESSFUL IN SHUTTING DOWN THE FEDERALLY SPONSORED

RATHER (CONTINUED)

SCHOOLS, THERE'S ONE SCHOOL LEFT TO TRAIN MARINE ENGINEERS. THE CALHOON M.E.B.A. SCHOOL OF MARINE ENGINEERING IN BALTIMORE. A SCHOOL THAT FOR SOME REASON, HAS FOUND SEAGOING JOBS FOR IT'S GRADUATES, IN THE PAST SEVEN YEARS. CALHOON'S SCHOOL IS PAID FOR BY SHIPPING COMPANIES, AND BY THE AMERICAN TAXPAYERS. THROUGH A COMPLICATED CONTRACT AGREEMENT, SHIPOWNERS PAY ABOUT FOUR MILLION DOLLARS A YEAR INTO A FUND FOR CALHOON'S SCHOOL. BUT HALF THE SHIPS ARE UNDER FEDERAL SUBSIDIES, SO THE OWNERS GET A REFUND.

AND WHAT IS THE UPSHOT OF THAT? WELL, THE AMERICAN TAXPAYER IS PAYING FOR THE EDUCATION OF CADETS AT THE UNITED STATES MERCHANT MARINE ACADEMY, WHOSE GRADUATES CAN'T GET JOBS ON UNION OCEANGOING VESSELS. AND THE TAXPAYER IS ALSO PAYING A GOOD PART OF THE TAB FOR CALHOON STUDENTS WHO DO GET THE JOBS.

"SIXTY MINUTES" ATTEMPTED TO TALK TO SHIPPING COMPANY EXECUTIVES WHO DO BUSINESS WITH CALHOON. EVEN THE FEW WHO WOULD GET ON THE PHONE WITH

RATHER (CONTINUED)

US, WOULD SAY NOTHING, ABSOLUTELY ZERO, FOR ATTRIBUTION.

THE PERSON IN THE FORD ADMINISTRATION CHARGED WITH THE RESPONSIBILITY OF OVERSEEING MARITIME AFFAIRS, AND IN THAT CAPACITY IS IN CHARGE OF THE MERCHANT MARINE ACADEMY WORKS HERE. UNDER SECRETARY OF COMMERCE, FOR MARITIME AFFAIRS, ROBERT BLACKWELL.

WE HAD SOME QUESTIONS FOR MR. BLACKWELL. FOR EXAMPLE, WHY CAN'T CADETS FROM THE UNITED STATES MERCHANT MARINE ACADEMY GET JOBS ABOARD SEAGOING VESSELS? AND WHAT ABOUT THE REPORTED VOW OF UNION LEADER CALHOON, TO CLOSE THE ACADEMY? AND DOES MR. BLACKWELL FEEL MR. CALHOON'S POLITICAL INFLUENCE ON THE HILL. BUT UNDER SECRETARY OF COMMERCE ROBERT BLACKWELL REFUSED TO BE INTERVIEWED.

ONE PERSON WHO DID TALK TO US IS MILT NOTTINGHAM, AN EXECUTIVE IN THE SHIP BROKERAGE BUSINESS. NOTTINGHAM IS AN UNPAID WASHINGTON REPRESENTATIVE FOR THE MERCHANT MARINE ACADEMY ALUMNI ASSOCIATION, AND IS FREQUENTLY AT ODDS

RATHER (CONTINUED)

WITH CALHOON.

MR. NOTTINGHAM, LET ME GIVE YOU A LIST OF PEOPLE WHO COULD DO SOMETHING ABOUT THE POWER OF M.E.B.A. AND JESSE CALHOON.

AND ASK YOU, NOT FOR YOUR OPINION, BUT AN ASSESSMENT OF THE RECORD, WHETHER THEY HAVE STOOD UP TO MR. CALHOON, AND THE UNION. THE COMMERCE DEPARTMENT?

NOTTINGHAM:

No.

RATHER:

THE LABOR DEPARTMENT?

NOTTINGHAM:

NOT THAT I'M FAMILIAR.

RATHER:

THE RESPONSIBLE CONGRESSIONAL COMMITTEES AND SUB-COMMITTEES?

NOTTINGHAM:

MOST UNFORTUNATELY. BECAUSE I FEEL THEY HAVE THE GREATEST RESPONSIBILITY, THEY HAVE NOT.

RATHER:

THEY HAVE NOT?

NOTTINGHAM:

THEY HAVE NOT STOOD UP TO THE MARTIME LABOR.

RATHER:

NOTTINGHAM SAYS THAT WHEN HE APPEARS BEFORE A CONGRESSIONAL COMMITTEE, HE CAN EXPECT MAYBE FOUR MEMBERS PRESENT. TWO OF THEM PAYING ATTENTION. THE NUMBER PRESENT WHEN CALHOON APPEARS AT THE SAME HEARING.

NOTTINGHAM:

PERHAPS AS MANY AS THREE TIMES THAT NUMBER. SOMEWHERE IN THE NEIGHBORHOOD OF TEN OR TWELVE MEMBERS, AT LEAST, I WOULD THINK.

RATHER:

AND HOW MANY OF THOSE ARE LISTENING?

NOTTINGHAM:

I WOULD SAY THAT MR. CALHOON GENERALLY COMMANDS THEIR FULL ATTENTION.

RATHER:

WE WENT TO THE HOUSE MERCHANT MARINE COMMITTEE TO FIND OUT MORE ABOUT ANY PREFERENTIAL TREATMENT. BUT THE CHAIRMAN, CONGRESSWOMAN LENORE SULLIVAN, WOULDN'T BE INTERVIEWED, UNLESS SHE SET THE CONDITIONS WHICH IS CONTRARY TO C.B.S. NEWS POLICY. WE WANTED TO ASK MRS. SULLIVAN ABOUT THE MONEY HER CAMPAIGNS HAD RECEIVED FROM MARITIME LABOR. AND, ABOUT A STORY WE HEARD CONCERNING JESSE CALHOON AND HER COMMITTEE.

MC CLOSKEY:

ROUTINELY, AFTER EACH HEARING, IN FACT ALMOST EVERY WITNESS, IS ADVISED BY THE COMMITTEE CHAIRMAN, THAT WE WILL SUBMIT FURTHER QUESTIONS TO YOU IN WRITING. AND THAT THEY WILL ANSWER WITHIN A CERTAIN PERIOD OF TIME.

RATHER:

ALRIGHT. SO YOU WROTE MR. CALHOON A -- A LETTER WITH YOUR QUESTIONS.

MC CLOSKEY:

I SENT A SPECIFIC LETTER ASKING SPECIFIC QUESTIONS.

RATHER:

MC CLOSKEY WANTED INFORMATION, AMONG OTHER THINGS, ABOUT THE FINANCING OF CALHOON'S M.E.B.A. SCHOOL. BUT TO HIS SURPRISE, THE ONLY ANSWER HE GOT WAS A LETTER FROM HIS COMMITTEE CHAIRMAN LENORE SULLIVAN.

MC CLOSKEY:

THIS IS THE LETTER. I'VE NEVER HAD SUCH A LETTER FROM THE -- FROM ANYBODY IN THE CONGRESS. "DEAR MR. MC CLOSKEY, BEN MANN AND MARGURITE BRIAN FROM THE MARINE ENGINEERS BENEFICIAL ASSOCIATION HAVE BROUGHT ME A COPY OF YOUR LETTER, OF JANUARY TWENTY SECOND, TO MR. JESSE CALHOON IN WHICH YOU'VE ASKED TO RESPOND TO A



MC CLOSKEY (CONTINUED)

NUMBER OF QUESTIONS. IN PREPARING THE COMMITTEE'S SCHEDULE, IT WAS MY INTENTION TO CONCLUDE HEARINGS ON THIS PROPOSED LEGISLATION, DURING THE LAST SESSION. THEREFORE, SINCE THE HEARING RECORD IS NO LONGER OPEN, I ADVISED HIM THAT THE RESPONSES TO YOUR QUESTIONS WILL NO LONGER BE TIMELY FOR INCLUSION OF THIS RECORD." NOW, THAT'S FINE, IF YOU WANT TO TAKE THAT POSITION. BUT THIS RECORD WAS KEPT OPEN UNTIL MARCH EIGHTH, AND OTHER WITNESSES INTRODUCED THEIR ANSWERS, AT -- AT LEAST SIX WEEKS AFTER THE HEARING ENDED. AND A-- AND A MONTH AFTER THIS LETTER.

RATHER:

NOW FOR THE PERSON IN A LIVINGROOM AT HOME, WHO IS TRYING TO FOLLOW THIS, WHAT ARE THE IMPORTANT POINTS HERE? IS THIS STANDARD OPERATING PROCEDURE?

MC CLOSKEY:

AS I SAY, I'VE BEEN IN THE CONGRESS NINE YEARS. I HAVE NEVER SEEN THIS HAPPEN. I HAVE NEVER SEEN A MEMBER OF CONGRESS, LET ALONE A COMMITTEE CHAIRMAN, PERMIT WITNESSES BEFORE

MC CLOSKEY (CONTINUED)

A COMMITTEE TO DECLINE TO ANSWER ANOTHER MEMBER'S QUESTIONS. YOU KNOW, THERE'S NOTHING MYSTERIOUS ABOUT THESE QUESTIONS. ALL THESE QUESTIONS WERE <sup>WERE</sup> INQUIRING INTO THE FINANCIAL OPERATIONS OF THE M.E.B.A. SCHOOL, WHICH COMPETES WITH THE FEDERAL MARITIME ACADEMY.

RATHER:

IN A PRESIDENTIAL ELECTION YEAR, OF COURSE, CALHOON HAS BEEN POURING MONEY NOT JUST INTO THE CAMPAIGN COFFERS OF CONGRESSMEN AND SENATORS. HENRY JACKSON WAS M.E.B.A.'S MAN. ALL THROUGH THE PRIMARIES THEY FOLLOWED HIS FORTUNES, AND ADDED SOME OF THEIR OWN. BUT AFTER SPENDING OVER SEVENTY THOUSAND DOLLARS ON DIRECT AND INDIRECT CONTRIBUTIONS FOR JACKSON, HE DROPPED OUT, AND THEY HAD TO LOOK ELSEWHERE. JERRY BROWN CAUGHT M.E.B.A.'S EYE. THEY THREW TEN THOUSAND DOLLARS IN THE DIRECTION OF JERRY BROWN'S CAMPAIGN. BUT BEFORE LONG, IT WAS OBVIOUS WHO THEIR MAN SHOULD BE.

CARTER:

AND LET THE GOVERNMENT BE CONTROLLED ONCE AGAIN BY YOU, AND NOT BY THE SPECIAL INTEREST

CARTER (CONTINUED)

GROUPS, WHICH GERALD FORD, NIXON...

RATHER:

CALHOON HAD HAD A PRIVATE MEETING WITH JIMMY CARTER, AND WAS NOW CONVINCED CARTER WAS THEIR MAN. THE M.E.B.A. POLITICAL GEARS, THE MONEY SPEWING APPARATUS OF THIS SMALL NINE THOUSAND MEMBER UNION, WENT INTO OVER DRIVE. CALHOON WAS DISPLAYING A PERSONAL LETTER HE HAD GOTTEN FROM CARTER, SIGNED BY THE CANDIDATE. IN IT, CARTER TOLD CALHOON, THE U.S. MERCHANT MARINE FLEET SHOULD BE BUILT UP AND MAINTAINED AT A POSITION COMPETITIVE WITH THE REST OF THE WORLD. MUSIC TO CALHOUN'S EARS. AND ANOTHER LINE MUST HAVE BEEN EQUALLY WELCOME. CARTER WROTE THE "FLEET SHOULD BE MANNED BY CIVILIAN SEAMEN, TRAINED IN INDUSTRY SCHOOLS." THE INTERPRETATION OF INDUSTRY SCHOOLS IS, UNION SCHOOLS. SCHOOLS LIKE THE CALHOON SCHOOL OF MARINE ENGINEERING, AS OPPOSED TO THE UNITED STATES MERCHANT MARINE ACADEMY.

A WEEK AND A HALF AFTER THAT LETTER, ON JUNE FOURTH, RECORDS OF THE FEDERAL ELECTION

RATHER (CONTINUED)

COMMISSION SHOW THAT TWENTY FIVE MARINE ENGINEERS, A FEW OF THEIR WIVES, M.E.B.A OFFICIALS AND A COUPLE OF SHIPPING EXECUTIVES GAVE THE CARTER CAMPAIGN IN ONE DAY, ONE THOUSAND DOLLARS EACH. A TOTAL OF TWENTY FIVE THOUSAND DOLLARS. BUT THAT WAS ONLY FOR STARTERS. ON JUNE THIRTIETH, CALHOON SPONSORED A FUND RAISER FOR CARTER IN WASHINGTON. UNION AND SHIPPING EXECUTIVES GAVE A THOUSAND DOLLARS EACH TO HEAR THE CANDIDATE SPEAK. CARTER PEOPLE ARE SAYING PUBLICALLY, THE MONEY COLLECTED BY M.E.B.A. FOR CARTER, ON THAT DAY, WAS ONE HUNDRED FIFTY THOUSAND DOLLARS. OTHERS SAY THAT FIGURE IS LOW. WE WANTED TO DISCUSS THE ABOVE SEQUENCE OF EVENTS WITH GOVERNOR CARTER. HIS PEOPLE INSIST EVERYTHING WAS OPEN. NOTHING OUT OF LINE. BUT THEY DECLINED A PERSONAL INTERVIEW WITH THE CANDIDATE.

ONE OF THE PRINCIPLES OF THIS STORY, OBVIOUSLY HAS BEEN MISSING. JESSE CALHOON.

REPEATED TELEPHONE CALLS AND A REGISTERED LETTER REQUESTING AN INTERVIEW WERE IGNORED.

RATHER (CONTINUED)

C.B.S. NEWS HAS IN FACT, BEEN TRYING TO INTERVIEW MR. CALHOON FOR ALMOST TWO YEARS. AMONG THE QUESTIONS WE WOULD LIKE TO ASK ARE THESE. WHY DO YOU NOT ALLOW GRADUATES OF THE UNITED STATES MERCHANT MARINE ACADEMY TO WORK ABOARD UNION SHIPS? WHY ARE YOU TRYING TO CLOSE THE ACADEMY, AND DOES THAT HAVE ANYTHING TO DO WITH THE FACT THAT YOUR UNION OPERATES A SCHOOL BEARING YOUR NAME, OFFERING SIMILAR TRAINING? HOW IS IT, THAT A UNION WITH FEWER THAN NINE THOUSAND MEMBERS, IS CONSISTENTLY ABLE TO RAISE HUNDREDS OF THOUSANDS OF DOLLARS IN "VOLUNTARY POLITICAL CONTRIBUTIONS" FROM SAILORS WHO SPEND MOST OF THEIR LIVES AT SEA?

THOSE ARE IMPORTANT QUESTIONS. TONIGHT THEY REMAIN UNANSWERED. AS DO THE ONES WE WANTED TO ASK THE CONGRESSWOMAN WHO HEADS THE HOUSE MERCHANT MARINE COMMITTEE. AND THE ONES WE WANTED TO ASK PRESIDENT FORD'S UNDER SECRETARY OF COMMERCE. AND THE ONES WE WANTED TO ASK THE DEMOCRATIC CANDIDATE FOR PRESIDENT OF THE UNITED STATES.

THE WHITE HOUSE  
WASHINGTON

Make copies for  
Ed & Jack M.  
& return to me.

10/20 P.

Jim

Connor.

Copies  
delivered



INSIDE LABOR  
BY VICTOR RIESEL

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Carterites Anger Labor:

Two Ex-Chief Watergate Prosecutors Scoff At  
Successor's Efforts to Involve President Ford

SAN ANTONIO, Tex. -- It will take some king-sized electric prods to jolt this king-sized state's labor leaders into high gear again for Gov. Jimmy Carter.

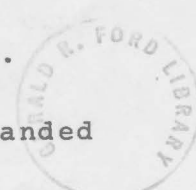
They were turned off by the ex-governor's rattling attack on Lyndon Johnson who poured literally billions of dollars worth of federal contracts into Texas during his presidency.

Texas labor and its leaders prospered in money, members and political power. Now they're told Lyndon was a liar and a cheat.

And I've just heard some of them say, "Carter can come down here and whip up the vote himself. We're sitting on our hands."

But there's more. Texas has waterfronts. The longshoremens and maritime leaders are deep in the gears of labors' political machine -- call it COPE or by any other nicknames, they're vote producers. Now the impression is that someone in the "Carter crowd" -- as it was put here the other day -- is willing to throw the maritime unions "to the cops" so something can be hung on President Ford.

This is, of course, a reference to the subpoenas handed



maritime union officials by men from the office of Charles H. Ruff, special prosecutor in the office of the Watergate special prosecution force. Shortly after those papers were handed to the maritime labor leaders, it was old times revisited. The news was leaked. The stories which followed did far more than hint at supposed "possible covert union (money) gifts to Ford from 1964-74."

This put some of the AFL-CIO's most effective political action committees square on the spot.

Furthermore, over in Houston and elsewhere in this state, the 71-year-old former special Watergate prosecutor Leon Jaworski has said publicly -- and what is more significant, is saying privately -- that there's nothing to the charges. He's gone over all documents involved as closely as his father, an Evangelical minister, perused the Bible.

Jaworski's statement averring there is no ground for any action against President Ford is supported by the third special Watergate prosecutor, Henry S. Ruth Jr.

Referring to Charles Ruff, his successor, Ruth said privately last week:

"We have had nothing on this and I don't see what Chuck wants. I'd be surprised if there really is anything."



Thus, here in Texas, the reflection on Jerry Ford now is taken among some political activists on both sides as an insult to one of their most respected citizens -- Jaworski -- who was one of Lyndon Johnson's closest allies years ago.

It may all blow over. Jimmy Carter may even take the state. But it will be close. And the word in labor circles all the way down the line is that it's getting far too close for the national AFL-CIO's comfort.

Actually, it's solid to report that in labor's top political headquarters, they wish they hadn't plunged in as deeply as they have.

Last week, Al Barkan, the big labor federation's political director, president George Meany's chief COPE aide, told one of his colleagues, "Carter will blow it, just watch."

This isn't any special reference to the sexcapades of Gov. Carter's heart in Playboy's pages. It's a bitter reaction to the Carter camp's isolation and insulation from labor's professionals, who are spending scores of millions of dollars and heaving specialized manpower into the field for the Democrats.

One of the earliest of Gov. Carter's labor supporters told me the other day, "It's terrible. It all doesn't

seem to be going anywhere. There are horrendous problems with organizations. We give them lists of key people and the Plains-Atlanta crowd ignore us."

And a national black congressional leader who has been discussing (and energetically supporting) Jimmy Carter since early 1975 said, "He finally reached for us on the train last week...his people aren't really interested in listening to us. Well, he hasn't turned off the black communities, but neither has he turned them on."

Thus it goes to across the country. Labor is throwing "lots of good money after bad." They're pulling out all the stops.

For example, the powerful AFL-CIO Building and Construction Trades Department's 17 national unions are throwing every possible official into the Carter campaign because they're so committed now to defeating President Ford. They've directed their members not to strike until after election day. This will free the top leadership and hundreds of national union representatives for precinct work.

As one of them said: "We'll try to turn our people on wherever he (Carter) and his strategists turn them off -- and that's all over the lot."

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TO: DICK CHENEY

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Flash

Dex  
to  
Cheney

THE WHITE HOUSE  
WASHINGTON

October 5, 1976

AM  
Flash

MEMORANDUM FOR: JIM SHUMAN

FROM: PHILIP BUCHEN

SUBJECT: Inquiries by Jerry Landauer

Last night you advised me that Mr. Landauer of the Wall Street Journal had made inquiries regarding certain financial and tax matters of the President during the period when he served as Congressman from the Fifth District of Michigan and as Minority Leader of the House of Representatives prior to his confirmation as Vice President of the United States.

At TAB A is a copy of pages 25-26 of the Report of the Senate Committee on Rules and Administration which supported the nomination of Gerald R. Ford to be Vice President. These pages explain the disallowance by the District Director of Internal Revenue of business expenses in the amount of \$871.44 for 1972, as a result of an audit of the Ford income tax returns for the tax periods 1967-1972. It also appears from these pages that the IRS found no tax deficiencies for the tax years 1967-71.

You will note from the letter appearing on page 26 prepared by Robert J. McBain, Certified Public Accountant, that Congressman and Mrs. Ford had gross income for the years 1967-72 of \$454,667.06, and taxable net income of \$375,402.26 on which they paid federal income taxes of \$150,250.17 (for an effective rate of 33% of their gross income). The letter also indicates that the sole tax deficiency for this entire period, in the amount of \$435.77, was only .29% of the total taxes paid and only .13% of the gross income.

In the general statement by the Committee on Rules and Administration, it was reported on page 97 that the Committee had explored Mr. Ford's "philosophy, character, personal and financial integrity, and decided that in these critical areas he fully met reasonable tests" and that "this conclusion was reached even by those who disagreed with various philosophical or political positions of the nominee."

At TAB B is a copy of page 5 of the report from the House Committee on the Judiciary in regard to the confirmation of Gerald R. Ford as Vice President. On this page under the heading, "Tax Returns", the audit made by the IRS and the further audit made by the staff of the Joint Committee on Internal Revenue Taxation are discussed. The latter audit included not only the nominee's income tax returns but also his net worth, honoraria received, salary and other income, as well as bank accounts maintained by the nominee and other members of his family. Upon a review in detail by the Committee of the two independent audits and of summaries of voluminous financial information, the Committee found "no information prejudicial to the nominee."

You advised that Mr. Landauer raised a question about the small amounts of cash known to have been available to Mr. Ford for incidental living expenses, apart from the items for which there was a record of payment by check. From my own knowledge of the data reviewed by the Senate and House Committees, I can say that relatively small amounts of cash were used, particularly in the years when Mr. Ford was traveling to Michigan and in his District in behalf of his own candidacy and throughout the country in behalf of Republican candidates and organizations. The expenses of such travel were paid from Mr. Ford's own campaign funds or were borne by the other parties for whom he made appearances. In Washington, his automobile transportation was furnished to him as Minority Leader, his luncheons when he was not involved in meetings or entertainment were very modest, and he had very little need at any time for personal cash.

The one other question raised by Mr. Landauer regards the payment of travel by the Ford family to Vail, Colorado, for their Christmas vacation. Airline tickets in the sum of \$1,167 were purchased on November 30, 1972, from an account used to cover

official and political expenses, including principally travel (known as the Fifth District Account), and this account was reimbursed for the exact sum from one of Mr. Ford's personal accounts by a check dated December 16, 1972 which cleared banks on or about January 11, 1973. The Fifth District Account was examined by the IRS and Joint Taxation Committee auditors, and it is mentioned at page 35 of the Senate Rules Committee Report. Except for the disallowance of the \$871.44 business expense item referred to above (which Mr. Ford chose not to contest) and the reimbursed temporary advance for the Vail tickets, the IRS concluded that all of the plane travel tickets and cash advances were legitimate political expenses.

For additional information on this subject, I am attaching at TAB C a Jack Anderson column of April 8, 1974, which appeared in the Detroit Free Press.

Attachments

A

DISCUSSION OF ISSUES, VIEWS OF THE NOMINEE, AND FINDINGS OF THE  
COMMITTEE

INCOME TAX RETURNS

The Committee by a unanimous resolution requested that the President make available the income tax returns of Mr. Ford for the period of 1965-1972. However, to expedite the work of the committee, Mr. Ford forwarded to the chairman and ranking minority member copies of the joint returns filed by himself and Mrs. Ford for the period covered in the request. These returns were made available to all committee members and the two senior staff members. In addition, at the request of the committee, Mr. Ford provided copies of a report on audit changes for the period of 1967-1972 which had been conducted by the Internal Revenue Service and sent to him.

The Internal Revenue Service determined that there was no tax deficiency for the tax years 1967-71. In 1972, however, business expenses in the amount of \$871.44 were disallowed by the District Director. The conclusion was that this sum represented clothing purchased by Mr. Ford in contemplation of the 1972 Republican National Convention and that as the items purchased were not unique or distinctive in character, they did not qualify as a business deduction. The amount of income tax deficiency was determined by the Internal Revenue Service to be \$435.77 with no penalty assessed.

In accordance with his instructions, Mr. Ford's accountants delivered a check on November 9, 1973, payable to the Internal Revenue Service in the amount of \$435.77.

The committee considered the advisability of releasing the income tax returns to the public. Mr. Ford stated that he offered no objection to releasing the figures related to the income or the tax but was of the opinion that information relative to the names of and amounts given to charitable organizations was sensitive and should remain private. He later agreed to the release of all information by the committee, if it so desired.

After discussing the matter in some detail, the committee decided that as such disclosure was not now required by statute for any public official, it should not be required of Mr. Ford. The committee did agree to include in this report a letter dated November 9, 1973, to Mr. Gerald R. Ford from his accountant Mr. Robert S. McBain setting forth details of total income for the period and federal income tax paid thereon as well as payment of the \$435.77 assessment.



[The letter from Mr. McBain, referred to above, and the letter of transmittal of Congressman Ford are as follows:]

CONGRESS OF THE UNITED STATES,  
OFFICE OF THE MINORITY LEADER,  
HOUSE OF REPRESENTATIVES,  
Washington, D.C., November 14, 1973.

Hon. HOWARD W. CANNON,  
Chairman, Senate Committee on Rules and Administration, Russell  
Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Further to my letter of November 9, forwarding to you a copy of the Internal Revenue Service audit of my Federal income tax returns from 1967 through 1972, I enclose herewith a report from my Certified Public Accountant, Mr. Robert McBain of Grand Rapids, with respect to the full settlement of my tax matters. This may go in your record.

Thank you for the courtesies shown me by you and your Committee.  
Warm personal regards,

GERALD R. FORD, M. C.

Enclosure.

GRAND RAPIDS, MICH., November 9, 1973.

GERALD R. FORD,  
Congress of the United States,  
Office of the Minority Leader,  
House of Representatives,  
Washington, D.C.

DEAR JERRY: In accordance with your instructions I have, on this date, delivered a check payable to the Department of the Treasury, Internal Revenue Service, in the amount of \$435.77. This represents the amount of income tax deficiency as determined by the Internal Revenue Agents during the course of their audit of your income tax records for the tax periods 1967 through 1972.

The Internal Revenue Agents determined that there was no income tax deficiency for the tax years 1967 through 1971. In 1972, however, business expenses in the amount of \$871.44 were disallowed by the Agents. They concluded that this sum represented clothing purchased by you in contemplation of the 1972 Republican National Convention and that the items purchased were not unique or distinctive in character and therefore did not qualify as a business deduction.

In closing, it is my judgment that the Internal Revenue Service's exhaustive examination of your records reflected a rather deminimus deficiency when one considers that your gross income for the years 1967 through 1972 was \$454,667.06, that your taxable net income was \$375,402.26, and that during the six year period you paid federal income taxes of \$150,250.17. This assessment of \$435.77 for the six year period represents .29% of the total taxes you paid during these years and .13% of your gross income.

Sincerely,

ROBERT J. MCBAIN,  
Certified Public Accountant.



Office, Library of Congress, and the Federal Bureau of Investigation.

All materials generated by this phase of the investigation were available to all members of the Committee during the hearings.

Summaries of portions of the Committee's investigation follow.

#### *Tax Returns*

Mr. Ford made available to the Committee copies of his tax returns for the period 1965-1972. In addition, Mr. Ford made available a report on audit changes for the past six years which was completed by the Internal Revenue Service. Additionally, he requested that the Commissioner of the Internal Revenue Service make available to the Joint Committee on Internal Revenue Taxation information reflecting the scope of the Internal Revenue Service audit, the issues raised in the audit, and the results. At Mr. Ford's request this material, in the form of a 13-page memorandum, was made available to the Committee.

At the direction of the Committee, staff of the Joint Committee on Internal Revenue Taxation, on loan to the Committee on the Judiciary, also conducted an independent audit of the nominee's income tax returns, net worth, honoraria received, salary and other income, as well as bank accounts maintained by Mr. Ford and other members of his family. The results of these independent audits and summaries of the voluminous financial information were reviewed in detail by the Committee, and no information prejudicial to the nominee was noted.

#### *Medical Records*

At the Committee's request, Mr. Ford authorized the Attending Physician of the Congress to make available to the Committee all medical records relating to him which were in the Physician's possession. Additionally, with Mr. Ford's cooperation, the Committee obtained and examined all medical records in the possession of the insurance carrier for Mr. Ford's medical and hospitalization insurance. The Committee also examined all medical deductions listed on Mr. Ford's income tax records for the past six years and with Mr. Ford's cooperation, contacted additional medical practitioners listed thereon to obtain all records in their possession relating to Mr. Ford's health. The Committee concluded that Mr. Ford is in apparent excellent health.

#### *Campaign Finances*

The Committee reviewed all the reports and statements Congressman Ford and his political committees were required by law to file with the Clerk of the House of Representatives and with Michigan officials. These reports were available for Mr. Ford's campaigns from 1954 to 1972. A more extensive analysis of the 1970 and 1972 campaigns was completed and the results follow.

For his 1970 campaign, Congressman Ford had five campaign committees raising funds on his behalf. They were: D.C. Committee for Gerald R. Ford; Veterans for Ford; Latvians for Ford; Greek-American Committee for Ford; and Ford for Congress. Each of these committees was analyzed to the extent possible to determine whether there were any improprieties or illegalities connected with this campaign.

At this time the Federal Corrupt Practices Act of 1925 required reports of receipts and expenditures from candidates for Federal elective office and from political committees attempting to influence the

c

Detroit Free Press  
Detroit, Michigan  
April 8, 1974

*An Honest Man*

# Audit of Ford's Tax Returns Reveals Only Minor Errors

BY JACK ANDERSON

WASHINGTON — A confidential audit of Vice-President Gerald Ford's taxes proves that not all politicians are tax cheats.

The tax agents also found that Ford had "overlooked" \$1,157 which was billed to his political account but actually had been spent for a family trip to their condominium in

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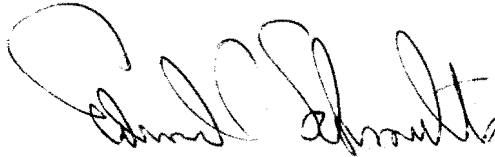
THE WHITE HOUSE  
WASHINGTON

October 5, 1976

Dear Mr. Ruff:

As we discussed on the telephone, enclosed are a record of receipts for the Kent County Republican Finance Committee from January 12, 1966, through December 30, 1966, and a schedule for the attorney account prepared from dollar amounts telephoned to us by Robert McBain.

Sincerely,



Edward C. Schmults  
Deputy Counsel to the President

Mr. Charles F. C. Ruff  
Special Prosecutor  
Office of Watergate Special  
Prosecution Force  
United States Department of Justice  
315 9th Street, Northwest  
Washington, D. C. 20530

Enclosures

*Jack*

THE WHITE HOUSE  
WASHINGTON

October 5, 1976

For: Dick Cheney

From: Ed Schmults

Here is the Jack Anderson  
article which is indistinct  
in the earlier memo.



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FROM: ED SCHMULTS  
TO: DICK CHENEY

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Detroit Free Press  
Detroit, Michigan  
April 8, 1974

An Honest Man

AUDIT OF FORD'S TAX RETURNS REVEALS ONLY MINOR ERRORS  
By Jack Anderson

Washington - A confidential audit of Vice-President Gerald Ford's taxes proves that not all politicians are tax cheats.

Both the Internal Revenue Service and the Joint Congressional Taxation Committee, which investigated President Nixon's taxes, also audited Ford's return.

The President is now stuck with a bill for \$476,431 in back taxes after the IRS disallowed several dubious deductions. The Vice President, in contrast, merely had to make a few minor adjustments.

Ford's returns show a total income of \$224,364.10 for the first three years of the 1970s. He paid \$75,111.44 or about a third of his income, in federal taxes. An additional \$6,261.42 was paid to Michigan in state taxes.

Over the same three-year period, President Nixon reported a total income of \$794,104.85 yet paid only \$5,969.01 in federal taxes. This was less than one percent of his income. He paid absolutely nothing in state taxes, despite the fact that he maintains residences in both California and Florida.

Tax agents carefully investigated two accounts which Ford used to pay political bills. Declares the confidential audit: "Numerous items were considered to be taxable before receiving Mr. Ford's diary and the fact that we were unable to trace trips to certain locations at certain times of the year . . . . After receiving the diaries . . . all of the plane travel tickets and cash advances were accepted as legitimate political expenditures".

This compares to the \$27,015 that the joint committee claimed President Nixon owes the government for travel expenses he couldn't justify.

The IRS disallowed an \$871.44 deduction that Ford took for special clothing he had purchased for the 1972 Republican convention. The joint committee had found this to be a legitimate deduction. But the IRS ruled that the suits were not "unique or distinctive" in character and, therefore, leveled a "tax deficiency" of \$435.77 against Ford.

The tax agents also found that Ford had "overlooked" \$1,167 which was billed to his political account but actually had been spent for a family trip to their condominium in Vail, Colo. Ford thought he had reimbursed the political account, but immediately ordered the necessary payment when he learned otherwise.

"The analysis of the diaries resulted in several questions . . ." states the audit. "In all cases, the items were found to be correct." The vice-president, in other words, kept scrupulously honest tax records.

Like Nixon, the vice-president also had a problem with "missing" documents. Some deposit slips for one of Ford's accounts couldn't be found.

The IRS "requested these and received some of them, but were told that the balance of the missing deposit slips could not be found. However, with the use of the diary and Mr. Ford's and Mr. Buchen's (a former Ford law partner) assistance, most of the unidentified deposits were explained."

The Ford tax summary shows he contributed a total of \$6,342.22 to charity. All the deductions were allowed after careful scrutiny.

White House figures show President Nixon's net worth more than tripled from \$307,141 in 1969 to \$958,522 in 1973. Over the same time span, Ford's worth jumped from \$130,576 in 1969 to \$179,751 -- about a 35 percent increase.

In 1970, Ford had an income of \$91,322.11. He forked over \$35,121.09 in federal taxes and \$1,724.59 in state taxes. Compared with the president, Ford surrendered nearly 50 times more in tax payments on an income of two-thirds less.

A year later, his income totalled \$68,114.58. He paid federal taxes of \$20,393.53 and state taxes of \$2,273.71. Although his income was only about one-fourth the president's, Ford paid about 25 times more taxes.

Again in 1972, he had a \$54,927.41 income and paid \$19,500.82 federal taxes and \$2,262.72 state taxes. He made about a fourth as much as Nixon but paid approximately five times more taxes.

In sum, the vice-president's tax returns reveal him as an honest man, who has never connived to seek private gain from his public position. The story is a good tonic for a scandal-weary public.

NOTE

The figures are not clear in our copy of the article and so may not be correct in this retyped version.