

**The original documents are located in Box 42, folder “Personnel - White House Rustand, Warren” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.**

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# Ford Aide's Job Imperiled by Deal

By Fred Barnes

Washington Star Staff Writer

Warren Rustand — 31, a former All-American basketball player and a successful businessman in Arizona — is one of the

Ariz., newspaper covered the speech and quoted Rustand as saying that Ford had refused to meet with Russian author Alexander Solzhenitsyn last month because of an agreement between the United States and



1. On June 11, 1975, Warren Rustand submitted the following question to the Counsel's office:

"Bill, is there a problem in my buying stock in a company with no assets? Two business associates of mine are forming a skeleton company. Over the next few years, business may or may not develop within the skeleton.

"If I buy stock now, the value base remains low even though the asset value of the company may grow. If I buy in after I leave Federal service and the company has acquired assets during that period, the value base will be high. The attendant problems with that are well known to you."

2. On July 18, 1975, the Counsel's office stated "we see no immediate conflicts of interest problems in your purchasing stock in such a company. Such advice was conditioned as follows:

(a) That the company in which Rustand was buying stock had no assets, but that it intended to acquire insurance companies, "none of which engages in any business or other activity which is directly affected by policies or actions of the federal government."



(b) That Mr. Rustand not use his official position in any way, and, finally,

(c) That "if the company ultimately engages in any activity which is Federally affected, it would be necessary for you to disqualify yourself from any participation in such matter until after you have ceased your Federal employment. For example, in your present position, this would mean that you should refrain from acting on any request for an appointment for anyone that you know to have an interest in matters affecting your company's business."

3. The Counsel's office apparently knew that one of the business associates that Rustand referred to in his request of June 11 was Edward Sampson, but the Counsel's office did not know what kind of business matters Sampson was involved in, the name of the second business associate, or the manner in which the "skeleton business" would secure funds to buy insurance company assets, nor did the



Counsel's office make any effort to determine what kinds of insurance were being written by the insurance companies to be acquired. We, of course, have every reason to believe that Mr. Rustand would have answered all such questions had they been asked. In June 11, 1975, Rustand had no reason to believe Amway Corp. would be in any way involved in the corporation. His belief at that time was that money would be acquired by a loan through commercial sources.

4. On (date) \_\_\_\_\_ Rustand purchased \_\_\_\_\_ percentage in \_\_\_\_\_ corporation for \$ \_\_\_\_\_.

5. On (date) \_\_\_\_\_ Edward Sampson, Inc. arranged to borrow \$2.2 million from Amway Corp. \$1.6 million of that amount was to be used to purchase a controlling interest in Lincoln Life and Casualty Co. The terms of the loan were \_\_\_\_\_

Amway's business reason for making the loan was \_\_\_\_\_

Rustand learned that Amway Corp. had committed to make the \$2.2 million loan on (date) \_\_\_\_\_.

According to the news article, Edward Sampson was planning to use the balance of his loan from Amway for other corporate businesses, including a deal "he described as being in a



Rustand had no knowledge of Sampson's interest in investing in anything other than insurance companies.

Rustand had no contact whatsoever with the Amway Corp. prior to his learning that Amway financing had been arranged by Edward Sampson. He had not met either Mr. VanAndel or Mr. DeVos. Sampson, however, had significant prior dealings with Amway Corp. and had previously arranged loans from them. Sampson did/did not tell VanAndel or DeVos or anyone else at Amway of the fact that Rustand was involved in Edward Sampson, Inc.

On \_\_\_\_\_ Rustand learned that Amway Corp. was involved in a dispute with the Federal Trade Commission.

On May \_\_\_\_\_ Messrs. DeVos and VanAndel met with the President to secure the re-signing of the Declaration of Independence. It is our understanding that Rustand did not encourage that meeting to take place and that he did/did not meet with DeVos and VanAndel at the time of the meeting.

DISCUSSION: It is apparent that the primary problem raised by this incident stems from the failure of the Counsel's office to ask sufficient questions concerning the activities and financing of Edward Sampson, Inc. The opinion issued by the Counsel's office is, of course, correct, but the opinion is purely hypothetical. A correct set of questions at the time would have included the following:



(1) Where will the new corporation secure cash to buy the assets of the insurance company?

(2) What procedure is there to determine what the investments of the new corporation will be?

(3) What are the insurance activities of the company to be purchased?

(4) In addition, the Counsel's office should have instructed Rustand to give them information concerning the business activities of his partner, Edward Sampson, and of any other partners that might come into the transaction.

Any "highly leveraged" business transaction that comes to the attention of the Counsel's office should require us to carefully investigate all the financial circumstances of the corporation. Obviously, in a transaction of this kind, the primary question is whether or not the financing is unusual. Just as obvious is the dangers that arise whenever White House staff engage in this kind of investment activity.



# Ford Friends, Aide Linked to Move to Purchase Firm

BY AL DELUGACH and GAYLORD SHAW

Times Staff Writers

WASHINGTON—A high-level White House official joined two of President Ford's wealthy hometown friends in a \$1.6 million move earlier this week to gain financial control

Rustand and William Nicholson, his assistant in the office that coordinates the President's daily schedule and public appearances, were listed





THE WHITE HOUSE  
WASHINGTON

June 5, 1975

MEMORANDUM FOR: DONALD RUMSFELD  
VIA: JAMES CONNOR  
FROM: WARREN RUSTAND  
SUBJECT: Proposed Additions to the President's  
Calendar for the Week of June 2

Friday, June 6

6:15 p.m.  
(15 mins)

Meet with Rich DeVos and Jay Van Andell.  
Rich and Jay have both asked if it would be possible for them to witness the President's signing of the Declaration of Independence. We understand the President has an interest in meeting with them privately beyond the signing ceremony. They would welcome the opportunity. Neither signing nor meeting will be announced.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_



THE WHITE HOUSE  
WASHINGTON

May 16, 1975

MEMORANDUM FOR: DONALD RUMSFELD  
VIA: JAMES CONNOR *JSC*  
FROM: WARREN RUSTAND *WR*  
SUBJECT: The President's participation in the  
Amway Bicentennial Program

Richard DeVos and Billy Zeoli have both spoken with the President personally urging him to participate in the Amway Bicentennial Program. DeVos and Zeoli see the President's participation as a re-signing of the Declaration of Independence in the Oval Office. This would be taped and the tape would be shown during the Amway Annual Leadership Convention on June 7.

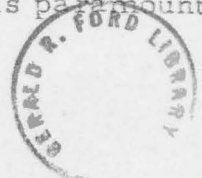
Pros

That any American, including the President, would re-sign a copy of the Declaration of Independence as a recommitment to the principles upon which this country was founded is laudable.

Cons

The idea of having Americans re-sign the Declaration of Independence is not an original Bicentennial theme. The State of Pennsylvania and Montgomery County, Maryland are just two of many which have been brought to our attention. Others will develop as the Bicentennial movement continues to gather momentum.

The President cannot deviate from the policy of not endorsing commercial activities of this type. Despite Amway's protestation to the contrary, it would appear impossible to completely separate their proposed Bicentennial Program from the normal sales activities of their 18,000 distributors. The precedent-setting factor is paramount. (Counsellor Marsh, May 1, 1975)



Amway has a case pending against it by the Federal Trade Commission. The President should avoid identification with any project which has commercial sponsorship. (Counsel Buchen, May 1, 1975)

Options

We see the President's options to be:

1. Sign the document for Amway Corporation in a private ceremony with no press and no cameras (Counsel Buchen recommends if the President is going to do anyway, this is the<sup>2</sup> only way it should be done)
2. Sign the document in the Oval Office with press coverage and film clip will be shown at the Amway Convention (Counsel Buchen and Counsellor Marsh do not recommend)
3. Regret signing

WAT  
\_\_\_\_\_  
\_\_\_\_\_



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CONFIDENTIAL COPY

THE WHITE HOUSE  
WASHINGTON

EYES ONLY

June 11, 1975

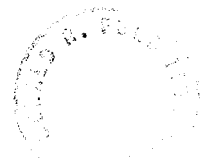
MEMORANDUM FOR: BILL CASSELMAN  
FROM: WARREN RUSTAND *WR*  
SUBJECT: Private Interests

Bill, is there a problem in my buying stock in a company with no assets? Two business associates of mine are forming a skeleton company. Over the next few years, business may or may not develop within the skeleton.

If I buy stock now, the value base remains low even though the asset value of the company may grow. If I buy in ~~after~~ I leave Federal service and the company has acquired assets during that period, the value base will be high. The attendant problems with that are well known to you.

Please advise.

Thanks.



July 18, 1975

MEMORANDUM FOR:

WARREN RUSTAND

FROM:

BILL CASSELMAN 51

This is in response to your memorandum asking whether there are any conflicts of interest problems presented by your buying stock in a company which has no assets, but which intends to acquire assets in the near future. We understand that the assets in question are insurance companies, none of which engages in any business or other activity which is directly affected by policies or actions of the Federal Government. We also understand that you have received competent advice regarding the tax consequences of the proposed transaction.

Based on the information which you have provided us, we see no immediate conflicts of interest problems in your purchasing stock in such a company. (This confirms the oral advice previously given you by this office). However, we would caution you against using your official position in any way, real or apparent, to further the interests of the company. This would include such activities as the solicitation, either by you or others, of business opportunities or investment capital based on the representation that you are affiliated with the company.

In addition, if the company ultimately engages in any activity which is Federally affected, it would be necessary for you to disqualify yourself from any participation in such matter until after you have ceased your Federal employment. For example, in your present position, this would mean that you should refrain from acting on any request for an appointment for anyone that you know to have an interest in matters affecting your company's business. Finally, upon making your investment, we advise that you amend your "Confidential Statement of Employment and Financial Interests" to reflect your holdings in this company.



WEC:bw

Personnel  
Standards  
Conflict?  
Rustand  
Warren

# Ford Friends, Aide Linked to Move to Purchase Firm

BY AL DELUGACH and GAYLORD SHAW

Times Staff Writers

WASHINGTON—A high-level White House official joined two of President Ford's wealthy hometown friends in a \$1.6 million move earlier this summer to gain financial control of a Nebraska insurance company.

However, the official, Warren S. Rustand, director of Mr. Ford's

Rustand and William Nicholson, his assistant in the office that coordinates the President's daily schedule and public appearances, were listed as two of the original stockholders of Edward Sampson, Inc., a Texas corporation formed to buy control of Lincoln Life & Casualty Co.

*Confidential  
Rustand*

1. On June 11, 1975, Warren Rustand submitted the following question to the Counsel's office:

"Bill, is there a problem in my buying stock in a company with no assets? Two business associates of mine are forming a skeleton company. Over the next few years, business may or may not develop within the skeleton.

"If I buy stock now, the value base remains low even though the asset value of the company may grow. If I buy in after I leave Federal service and the company has acquired assets during that period, the value base will be high. The attendant problems with that are well known to you."

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Counsel's office make any effort to determine what kinds of insurance were being written by the insurance companies to be acquired.

We, of course, have every reason to believe that Mr. Rustand would have answered all such questions had they been asked. On June 11, 1975, Rustand had no reason to believe Amway Corp. would be in any way involved in the corporation. His belief at that time was that money would be acquired by a loan through commercial sources.

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\_\_\_\_\_  
\_\_\_\_\_

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ADMINISTRATIVELY CONFIDENTIAL  
THE WHITE HOUSE

WASHINGTON

August 28, 1975

MEMORANDUM FOR:           ROD HILLS

FROM:                        BARRY ROTH

SUBJECT:                    LA Times Article Story re:  
                              Warren Rustand and Bill  
                              Nicholson

As you requested, I spoke with Warren and Bill regarding the above referenced news article. On the basis of this conversation, the article is misleading. The following appears to be what occurred:

1. Sampson, a personal acquaintance of Bill's since 1968 and of Warren's for approximately two years, and knowing of Warren's interest in investments, asked then if they would be interested in going in on a holding company which presently had no investments, but which planned to purchase an insurance company.
2. Warren then requested advice from Bill Casselman who after consulting with Dudley, gave an opinion that OK'd the investment provided Warren didn't trade in any fashion on his White House position (which he did not do) nor that the acquisitions for the company involved federally regulated activities of which insurance is not.
3. Neither DeVos nor VanAndel were involved in the original concept, nor did Warren know that they were in any way involved when they met with the President. Additionally, the scheduling memo indicates that Marsh and Buchen were opposed to the meeting, and

ADMINISTRATIVELY CONFIDENTIAL

is written in an overall negative fashion. Warren's characterization that he opposed the meeting appears to be correct.

4. DeVos and VanAndel were contacted by Sampson through a New York lawyer, and in which neither Warren or Bill were involved. Apparently in exchange for a stock interest in the company, they made the loan to the company.

5. Warren, after obtaining Counsel's advice that he could proceed, invested in the company and asked me to return his financial disclosure form indicating no change so he could submit an updated version listing Sampson.

6. The listing of their titles and working address on the application Warren tells me is required by Nebraska law, and was by law to be confidential. It was not an attempt to trade on their position, but a response as to their place of employment.

7. When Warren felt this situation might be embarrassing to the President, he sold his interests.

Although our office normally checks into the activities of companies, including close corporations such as this, I do not believe that we normally see how a company is financed. Warren's financial disclosure filing would definitely not indicate such a loan in which he was not personally or directly involved.



NATIONAL ARCHIVES AND RECORDS ADMINISTRATION  
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 01493

REASON FOR WITHDRAWAL . . . . Donor restriction  
TYPE OF MATERIAL . . . . . Memo(s)  
CREATOR'S NAME . . . . . Rustand, Warren  
RECEIVER'S NAME . . . . . Buchen, Philip  
DESCRIPTION . . . . . Personal financial information.  
CREATION DATE . . . . . 09/08/1975  
  
COLLECTION/SERIES/FOLDER ID . 001900450  
COLLECTION TITLE . . . . . Philip W. Buchen Files  
BOX NUMBER . . . . . 42  
FOLDER TITLE . . . . . Personnel - White House: Rustand,  
Warren  
  
DATE WITHDRAWN . . . . . 08/25/1988  
WITHDRAWING ARCHIVIST . . . . LET

THE WHITE HOUSE  
WASHINGTON*Rustand*

September 15, 1975

MEMORANDUM FOR:

PHIL BUCHEN ✓  
ROD HILLS

FROM:

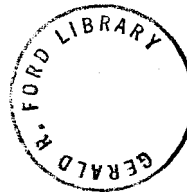
DONALD RUMSFELD

Warren Rustand has indicated that he feels that, quite apart from errors that may have been made elsewhere, the Counsel's office failed him and he does not wish to assign blame, but rather hopes to see that the White House is functioning in a proper way. He added that he knows of three or four people in the building who probably have conflicts of interest in his judgment at the third and fourth level of the White House staff.

My feeling is that we must assure ourselves that the Counsel's office is aware of the conflict question for each member of the White House staff, that someone with some real sense has reviewed them, and that we have had counseling and continuing dialogue with the people where there may be a problem.

Please see me about this. This may very well require that people with some business background in the Counsel's office do the reviews.

A second point he brought up was that when people who are presently in the White House are seeking jobs, it is important that when they make a decision to leave, there are some ground rules as to how they can go about seeking jobs without getting into a conflict of interest.



Rustand

shall we  
send to

Jane  
Dannenbauer  
for conflicts Feb?

Yes P.





MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

September 15, 1975

MEMORANDUM FOR:

PHIL BUCHEN ✓  
ROD HILLS

FROM:

DONALD RUMSFELD ✓

Warren Rustand has indicated that he feels that, quite apart from errors that may have been made elsewhere, the Counsel's office failed him and he does not wish to assign blame, but rather hopes to see that the White House is functioning in a proper way. He added that he knows of three or four people in the building who probably have conflicts of interest in his judgment at the third and fourth level of the White House staff.

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THE WHITE HOUSE

WASHINGTON

EYES ONLY

September 17, 1975

MEMORANDUM FOR:

✓ PHIL BUCHEN  
ROD HILLS

FROM:

WARREN RUSTAND<sup>WR</sup>/WILLIAM NICHOLSON<sup>WVN</sup>

SUBJECT:

Suggestion

When Bill and I got involved in this potential transaction, we were assured by the Counsel's Office that we had followed the Code of Ethics which the President set forth in October of 1974 and that we were doing all that we should to comply with those regulations.

Therefore, we proceeded, when in fact a word of caution or a negative would have stopped us from proceeding and negated all the publicity which was attendant to this particular investment. We could hash and rehash the time sequence, but I am sure that it would come out the same in the end.

It was my understanding from Bill Casselman that there were essentially three members of the Counsel's Staff who looked at and reviewed the information which we gave him. Not one of them, either had the time or the knowledge to inquire more deeply into this particular question. That I think is an important part of this suggestion, which Bill and I are making.

Our suggestion is this:

- 1) Change the Disclosure Statement. It does not require enough information to determine whether or not there is a conflict. It should be much more detailed. As it appears the press is going to demand that people in public life, particularly those in the White House, do not get involved in any outside business transactions, it then becomes even more essential to have every

*- print copy  
- consultant  
- departing personnel  
- review by Buchen*



piece of information about employees and prospective employees on file in your office. These should be carefully reviewed by someone who has business judgment, so that any possible conflicts can be spotted.

We would be happy to assist you in developing this new disclosure statement. We do have specific areas in mind, which I believe would be beneficial for you.

- 2) Bill and I have set forth in the attached Investment Questionnaire some very basic considerations for anyone who is getting involved in a financial transaction of any kind. I believe that there are questions which could be added; however, I think it provides enough basic information for the Counsel's Office to make some determinations about potential conflicts of interest.

Please review it and I would appreciate your comments on it.

cc: Donald Rumsfeld  
Dick Cheney  
Jerry Jones



INVESTMENT QUESTIONNAIRE

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Partnership/Corporate Information:

A. Name \_\_\_\_\_ DBA \_\_\_\_\_

B. What are States/Countries of Major Involvement? \_\_\_\_\_  
\_\_\_\_\_

C. Is Stock Traded? Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, what Exchange?  
\_\_\_\_\_

D. Year/State of Incorporation \_\_\_\_\_

E. Total Stock Authorized/Issued \_\_\_\_\_

F. Corporate Net Worth \_\_\_\_\_

G. Corporation's Major Area of Business Emphasis \_\_\_\_\_  
\_\_\_\_\_

H. Is the Company now or has it ever been in trouble with a  
Federal Agency? Yes \_\_\_\_\_ No \_\_\_\_\_

Your Specific Investment:

A. How were you contacted? \_\_\_\_\_

B. By Whom? \_\_\_\_\_

C. What is your Dollar Investment? \_\_\_\_\_

D. What is your Percentage Ownership? \_\_\_\_\_

E. What is your Liability? \_\_\_\_\_

F. Proposed Date of Acquisition \_\_\_\_\_

Financial Terms of Investment:

A. Is Acquisition Dependent on Financing? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, what is the Amount of Loan necessary? \_\_\_\_\_

What is the Leverage-Equity Ratio? \_\_\_\_\_

- B. Where will Financing Originate? \_\_\_\_\_
  - C. What is their Relationship to you? \_\_\_\_\_
  - D. What is the Length of Loan Amortization? \_\_\_\_\_
  - E. Interest Rate? \_\_\_\_\_
  - F. Are there unique Financial Terms or Concepts being utilized?  
(i.e. interest only, balloon payments, prepayment of interest  
or principal, etc.) \_\_\_\_\_
- 

Other Participants in Venture:

- A. Do they now (individually or collectively) or have they ever  
had any problem with the Federal Government? Yes \_\_\_ No \_\_\_
  - B. How would you describe your relationship with the other in-  
vestors? (blood, former business associates, long time  
friends, etc.) \_\_\_\_\_
  - C. How long have you known them? \_\_\_\_\_
  - D. Do they have any business pending with the White House or any  
other Federal Agency? Yes \_\_\_\_\_ No \_\_\_\_\_
  - E. List all investors having more than 10% ownership \_\_\_\_\_
-

## Retrospect

In the course of dictating this memo, I decided to give you the time frame with which we worked for your records and ours.

The people with whom we were going to be involved in this investment are long time friends. We had planned on investing with them for sometime and had talked of specific investments.

In late May, I requested verbally of Bill Casselman a ruling on whether or not I could get involved in owning stock in a corporation with no assets. In early June, he requested that I submit that in writing. I did on June 11th. Approximately one week later, Casselman informed Nicholson and me verbally that the transaction was approved and that it was all right to buy the stock.

After having agreed conceptually on three acquisitions, I bought stock in Edward W. Sampson, Incorporated. Financing was to be secured by one of seven corporations or individuals to whom presentations were made. I reported verbally to Bill Casselman that Rich DeVos and Jay VanAndel were interested in financing it.

On June 24th AMWAY called Sampson and said they would finance the venture. On June 25th the offer was tendered at a Board of Directors Meeting in North Dakota. It was accepted pending approval of the State Commissioner.

Litigation followed and the Los Angeles Times picked up the story. Incidentally, the paper was called by the opposition for their own vested interest. When Sampson informed me of their attendance at a hearing, I immediately divested myself of any interest in Edward Sampson, Incorporated.

A great story.



September 16, 1975

MEMORANDUM FOR:                   WARREN RUSTAND  
FROM:                               RODERICK HILLS  
SUBJECT:                           Acquisition of Arizona Acreage

Thank you for your memorandum of September 8, 1975, concerning the terms on which you intend to purchase a home in Arizona. Obviously the terms which you have negotiated with the seller are well within the terms that any seller could give in order to expedite the sale of his home and we approve the transaction.

I also appreciate our oral discussion in which you pointed out the difficulties faced by other members of the White House staff in determining whether a given transaction has either the substance or appearance of a conflict of interest.



THE WHITE HOUSE  
WASHINGTON

1/18

John,

your files?

A.H.K.





MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

September 18, 1975

*Sent to Hen*  
*check w/*  
*Ken*

MEMORANDUM FOR:

PHIL BUCHEN

FROM:

DONALD RUMSFELD

Please let me know what you conclude after reading the  
Rustand/Nicholson memo, dated September 17.



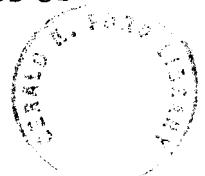
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(a) That the company in which Rustand was buying stock had no assets, but that it intended to acquire insurance companies, "none of which engages in any business or other activity which is directly affected by policies or actions of the federal government."



(b) That Mr. Rustand not use his official position in any way, and, finally,

(c) That "if the company ultimately engages in any activity which is Federally affected, it would be necessary for you to disqualify yourself from any participation in such matter until after you have ceased your Federal employment. For example, in your present position, this would mean that you should refrain from acting on any request for an appointment for anyone that you know to have an interest in matters affecting your company's business."

3. The Counsel's office apparently knew that one of the business associates that Rustand referred to in his request of June 11 was Edward Sampson, but the Counsel's office did not know what kind of business matters Sampson was involved in, the name of the second business associate, or the manner in which the "skeleton business" would secure funds to buy insurance company assets, nor did the

Counsel's office make any effort to determine what kinds of insurance were being written by the insurance companies to be acquired.

We, of course, have every reason to believe that Mr. Rustand would have answered all such questions had they been asked. On June 11, 1975, Rustand had no reason to believe Amway Corp. would be in any way involved in the corporation. His belief at that time was that money would be acquired by a loan through commercial sources.

4. On (date) \_\_\_\_\_ Rustand purchased \_\_\_\_\_ percentage in \_\_\_\_\_ corporation for \$ \_\_\_\_\_.

5. On (date) \_\_\_\_\_ Edward Sampson, Inc. arranged to borrow \$2.2 million from Amway Corp, \$1.6 million of that amount was to be used to purchase a controlling interest in Lincoln Life and Casualty Co. The terms of the loan were \_\_\_\_\_.

Amway's business reason for making the loan was \_\_\_\_\_.

Rustand learned that Amway Corp. had committed to make the \$2.2 million loan on (date) \_\_\_\_\_.

According to the news article, Edward Sampson was planning to use the balance of his loan from Amway for other corporate businesses, including a deal "he described as being in oil."

Rustand had no knowledge of Sampson's interest in investing in anything other than insurance companies.

*Wrong*

Rustand had no contact whatsoever with the Amway Corp. prior to his learning that Amway financing had been arranged by Edward Sampson. He had not met either Mr. VanAndel or Mr. DeVos. Sampson, however, had significant prior dealings with Amway Corp. and had previously arranged loans from them. Sampson did/did not tell VanAndel or DeVos or anyone else at Amway of the fact that Rustand was involved in Edward Sampson, Inc.

On \_\_\_\_\_ Rustand learned that Amway Corp. was involved in a dispute with the Federal Trade Commission.

On May \_\_\_\_\_ Messrs. DeVos and VanAndel met with the President to secure the re-signing of the Declaration of Independence. It is our understanding that Rustand did not encourage that meeting to take place and that he did/did not meet with DeVos and VanAndel at the time of the meeting.

DISCUSSION: It is apparent that the primary problem raised by this incident stems from the failure of the Counsel's office to ask sufficient questions concerning the activities and financing of Edward Sampson, Inc. The opinion issued by the Counsel's office is, of course, correct, but the opinion is purely hypothetical. A correct set of questions at the time would have included the following:



(1) Where will the new corporation secure cash to buy the assets of the insurance company?

(2) What procedure is there to determine what the investments of the new corporation will be?

(3) What are the insurance activities of the company to be purchased?

(4) In addition, the Counsel's office should have instructed Rustand to give them information concerning the business activities of his partner, Edward Sampson, and of any other partners that might come into the transaction.

Any "highly leveraged" business transaction that comes to the attention of the Counsel's office should require us to carefully investigate all the financial circumstances of the corporation. Obviously, in a transaction of this kind, the primary question is whether or not the financing is unusual. Just as obvious is the danger that arise whenever White House staff engage in this kind of investment activity.



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

*Rustand*

September 18, 1975

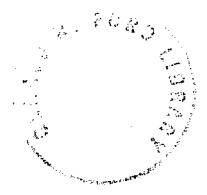
MEMORANDUM FOR:

PHIL BUCHEN

FROM:

DONALD RUMSFELD

Please let me know what you conclude after reading the Rustand/Nicholson memo, dated September 17.



THE WHITE HOUSE

WASHINGTON

E Y E S O N L Y

September 17, 1975

MEMORANDUM FOR:

✓ PHIL BUCHEN  
ROD HILLS

FROM:

WARREN RUSTAND<sup>WR</sup>/WILLIAM NICHOLSON<sup>WN</sup>

SUBJECT:

Suggestion

When Bill and I got involved in this potential transaction, we were assured by the Counsel's Office that we had followed the Code of Ethics which the President set forth in October of 1974 and that we were doing all that we should to comply with those regulations.

Therefore, we proceeded, when in fact a word of caution or a negative would have stopped us from proceeding and negated all the publicity which was attendant to this particular investment. We could hash and rehash the time sequence, but I am sure that it would come out the same in the end.

It was my understanding from Bill Casselman that there were essentially three members of the Counsel's Staff who looked at and reviewed the information which we gave him. Not one of them, either had the time or the knowledge to inquire more deeply into this particular question. That I think is an important part of this suggestion, which Bill and I are making.

Our suggestion is this:

- 1) Change the Disclosure Statement. It does not require enough information to determine whether or not there is a conflict. It should be much more detailed. As it appears the press is going to demand that people in public life, particularly those in the White House, do not get involved in any outside business transactions, it then becomes even more essential to have every



piece of information about employees and prospective employees on file in your office. These should be carefully reviewed by someone who has business judgment, so that any possible conflicts can be spotted.

We would be happy to assist you in developing this new disclosure statement. We do have specific areas in mind, which I believe would be beneficial for you.

- 2) Bill and I have set forth in the attached Investment Questionnaire some very basic considerations for anyone who is getting involved in a financial transaction of any kind. I believe that there are questions which could be added; however, I think it provides enough basic information for the Counsel's Office to make some determinations about potential conflicts of interest.

Please review it and I would appreciate your comments on it.

cc: Donald Rumsfeld  
Dick Cheney  
Jerry Jones

INVESTMENT QUESTIONNAIRE

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

Partnership/Corporate Information:

A. Name \_\_\_\_\_ DBA \_\_\_\_\_

B. What are States/Countries of Major Involvement? \_\_\_\_\_  
\_\_\_\_\_

C. Is Stock Traded? Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, what Exchange?  
\_\_\_\_\_

D. Year/State of Incorporation \_\_\_\_\_

E. Total Stock Authorized/Issued \_\_\_\_\_

F. Corporate Net Worth \_\_\_\_\_

G. Corporation's Major Area of Business Emphasis \_\_\_\_\_  
\_\_\_\_\_

H. Is the Company now or has it ever been in trouble with a  
Federal Agency? Yes \_\_\_\_\_ No \_\_\_\_\_

Your Specific Investment:

A. How were you contacted? \_\_\_\_\_

B. By Whom? \_\_\_\_\_

C. What is your Dollar Investment? \_\_\_\_\_

D. What is your Percentage Ownership? \_\_\_\_\_

E. What is your Liability? \_\_\_\_\_

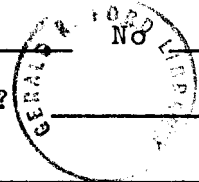
F. Proposed Date of Acquisition \_\_\_\_\_

Financial Terms of Investment:

A. Is Acquisition Dependent on Financing? Yes \_\_\_\_\_

If yes, what is the Amount of Loan necessary? \_\_\_\_\_

What is the Leverage-Equity Ratio? \_\_\_\_\_



- B. Where will Financing Originate? \_\_\_\_\_
  - C. What is their Relationship to you? \_\_\_\_\_
  - D. What is the Length of Loan Amortization? \_\_\_\_\_
  - E. Interest Rate? \_\_\_\_\_
  - F. Are there unique Financial Terms or Concepts being utilized?  
(i.e. interest only, balloon payments, prepayment of interest  
or principal, etc.) \_\_\_\_\_
- 

Other Participants in Venture:

- A. Do they now (individually or collectively) or have they ever  
had any problem with the Federal Government? Yes \_\_\_ No \_\_\_
  - B. How would you describe your relationship with the other in-  
vestors? (blood, former business associates, long time  
friends, etc.) \_\_\_\_\_
  - C. How long have you known them? \_\_\_\_\_
  - D. Do they have any business pending with the White House or any  
other Federal Agency? Yes \_\_\_\_\_ No \_\_\_\_\_
  - E. List all investors having more than 10% ownership \_\_\_\_\_
-

## Retrospect

In the course of dictating this memo, I decided to give you the time frame with which we worked for your records and ours.

The people with whom we were going to be involved in this investment are long time friends. We had planned on investing with them for sometime and had talked of specific investments.

In late May, I requested verbally of Bill Casselman a ruling on whether or not I could get involved in owning stock in a corporation with no assets. In early June, he requested that I submit that in writing. I did on June 11th. Approximately one week later, Casselman informed Nicholson and me verbally that the transaction was approved and that it was all right to buy the stock.

After having agreed conceptually on three acquisitions, I bought stock in Edward W. Sampson, Incorporated. Financing was to be secured by one of seven corporations or individuals to whom presentations were made. I reported verbally to Bill Casselman that Rich DeVos and Jay VanAndel were interested in financing it.

On June 24th AMWAY called Sampson and said they would finance the venture. On June 25th the offer was tendered at a Board of Directors Meeting in North Dakota. It was accepted pending approval of the State Commissioner.

Litigation followed and the Los Angeles Times picked up the story. Incidentally, the paper was called by the opposition for their own vested interest. When Sampson informed me of their attendance at a hearing, I immediately divested myself of any interest in Edward Sampson, Incorporated.

A great story.

