

Committee for the Re-election of the President

MEMORANDUM

September 19, 1972

MEMORANDUM FOR THE HONORABLE CLARK MAC GREGOR

FROM: GLENN J. SEDAM, JR.

SUBJECT: Surrogate Talking Points From The McGovern
Records At The GAO - Farmers For McGovern Committee

The following information about the Farmers For McGovern organization might prove of interest to all audiences, but particularly audiences in rural areas.

FARMERS FOR MCGOVERN

On June 12, 1972, Farmers For McGovern was registered with the Comptroller General's Office as a political committee formed in support of George McGovern's candidacy for the office of President. Farmers For McGovern lists the same leadership as the Artists, Economists, Accountants, Doctors, Consumers, Senior Citizens, Social Workers and Veterans for McGovern groups. Arthur F. Wortman serves as the Chairman of each of these committees and Marian N. Pearlman is their Treasurer. It is hard to believe that two individuals could have such diverse backgrounds.

About the closest connections we could find between Farmers For McGovern and the interests of the American farm family is that the bank which this Washington, D. C., based political committee utilizes is on Indiana Avenue in Washington, a street named after one of our leading farm states.

This committee's most up to date reports (filed 9/10) with Federal authorities indicate that they were only able to locate four interested "farmers" who would contribute to the McGovern campaign. These individuals were Hugh Hefner, Richard Salomon, Stewart R. Mott, and Robert Meyerhoff.

Hefner gave \$2,500 on May 18, 1972. He is clearly a good "McGovern farmer". His ability to raise all that green stuff to feed his bunnies is renown.

Stewart Mott gave a tiny portion (\$5,731.25) of his large stock holdings (enough for him to earn about \$1 million a year in dividends) to Farmers for McGovern. He did "reap" a little from the deal. Farmers for McGovern "plowed back" to him his original \$2,750 investment (real or technical) in the donated stock. So Mott really contributed \$2,981.25. Well, when you think about it, Mott didn't really contribute all of that. The Federal government "contributed" \$722.81 in lost capital gains tax and Mott contributed \$2,258.44.

You see, using this procedure, Mott can contribute the profits of his stock to the McGovern campaign, avoid Federal capital gains tax, and get back his original investment (or technically the "basis" at which he purchased or was given the stock). The practice works this way. Blocs of stock are donated to various political committees for sale by those committees. Using this approach, the donor and the committees which, as a non-profit operation do not have to pay income taxes, are able to avoid the capital gains tax liability that ordinarily arises when appreciated stock is sold. Farmers for McGovern was only one of several McGovern committees to which Mott and others have donated stock. The committees involved sell the stock and give back to Mott his original real or technical (if the stock was a gift or inheritance) cost and keep the remainder as a contribution to the McGovern campaign. This sounds like a complicated procedure but it's really nothing to a guy who earned about a million dollars last year while managing not to pay any Federal income taxes at all.

Mott is a pretty interesting fellow. A 34 year old bachelor, he is the son of one of the founders of the General Motors Corporation and thus managed to accumulate millions of dollars worth of the shares of that company's stock. That hasn't spoiled him though - Mott owns only one car, a Volkswagen. Mott lists himself in the phone book as a "philanthropist". To date, Mott is reported to have "loaned" George McGovern's campaign some \$200,000 and made outright contributions of over \$100,000. This hobby is not a new one for Mott. He has undertaken similar efforts on behalf of a number of candidates - former Senator Eugene J. McCarthy, Mayor Lindsay of New York, and Representative Herman Badillo, among others, and in behalf of a variety of causes, particularly population control and antiwar movements.

Mott is a logical contributor to Farmers for McGovern! For a while he lived on a Chinese junk in the Hudson River. Now, however, he is living in a Park Avenue co-operative apartment, a penthouse with 4,000 square foot roof garden that he has sown with 460 varieties of plants.

The remaining two contributors to Farmers for McGovern unfortunately do not seem to be as fascinating. Richard Salomon is a Stamford, Connecticut (a wealthy New York suburb) ^{resident}. McGovern Farmer Salomon is a partner in Riverbank Associates, which apparently is some sort of an investment partnership.

It must be doing fairly well. Although Salomon has only contributed \$4,252.02 (in stock profits, like Mott) to Farmers for McGovern, he has provided \$57,000 in outright contributions and \$64,000 in "unpaid" loans to other McGovern committees.

Robert Meyerhoff is a Baltimore McGovern farmer who speculates in real estate ventures. He has contributed \$2,725.08 to Farmers for McGovern. Robert and his brother, Harry, have made overall donations of \$53,000 to the McGovern campaign and have made still outstanding loans of \$90,000 to other McGovern committees.