

## THE WHITE HOUSE

WASHINGTON

April 1, 1970

MEMORANDUM FOR MR. BOB HALDEMAN

FROM: Clark R. Mollenhoff

*Clark*

I am probably involved in something over 100 investigations at the present time. Some of these are quite large and involve a tremendous amount of detail work where some others would be of the type that can be settled with one or two letters or a telephone call.

The investigations would generally fall in these categories:

1. The type of follow-through and coordination of matters involving jurisdiction of several agencies where a key figure would be a prominent member of the political opposition and where there might be reluctance to push forward with the case in an objective manner.
2. The investigations of matters brought to my attention by the President and a wide range of other White House sources involving either past operations or potential problem areas.
3. Investigations stemming from my own contacts with various members of the House and Senate, the investigating committees of Congress, and from tips from investigative reporters of possible problem areas.
4. Those investigations arising from the complaints of private citizens about areas of corruption or mismanagement that they feel could be troublesome to the Administration.

The memoranda that I have sent to the President, to you, to John Ehrlichman, and to department heads or legal counsel will spell out the broad range of problems I am dealing with.

As instructed by the President, I have moved forward in all of these areas on my own initiative, trying to distinguish between those things that can be pressed hard for immediate answers from departments and those that must be handled by circumlocution.

I am attaching a copy of a memorandum which spells out the general scope of a dozen of the major inquiries. I can give you considerable more detail in a personal discussion as I would not want to outline the whole matter in writing.

Attachment

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SENATOR EDMUND MUSKIE

I am continuing to bring together all the facts flowing from an EDA investigation in Commerce; a Securities and Exchange Commission investigation of Vahlsing Enterprises; an Internal Revenue Service investigation; a legal action started by the Maine Attorney General in connection with Prestile Stream; and an investigation by the Maine legislature of the Vahlsing pollution of the Prestile Stream.

Mr. Vahlsing has taken many of the records of the Vahlsing Enterprises outside of the jurisdiction of the Maine legislature and I am working with the chairman of the Investigative Committee and others to determine ways in which all of the financial records can become available to the Maine Legislature Committee.

Also under study are Small Business Administration loans that involve friends of the Maine Senator and political associates where it appears there might have been favoritism. The same type of investigation is being conducted relative to the Federal Housing Administration where it appears that some of Senator Muskie's associates received some favoritism.

Also, I have a report that Joe Robertson of the Agriculture Department had a role in arranging some special low-interest loans through the Farmers Home Administration to a Muskie group in Aroostook County, Maine. This is being pursued despite the fact that there are severe handicaps on any investigations in the Agriculture Department because Joe Robertson continues as Assistant Secretary in charge of Administration. This gives him control of personnel, legal, and investigative matters and makes it particularly difficult to operate.

I am receiving full cooperation from SBA and some officials at HUD in connection with other loans. However, there are limitations on what this cooperation can bring since friends and associates of Senator Muskie continue to hold key roles at state and regional levels. This represents a serious handicap but I am sure we will eventually get around it.

HUBERT H. HUMPHREY

A number of investigations are progressing but the Humphrey control of field offices and regional offices in Minnesota represent some handicaps. The investigations of the \$4 million foreign aid scandal involving NAPCO Industries is in the civil courts and much of the detail is in the record. There are still some aspects of this matter that need to be brought out and make the focus of attention.

It would seem to me that criminal action would be merited against Max Kampelman, a Washington lawyer and Humphrey supporter, who was the key figure in getting letters from Humphrey and actions at the Agency for International Development to overrule adverse reports. There seems to be too great a reluctance to push the criminal case at the career level in Justice.

The Universal Fiberglass case represents a \$13 million political boondoggle that has already been the subject of critical GAO reports. Friends of Hubert Humphrey and employees of Hubert Humphrey's office were active in obtaining an SBA Certificate of Necessity, as well as the GSA contract award. The beneficiaries of this matter are friends and political supporters of Mr. Humphrey from the Cleveland, Ohio area. The decisions were made by men who are closely identified with Humphrey's political campaign, as well as his political organization in Washington. Civil action has been launched, but again there is a great reluctance to take action in Cleveland or Minneapolis on the criminal aspects.

A North Dakota investigation of the operations of a bank in Minot, North Dakota have included state and federal violations of the banking laws and the election laws. At least a half dozen high democratic figures in North Dakota have been indicted and are awaiting trial on charges that include the siphoning off of money to be used in Humphrey's Primary Campaign in South Dakota in 1968. The United States Attorney in North Dakota is a competent and aggressive Republican who once worked for Senator Milton Young.

There appears to be an effort by some holdover lawyers in the Justice Department to discourage the full inquiry that would put greater focus on former Vice President Humphrey.

The work on the investigations that involve Humphrey or Humphrey's people at the SBA and Farmers Home Administration are hampered by the continuation in office of holdovers at state and regional levels

in SBA and the FHA. It is somewhat the same problem in connection with matters involving Herb Waters, former AID employee who was forced to resign. There are some good channels of information at AID. Some of the investigations dealing with Waters, former Secretary Freeman, and others run into the impossibility of relying upon any real responsiveness from the Agriculture Department as long as Joe Robertson has the control there that he has. I have reports that Robertson was directly involved in arranging some special low interest loans on recreational projects in Minnesota, as well as Maine and Wisconsin. However, it is impossible to use the quickest and most direct route in carrying out these inquiries.

SENATOR EDWARD M. KENNEDY

I have reports that Senator Edward Kennedy was involved in decisions to squash prosecution of perjury and fraud cases in Massachusetts involving a man who was unloading stock on a negro doctor through misrepresentation. The reports are that Paul Martin, a Kennedy lawyer in the Kopechne affair, was United States Attorney at the time. A fee of several thousand dollars was paid to Francis X. Morrissey, the Kennedy friend and political operator whom Kennedy tried to appoint to the federal bench a few years ago. The Kopechne matter is one in which there is no federal jurisdiction and I am operating only as an observer.

Senator Kennedy's record on the Morrissey matter, as well as his defense of Justice Douglas, are points upon which some research is being done because of his emphasis on "high standards" as he has opposed Judge Haynsworth and Judge Carswell.

The TFX investigations and hearings will focus attention on McNamara's distortion of the record and efforts will be made to relate these matters to Kennedy's continued association, defense, and alliance with McNamara in opposition to the ABM and the war in Viet Nam.

There are miscellaneous other hearing records that are being combed for detail in connection with Senator Kennedy's defense of the OEO when it was financing both "hate school" in Nashville and other related matters.

SENATOR BIRCH BAYH

I have reports that Senator Birch Bayh and some of his political associates represent a political payoff operation in connection with loans from the SBA, the FHA, the Farmers Home Administration, and some other federal agencies. These are complicated affairs and it is difficult to determine if there is any substance to the allegations unless the whole picture is available. Again, there are problems in obtaining any information or even asking questions at the Agriculture Department where Joe Robertson controls everything.

Inquiries at the SBA are limited because of Bayh's control over field agencies. Bayh, who only a few years ago was broke and running large debts on airlines and at the Senate Restaurant, now lives in a home with a minimum value of \$125,000. I have reports from such substantial persons as a federal judge that a democratic bankruptcy ring is operating in Indiana. There is no doubt that scandalous conditions have existed in connection with the collapse of certain real estate investment trust matters.

Friends and political associates of Birch Bayh have been the recipients of large fees paid out through the bankruptcy court and to democratic judges. Both friends of Bayh and Hartke have had a substantial control in this area. Some litigation on file in the courts in Indiana has linked Senator Bayh to the questionable activity in the bankruptcy courts. I am not sure yet of the depth of the evidence. However, I am pursuing this matter through a number of persons who have filed suit and through discreet cooperation with some lawyers and with help to reporters for two newspapers that have some interest in exposing the full facts of this situation.

FORMER GOVERNOR GEORGE WALLACE OF ALABAMA

An IRS investigation of Gerald Wallace, a lawyer brother of former Governor Wallace, has produced evidence indicating payoffs in connection with a number of state matters. This is being watched carefully and there are at least two newspaper organizations doing some work aimed at exploration of the full Wallace story.

This is a touchy matter and I am simply trying to assure that there will be fair and firm treatment of all aspects of this case.



LAWRENCE F. O'BRIEN, DEMOCRATIC CHAIRMAN

O'Brien was hired by McDonnell and Company when they were in deep trouble with the SEC and other federal agencies. Presumably this was an effort to use O'Brien's political connections to save the firm. It has collapsed but there is a necessity for careful examination of the background of the hire and the operations of the firm for all evidence of activity by O'Brien at federal agencies.

COUNTERPART FUNDS

There have been a number of Republican candidates for the Senate and House who have been interested in obtaining information on the widespread misuse of so-called counterpart funds by men they plan to oppose.

All activity on this particular project is held up pending acquisition of the list of counterpart expenditures from the State Department.

CBS EMPLOYEES INVOLVED IN HAITI INVASION

I am informed that there is sufficient evidence available to justify criminal indictment of two or three persons who were employees of CBS in connection with the planned invasion of Haiti.

A number of the actual invaders have been convicted by the Justice Department. The Johnson Administration declined to go along with action against a number of CBS employees who were clearly linked to the financing and planning of the unlawful activity.

I am told that the House Commerce Committee has taken evidence in Executive Sessions that clearly establishes the responsibility of a number of the CBS employees. This material will probably be made public either as printed hearings or as part of a report in the next few weeks.

CINCINNATI POST OFFICE PERSONNEL SCANDALS

Several weeks ago Congressman Harsha asked that I come to his office to hear the statements of several postal employees from Cincinnati who contended a democratic controlled postal employees club was corrupting personnel selection and promotion in that office.

I attended the meeting in the company of a Post Office Department liaison man and after hearing the statements of the men involved, concluded that there was justification for great concern both from a standpoint of corruption in personnel practices, and from a standpoint of theft and misuse of Post Office Department equipment and supplies.

At my request, the Post Office Department and the Justice Department initiated a re-investigation of complaints that had been buried by the Democratic Administration.

A grand jury has heard testimony. United States Attorney William Milligan has reported to the Justice Department that the grand jury failed to find sufficient evidence for indictment but did submit a report with recommendations that the Post Office Department and the Civil Service Commission take steps to rectify a bad situation.

FBI AND DEKE DE LOACH

The Los Angeles Times is conducting an investigation of the FBI and of Director J. Edgar Hoover. This is to be a highly critical investigation. As a part of that investigation, the Los Angeles Times in the last week contacted Mr. Deke DeLoach to question him about his role as a member of the Board of a savings and loan association; also, his role in a loan of \$65,000 to Congressman John Moss, a democrat.

DeLoach dropped out of the Savings and Loan matter last fall. He states he took no part in the approval of the loan to John Moss and further states he does not know Congressman Moss.

The Los Angeles Times also raised some questions about the expense accounts DeLoach receives from the American Legion. He states that these have been proper and have been known to Mr. Hoover.

Dave Kraslow of the Los Angeles Times contacted me with regard to a number of questions on these transactions and asked me if I felt they were proper.

I said I could not comment and would not comment on any such matters unless I knew I had the entire picture in front of me and that I do not comment on any pending investigations.

Kraslow had indicated a story would be run in the Saturday Los Angeles Times. However, no stories appeared on Saturday, March 28, or Sunday, March 29, according to DeLoach, and it is possible that they have decided against running anything on this subject.