

The original documents are located in Box 53, folder “President - Special Prosecutor Investigation - Clippings (2)” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

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IN FOCUS

Special Prosecutor Was
Just Fading Away When....By Jerry Oppenheimer
Washington Star Staff Writer

A veteran Washington correspondent who knows his way around town admitted with some embarrassment the other day that he took a cab from the Capitol to the modern office building at 1425 K St., NW, in hopes of seeing Watergate Special Prosecutor Charles Ruff, a man suddenly in the news.

But the journalist hadn't realized that the special prosecutor's office — once a bustling operation of two floors with about 50 attorneys and some 100 support personnel — quietly moved months ago to a small suite in a drab 9th Street building, its staff whittled down to th's relatively un-

known 38-year-old government attorney named Ruff, two assistant prosecutors and some secretaries.

It's likely that many people didn't even know until recent news disclosures that a Watergate special prosecutor still existed, or had reason to — what with Richard M. Nixon writing his White House memoirs at San Clemente and John Dean covering 1976 politics for Rolling Stone.

Of course, the public remembers the highly publicized predecessors who held the special prosecutor's position — Archibald Cox, Leon Jaworski and Henry Ruth. But Charles Ruff?

However, as it was during the height of the scandal that toppled the

Nixon administration, the office of the Watergate special prosecutor now under Ruff is in the limelight — this time involved in a mysterious campaign contribution probe that has placed a cloud over Gerald R. Ford's presidential election drive against Jimmy Carter.

ONE WOULD THINK, judging by the recent onslaught of news reports about the inquiry, that Ruff's office would be a scene of bedlam.

Not so.

In fact, a visitor on Friday afternoon to the well-secured, lime green,

sixth-floor suite at 315 9th St. NW found little activity.

While half a block away at the Justice Department dozens of reporters were clamoring for more details about Ruff's probe from a harried Deputy Atty. Gen. Harold R. Tyler, the special Watergate prosecutor himself was out for the day — teaching first-year law students at Georgetown University the basics of criminal justice, and keeping mum about his probe.

So, what's going on here in these sparse quarters with combination locks on the filing cabinets, watched

over around the clock by a uniformed guard, closed-circuit TV monitoring system, and all sealed off from public view by an electronically controlled outer door? What's Ruff really up to?

Ruff's not talking and neither is his spokesman, amiable Danjel N. Rosenblatt.

"This isn't a paranoid group of people here who are trying to keep information away from the public," explains Rosenblatt. "These principles and guidelines of not confirming or denying that an investigation is under way were set up in the best interest of all concerned. Everybody has rights. If you allow a prosecutor to ξ around and say, 'Oh, yeah,

we're looking at this involving such and such about so and so' — you really can't get into that."

RUFF WAS SWORN IN as the fourth independent Watergate special prosecutor last Oct. 17 by Atty. Gen. Edward H. Levi. His job was to oversee a few remaining investigations involving illegal campaign contributions in the 1972 presidential race and to handle a couple of pending appeals by principals in the Watergate case. There was little indication when Ruff took office that any new, controversial investigations would come his way.

But it was Ruff himself who gave

the first public indication that something possibly big was brewing in his office. It came during testimony before the House subcommittee on criminal justice. Ruff had been called on Aug. 26 to give his views on proposed but ultimately unsuccessful legislation regarding establishment of either a full-time special prosecutor or one who would serve on a temporary basis.

Under questioning by Rep. Edward Mezvinsky, D-Iowa, Ruff was asked what his office was doing. At one point he responded, "A number of matters have been referred to us by the attorney general that go back before 1972 that are connected with matters that fall within our prime jurisdiction."

"We're looking into activity," Ruff added, "that goes back into the years prior to 1972. But if we are doing so, it is only because we're intimately connected with a matter that arose out of the 1972 presidential campaign."

But the special prosecutor declined to be more specific.

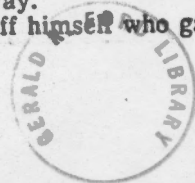
HIS TESTIMONY went little noticed. It wasn't until 10 days ago that The Wall Street Journal reported that Ruff had subpoenaed documents

from a GOP committee in Kent County, Michigan — Ford's home district — and from a maritime union that had been one of Ford's big contributors when he was a congressman.

The Journal carried the story on an inside page, but overnight it became front-page news and a campaign issue.

It is now known that in mid-July an informant made vague allegations involving election law violations and money-laundering to the FBI. The matter was referred to the Justice Department. There, Levi and Tyler and FBI officials discussed the allegations, which they now claim made no mention of Ford. They decided to turn the case over to Ruff's office for investigation.

At a press conference on Thursday in the Oval Office, Ford denied any wrongdoing. As for the man conducting the investigation, the President declared: "I strongly believe in the



-9-

Levi, Top Aides Initiated Probe Of Ford Funds

By Bob Woodward
and Carl Bernstein

Washington Post Staff Writers

The current investigation into President Ford's congressional campaign finances was initiated in July by Attorney General Edward H. Levi and other senior Justice Department officials, it was learned yesterday.

The inquiry was begun when the Justice Department, acting on information given the FBI by an informant, formally referred allegations involving Mr. Ford's past campaigns to the office of the Watergate special prosecutor.

These disclosures were made yesterday

PROBE, From A1

tor was made after discussions involving Levi, FBI Director Clarence M. Kelley, Associate FBI Director James B. Adams and Tyler himself.

Tyler said he sent a memo referring the matter to Ruff on July 12 or 13, adding that he was unsure at the time if the matter involved the President.

"The allegation was that there might have been some violation of the election laws, some laundering of money that was used as contributions in Kent County or Grand Rapids," Tyler said. "I could only assume that it might involve President Ford . . . Most of my information about the investigation [now] comes from the newspapers."

"We wanted it handled by the right office," Tyler said. "We just wanted to get it to a prosecutor."

Noting the highly unusual nature of such a decision, Tyler said only three matters have been referred by the department for investigation by the special prosecutor during the past 18 months.

"The emphasis now is on finding out the facts, not developing a legal case," the same official said.

Since referring the matter to the special prosecutor, Levi has maintained an "arms-length attitude" toward the investigation, according to the official, and appears to be satisfied with the manner in which the special prosecutor is proceeding. "There is no feeling in the department, based on the facts known this far, that Ruff is doing anything irresponsible," the official said.

Except to say that an informant brought information to the FBI, neither Tyler nor other officials have been willing to explain how the allegations were called to their attention. Tyler did say that the informant "was scared to death about having his name revealed."

According to several sources, the special prosecutor is attempting to trace the disposition of contributions made to Mr. Ford's congressional campaigns by two powerful maritime unions, the Seafarers International Union

President Denies Misuse of Any Campaign Funds

Carter Accepts Statement, Says Matter Is Closed

By Lou Cannon

Washington Post Staff Writer

President Ford said yesterday that he had never diverted any campaign funds to his personal use, and he expressed



far as their coming either to my golf club or coming to my home. There has been, I would say, substantial reciprocity."

The President at first said he had never discussed any legislative business with William G. Whyte, the U.S. Steel Corp. lobbyist and a longtime friend, or other lobbyists with whom he played golf. Later, he amended this to say that he may have talked "in a casual way . . . about certain matters."

In any event, said Mr. Ford, he felt he could separate his personal friendships from his business as a congressman.

" . . . I don't consider these infrequent weekends a violation of either the rules of the House or any ethical standards," Mr. Ford said.

The House in 1968 approved an ethics code forbidding members from taking gifts of substance or value from persons who attempt to influence legislation.

See FORD, A6, Col. 1

FORD, From A1

In answering questions about the Watergate special prosecutor's investigation, the President repeatedly emphasized his support of the prosecutor's function and expressed regret that the House had not approved a Senate-passed bill making the office a permanent one. He said he had "full confidence" in Special Prosecutor Charles Ruff and believed in the "full integrity" of the Justice Department.

Internal Revenue Service

Office of the Commissioner

to: *Ed Schmeltz*

date: *10/5/76*

As requested.

T. V. Glynn



Thomas V. Glynn
Assistant to the Commissioner

Detroit Free Press
Detroit, Michigan
April 8, 1974

TO: AL GALATO, PUBLIC AFFAIRS DIVISION
FROM: PUBLIC AFFAIRS OFFICER, DETROIT

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

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 Washington Post

D-13

8 APR 1974

The Washington Merry-Go-Round

THE WASHINGTON POST

Monday, April 8, 1974

D13

Ford Cleared in Hill, IRS Tax Audits

By Jack Anderson

A confidential audit of Vice President Gerald Ford's taxes proves that not all politicians fudge on their taxes.

Both the Internal Revenue

paid only \$5,969.01 in federal taxes — less than 1 per cent of his income. He paid absolutely nothing in state taxes, despite the fact that he maintains residences in both California and

character and, therefore, leveled a "tax deficiency" of \$435.77 against Ford. Although he was advised that he could challenge this, he insisted on giving the government the ben-

depreciation that Ford had claimed on his Colorado condominium. They "felt that an issue should be raised as to the use of 200 per cent de-

Washington Star-News

AUG 1974

1974 L. 01 2

Ford's Finances Already Bared

By James R. Polk

Star-News Staff Writer

As the nation's 38th President, Gerald R. Ford enters office already having weathered some of the close scrutiny that brought the downfall of Richard M. Nixon.

His tax returns have been

found this to be no impediment to his confirmation as vice president less than a year ago.

Only last fall, Ford underwent the scrutiny of both the Senate and House as an open prelude to what history has now brought about: Ford's ascension to the presidency to succeed a dis-

said he paid \$150,250 in federal income taxes.

His taxes were nearly twice as high as those Nixon paid in his first presidential term on a much higher income. A terror besieged Nixon over his payments of only \$678 and \$793 in two years. Nixon was ordered this spring to pay back

The rest of Ford's assets include his household furnishings, cars, and insurance policies. Ford said his only stocks are in a small part-ownership of a family paint firm. He listed his bank accounts last November at only \$1,262.

HOWEVER, Ford's cam-

The New York Times

p-22

DEC 24 1975

First \$2.6 Million in Election Funds Authorized

By LESLEY OELSNER

Special to The New York Times

WASHINGTON, Dec. 23—Federal financing of political campaigns, one of the major reforms enacted after Watergate, began today when the Federal Election Commission authorized the Treasury Department

crats, Senators Birch Bayh of Indiana, Lloyd M. Bentsen Jr. of Texas, Henry M. Jackson of Washington, former Senator Fred R. Harris of Oklahoma, former Gov. Jimmy Carter of Georgia, former Gov. Terry Sanford of North Carolina, Representative Morris K. Udall of Arizona, Gov. Georgia C.

10.

The Federal Election Commission acted after the Supreme Court tied 4 to 4 last night on a request by the law's challengers for an injunction blocking the payments pending the court's ruling on the case—a tie vote that resulted in the denial of a request for an in-

well, and that they are now working to win over one more justice.

The system of financing sets priorities in funding, specifying that conventions and candidates in general elections have priority over candidates in primaries. Thus money must be set aside for the first-priority

Chicago Tribune

AUG 30 1975

Sec. 7, Pg. 4

U.S. tells decision on campaign fund

By James Coates

Chicago Tribune Press Service

WASHINGTON — The Federal Election Commission, after nearly two weeks

contributor. In this case the cost of the food or drink must be deducted.

This exception was made to prevent abuses by candidates who would for

MAY 25 1976

Letter Purporting to Be From Ford Asks Foundation for Political Gift

By WARREN WEAVER Jr

Special to The New York Times

WASHINGTON, May 24—A mysterious fund raising letter over the purported signature of President Ford has invited, at least one foundation to make a 1976 campaign contribution, a move that would automatical-

tion to a non-profit philanthropic organization "which does not participate in . . . any political campaign on behalf of any candidate for public office."

The only copy of the letter that has been made public was received by the Stern Family

an authentic communication mailed to a wide range of potential donors.

Wyatt A. Stewart 3d, finance director of the Republican Congressional Committee, acknowledged that the earlier letter had gone to some unintentional addressees because of the diffi-

The Washington Post

MAY 26 1976

A-6

***Fund-Seeking
'Ford' Letter
Called Fraud***

Los Angeles Times

The White House called the Federal Election Commission yesterday to investigate a letter purportedly signed by President Ford that solicited a campaign contribution from

Los Angeles Times

MAY 26 1976

White House Asks Probe of Fraudulent Ford Letter

BY DON IRWIN

Times Staff Writer

WASHINGTON—The White House called on the Federal Election Commission Tuesday to investigate a letter purportedly signed by President Ford that solicited a campaign contribution from a tax-exempt foundation.

The White House said the letter was a fraud.

The letter, dated May 10 and sent to the Stern Family Fund, a New York City foundation, suggested that "there is no better use for tax-exempt philanthropic funds than a contribution to the National Republican Congressional

SEP 21 1976

The Washington Star

Page 1 of 2



WILLIAM G. WHYTE
Long a Ford friend

Ford Golf, U.S. Steel--- Lobby Gift?

By Leonard Curry and
Andrew M. Nibley
United Press International

The chief lobbyist for U.S. Steel
said he personally paid for golfing

Continued From A-1

RONALD NESSEN, White House press secretary, when asked for a response to Whyte's remarks, quoted Ford as saying: "I've been a friend of Bill Whyte for 28 years. I've been there twice as his friend to play golf."

Nessen said Ford recalled playing there in 1964 and about five years ago.

"He feels Bill Whyte is a personal friend who asked him to go up and play golf," Nessen said, noting also that Ford and Whyte are frequent golf partners at the Burning Tree Country Club in suburban Maryland.

(Syndicated columnist Jack Anderson, in remarks prepared for broadcast today — on ABC-TV's Good Morning America — said Whyte claimed U.S. Steel paid for Ford's trips.)

Whyte said Ford's first visit to the lodge was in the fall of 1964. At that time, there was no law or congressional rule against a member of Congress accepting gifts or favors from lobbyists.

IN 1968, THE HOUSE ADOPTED a code of ethics stating that "a member, officer or employe of the House of Representatives shall accept no gift of substantial value, directly or indirectly, from any person organization or corporation having a direct interest in legislation before the Congress."

The Internal Revenue Service said it is not against the law for a congressman to accept a gift, but that the giver must file an income tax report for gifts of substantial value.

"If there is any problem, it would be with the tax return of the giver," an IRS spokesman said.

Whyte said that during his first visit to the lodge, in the fall of 1964, Ford played golf with Sen. Barry M. Goldwater of Arizona, the Republican presidential nominee, and that he subsequently became known as "Goldwater's golfing companion."

In October 1964, Ford was chairman of the House Republican Conference. He was elected House Republican leader three months later and held the post until he became vice president.

WHYTE SAID HE HAS BEEN a friend of Ford's for 24 years. It was at Whyte's home that a group.

Detroit News
Detroit, MI
Sept. 22, 1976

Watergate investigators checking **Ford's old files under scrutiny**

GRAND RAPIDS — (UPI) — Republican officials in President Ford's old congressional district have handed over financial records and other documents regarding past Ford campaigns to the Watergate special prosecutor's office.

tional Convention in Kansas City last month.

Ruff reportedly also has subpoenaed the records of a New York-based maritime union known to be a major contributor to Mr. Ford's last congressional campaign in 1972.

"There is no suggestion in any way that it has anything to do with the President," Nessen told reporters.

Nessen repeatedly referred reporters to the House Judiciary Committee investigation of Mr. Ford upon his nomination in 1973 as vice-president.

Asked about a Wall Street Journal re-

The New York Times

SEP 26 1976

Page 1 of 2

Possible Covert Union Gifts to Ford From '64 to '74 Called Target of Inquiry by Watergate Prosecutor

By NICHOLAS M. HORROCK

Special to The New York Times

GRAND RAPIDS, Mich., Sept. 25—The Watergate special prosecutor's office is investigating whether funds from two large maritime unions were "laundered" through Republican committees here and

said in an interview. "The I.R.S., the F.B.I. and the House committee people were here literally weeks going over the same materials."

Mr. Ruff's investigation appears to be concentrated on the 10 years from 1964, shortly before Mr. Ford became minority

He said that he had told the F.B.I. that he knew of no instance in which any of this money had covertly been redirected to Mr. Ford. Mr. Bloodgood said that he recalled that the money from the Seafarers had come in by check. He said that if the check had been made out to Mr. Ford it would have carried his endorsement to the Kent County committee

Detroit Free Press
Detroit, MI
September 26, 1976

Watergate Probers Checking Ford Ties To Union Donations

BY NICHOLAS M. HORROCK
New York Times Service

GRAND RAPIDS — The Watergate Special Prosecutor's Office is investigating whether funds from two large

SIU and MEBA have pumped millions of dollars into political campaigns across the country to encourage support for maritime legislation. Though Ford

to the Republican committees in his home county.

IN KENT COUNTY, which is 90 percent of the 5th Dis-

that the money from the Seafarers came in by check. He said the check was made out to Ford and it carried his endorsement to the Kent County committee and it was properly reported.

According to CBS News, agents made the same inquiries of Elliott Serafin, another former treasury committee official. They are expected to conduct further interviews with some half dozen men who have held these various party posts between 1964 and 1974, Bloodgood said.

Several of the Kent County officials have asked the FBI men what particular charge, accusation or evidence might

9/30/76

Prosecutor

The Ford probe: Is it for real?

By Jim Squires

Chicago Tribune Service

WASHINGTON — The current investigation into some of President Ford's old campaign contributions clearly illustrates both the need for and danger of having a special prose-

No attorney general, even a conscientious and dedicated one like Edward Levi, is going to start prying into rumors about the old campaign donations of the man in the White House, at least not in the months preceding his efforts to get elected.

At the same time a conscientious and dedicated special prosecutor such as 37-year-old Charles F. C. Ruff can't afford even to ignore gossip, especially in light of the haste in which the House went about investigating its own minority leader. And Ruff didn't.

The result is that the special prosecutor is now officially investigating the possibility that the President of United States committed a crime, at a time when the President of the United States is trying to stay in office.

The Washington Post

FRONT PAGE STORY

SEP 30 1976

Ford to Face Questions on Fund Probe

By Lou Cannon

Washington Post Staff Writer

President Ford has decided to hold a press conference this week at which he is certain to face questions about the Watergate prosecutor's

Press secretary Ron Nessen said then, as he has said every day since, including yesterday, that he would not comment on the story since there had been no charges made against Mr. Ford.

But the President's campaign officials became increasingly concerned this week about this policy of silence, particularly after Democratic vice presidential nominee Walter F. Mondale said Mr. Ford should make him-

During his vice presidential hearings in 1973, Mr. Ford was asked about \$11,500 in 1970 special interest contributions sent to him which he had endorsed over to the Republican congressional campaign committee.

The allegation had been made that those checks, which put him over a Michigan fund limitation law, were later channeled back into his campaign without the required reporting.

Mr. Ford in his testimony before

Los Angeles Times

FRIDAY MORNING, OCTOBER 1, 1976

10P2

Ford Denies 'Personal Use' of Political Contributions

Sees Nothing Wrong With Having Played Golf With Lobbyists as Congressman, He Tells Newsmen

BY DON IRWIN

Times Staff Writer

WASHINGTON—President Ford denied Thursday that he had ever accepted "any campaign funds for personal use" and said he did not see

However, under further questioning, Carter said that if the Watergate special prosecutor compiles any information relating to the President's campaign finances as a congressman,

cial prosecutor or to the Justice Department about what Ruff is looking for in the county that was Ford's political base during his 25 years in Congress.

"We are trying to be so circumspect so that we are not, under any circumstances, accused of any improprieties," Ford said. Any inquiry from the White House "would undoubtedly be misconstrued," he added.

A reporter inquired about reports that one target of Ruff's probe was the possibility that funds collected for Ford's past campaigns had been diverted to his personal use. Ford answered at some length with a discus-

Los Angeles Times

OCT 1 1976

Levi Reportedly Started Ford Probe

BY BOB WOODWARD and CARL BERNSTEIN

The Washington Post

WASHINGTON—The current investigation into President Ford's congressional campaign finances was initiated in July by Atty. Gen. Edward H. Levi and other senior Justice Department officials, it was learned Thursday.

The inquiry was begun when the Justice Department, acting on information given the FBI by an informant, formally referred allegations involving Ford's past cam-

OCT 4 1976

THE WASHINGTON POST

Monday, Oct. 4, 1976

B9

Jack Anderson and Les Whitten

Jack Ford Got A Couple of Flights

President Ford isn't the only member of the family who has accepted small favors from the special interests. During his congressional years, he accepted golfing vacations from U.S. Steel and personalized guide books from the Carpenters Union. The giant Thiokol chemical firm also flew his son, Jack, between Vail, Colo., and Logan, Utah, where Jack was attending Utah State University.

The annual gift, therefore, added up to hundreds of dollars. The guide book, titled "Know Your Congress," usually carries a simple cover. But the Carpenters Union arranged with the publisher, Dr. Diosdado Yap, to print Mr. Ford's picture on the cover.

Similar personalized copies of the guide, it should be noted, were distributed by the union to Speaker Carl Albert (D-Okla.)

trips in the company plane by members of the Ford family. Indeed, the secretary to Thiokol's president slammed the phone in our face when we tried to inquire.

Spy Bases — Fifteen months ago, an angry Turkish government evicted U.S. intelligence forces from more than 20 bases, which were producing some of the most

Detroit News
Detroit, MI
Sept. 22, 1976

Watergate investigators checking **Ford's old files under scrutiny**

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Ruff reportedly also has subpoenaed the records of a New York-based maritime union known to be a major contributor to Mr. Ford's last congressional campaign in 1972.

In Washington, Mr. Ford's press secre-

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Asked about a Wall Street Journal report of the investigation, Nessen said

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SEP 26 1976

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Los Angeles Times

FRIDAY MORNING, OCTOBER 1, 1976

Ford Denies 'Personal Use' of Political Contributions

Sees Nothing Wrong With Having Played Golf With Lobbyists as Congressman, He Tells Newsmen

BY DON IRWIN

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A reporter inquired about reports that one target of Ruff's probe was

WEDNESDAY, OCTOBER 6, 1976

Misuse of Funds Denied By Ford's Accountant

GRAND RAPIDS, Mich., Oct. 5 (UPI)—President Ford's personal accountant said today he can prove Mr. Ford never funneled campaign funds into his own bank account and records show "no discrepancies" in these

conference to deny any such allegation.

Robert J. McBain, president of a Grand Rapids accounting firm and Mr. Ford's personal accountant for 28

An IRS Analysis Tax Audit Indicates Ford's Pocket Money In '72 Was \$5 a Week

Loan From a Political Fund
For Vacation Also Shown;
The Minus Bank Account

Was the Inquiry Thorough?

10/7/76 — P.1
THURS. By JERRY LANDAUER
and CHRISTOPHER A. EVANS
Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—Ever since it became known last month that the Watergate Special Prosecutor is investigating Gerald Ford, the White House has made a basic contention: Mr. Ford was exhaustively checked before Congress confirmed him as Vice President in 1973, so his assets

"Little Need for Cash"

Mr. Buchen says \$5 a week in pocket money was ample for Mr. Ford. "He had very little need at any time for personal cash," the White House Counsel says.

Mr. Ford traveled extensively between Washington and Michigan and throughout the country campaigning for GOP candidates, Mr. Buchen says. The expenses were paid either "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, (and) his luncheons when he wasn't involved in meetings or entertainment were very modest," Mr. Buchen says.

—Four times in 1972, checks were written on a political account known as the Gerald R. Ford Fifth District Account at Union Bank & Trust Co. in Grand Rapids, Mich., to pay for clothes totaling \$871.44 for Mr. and Mrs. Ford. The IRS agents determined that these purchases didn't qualify as political expenses. Instead, the agents held that the payments for clothes constituted personal income for the Fords, and the agents docked them for a tax of \$435.77 on that income.

Later in a letter that began with the

10/8/76

NEW YORK DAILY NEWS

thousand students on the University of Southern California campus yesterday that he had intended to emphasize "America's firm support of the aspirations for freedom of the nations of Eastern Europe."

"The United States has never conceded and never will concede their domination by the Soviet Union," he said. "We do not accept foreign domination over any nation."

Records Say That Ford Double-Billed

By JOSEPH VOLZ

Washington (News Bureau)—An analysis of government financial records on President Ford shows that on two occasions he apparently used a bank account containing campaign funds to pay for personal expenses while he was a member of the House of Representatives from Michigan.

The records, made available to The

Ford's appearance drew a mixture of cheers and hoots from the crowd.

Ford's insistence in his debate Wednesday with his Democratic opponent, Jimmy Carter, that "there is no Soviet domination of Eastern Europe," and that those countries are free and autonomous, drew an immediate outcry from Americans of Eastern European descent. Carter called the President's remarks a major blunder.

Ford was attempting to defuse the criticism yesterday and regain the initiative on other foreign policy and defense issues after the debate.

Earlier, Ford said that Carter "wants to speak loudly and carry a fly swatter" in defense matters.

Ford's comments on defense came in a visit to the Rockwell International Co., where the controversial B-1 strategic bomber is under development.

He charged that Carter's opposition to the plane and his opponent's propos-



President Ford waves fr

als to cut defense spending posed "a danger to our diplomatic stability abroad and economic stability here in America."

By JEFFREY ANTEVIL

Of The News Washington Bureau

Los Angeles—Responding to sharp criticism of his debate comments on Eastern Europe, President Ford told several thousand students on the University of Southern California campus yesterday that he had intended to emphasize "America's firm support of the aspirations for freedom of the nations of Eastern Europe."

"The United States has never conceded and never will concede their domination by the Soviet Union," he said. "We do not accept foreign domination over any nation."

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Ford Tax Data Revealed

Pocket Money For '72 Put at \$5-13 a Week

By Carl Bernstein
and Bob Woodward
Washington Post Staff Writers

Gerald R. Ford and his wife apparently managed to live on between \$5 and \$13 per week in pocket money during 1972, according to an Internal Revenue Service audit conducted during Ford's vice presidential confirmation proceedings.

According to a secret IRS

Tax Data On Fords Is Revealed

MICHIGAN, From A1

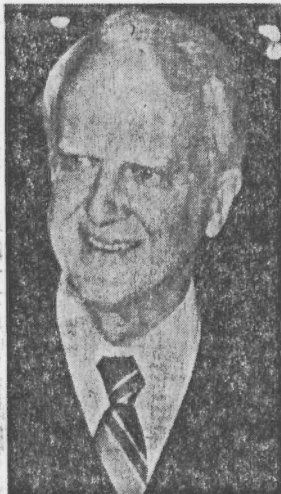
Ford in the decade from 1964 to 1974.

The Ruff investigation, according to sources is continuing and is expected to include the examination of Ford's tax returns and any investigative leads they might generate.

The audit made public yesterday covers the period 1967 to 1972 and was turned over to Congress at Ford's request when he was nominated to be Vice President.

In addition to showing that the President and his wife were apparently able to exist on \$5 to \$13 a week pocket money during 1972, the audit summary contains these disclosures:

- That, in 1972, Mr. Ford paid most of his day-to-day living expenses from checks drawn on a bank account funded by honoraria from political



PHILIP W. BUCHEN
Ford had "little need" for cash

Union Leader Testifies on Ford Finances

By Bob Woodward and Carl Bernstein
Washington Post Staff Writers

The Watergate special prosecutor questioned the head of an influential maritime union before a federal grand jury last Friday about financial dealings and personal encounters with President Ford, according to informed sources.

Jesse N. Calhoun, president of the Marine Engineers Beneficial Association, disclosed the pattern of questions that have been made public. It is known only that the matter was referred to Watergate

Calhoun reportedly testified his union made no payments to Ford other than political contributions that were fully reported. Calhoun is said to be confident he and his union are not targets of the investigation, based on assurances Ruff gave the union's counsel last month.

In the Friday session Calhoun produced four of the six checks requested by Ruff. They were: a \$5,000 check to a Ford re-election committee in 1972; a \$2,500 check to another Ford committee the same year; a ~~\$2,500~~ check to a Ford committee in 1970 and a \$2,000 check to the Kent County Republican Finance Committee.

In 1970, Ford or a member of his congressional staff specifically requested that MEBA's contribution be made to the Kent County Republican Finance Committee, according to the account.

Joseph S. Miller, Washington representative for MEBA, yesterday confirmed that in 1970 a member of Ford's staff designated the Kent County committee as the recipient of the contribution. Miller said he could not remember the staffer's name.

Politics and U.S. Shipping Interest

By ALBERT R. KARR

Jimmy Carter sat in his Park-Sheraton Hotel suite in New York on the evening of May 25, keeping an eye on returns from primary elections held in six states that day. But TV-watching didn't occupy all his time.

For a full hour the Democratic presidential aspirant was locked in consultation with maritime labor chief Jesse Calhoon, working on details of a Carter statement that would endorse new government support for the U.S. Merchant Marine. The effort was fruitful for both.

Mr. Carter wound up issuing a letter to Mr. Calhoon promising, if he's elected, to develop a "national cargo policy" that would aid the Merchant Marine. Mr. Calhoon, president of the Marine Engineers Beneficial Association (MEBA), says the

An Ironic Twist

(Ironically, MEBA and the Seafarers Union were Mr. Ford's biggest campaign contributors while he was House Minority Leader. Now the Watergate Special Prosecutor is causing the President a big campaign problem with a highly publicized investigation of past contributions by the two unions to Republican committees in Mr. Ford's home district.)

As the Nov. 2 election draws near, however, the Ford administration's attitude may be softening a bit. Labor Secretary W. J. Usery Jr. will spell out a new administration desire to help the Merchant Marine when he speaks tomorrow in San Diego to

a national meeting of the Propeller Club, maritime group. He'll promise creation of a new Cabinet-level committee to coordinate policy, but will offer nothing more

Did Ford Block Watergate Inquiry?

Ruff to Answer Today On Latest Probe Plea

By Jerry Oppenheimer

Washington Star Staff Writer

With his probe of President Ford's congressional campaign finances now closed, Watergate Special Prosecutor Charles Ruff was moving today toward a decision on whether to investigate reports that Ford helped block a 1972 congressional Watergate inquiry at the behest of the Nixon White House.

In a telephone interview last night, Ruff said he had not yet decided whether to begin the investigation that was formally requested this week by two House Democrats, New York's Elizabeth Holtzman and John

national Union to Ford for his personal use.

Calhoon, who testified before a federal grand jury last week, said he "could not even speculate on who made the allegations or what the allegations were. But I'd sure like to find out, I wish I knew."

Meanwhile, Charles H. Morin, the union's attorney, said last night he had received no formal notification from Ruff's office concerning the outcome of the investigation as it related to the union. But based on Ruff's statement clearing the President, Morin said, "We have nothing more to be concerned about."

Jack Anderson and Les Whitten

IRS Audit of Ford Returns Faulted

The Internal Revenue Service has demonstrated a strange inability to complete an investigation of President Ford. For four years, the tax men have been dawdling over Ford's finances.

Sources inside the IRS have told us that Commissioner Donald Alexander himself impeded two separate Ford investigations.

payments from the National Maritime Union.

The IRS first began investigating these charges about four years ago when William Perry, a former NMU aide, claimed that Ford received between \$2,000 and \$5,000 a month from the union's slush fund. Ford was then the House Republican leader.

The payments, Perry told IRS spe-

sued surprising instructions that hampered the probe. He ordered that all information gathering projects be stopped. He also directed intelligence agents to turn in all their project files.

This order, combined with Goldstein's plodding investigation, allowed the statute of limitations to run out on Shapiro.

None of this, of course, implies any

PROSECUTOR REPORTS NO VIOLATION BY FORD ON POLITICAL FUNDS

RUFF SAYS MATTER IS CLOSED

Finds No Evidence to Support an Allegation That Contributions From Unions Were Misused

By **NICHOLAS M. HORROCK**

Special to The New York Times

WASHINGTON, Oct. 14—Charles F. Ruff, the Watergate special prosecutor, said today that he had found no evidence to support an allegation that President

Mr. Ruff's statement appeared to abate one issue over which the President had come under attack from the Democratic Presidential candidate, Jimmy Carter. Though Mr. Carter had treated Mr. Ruff's investigation gingerly as a political issue, last Saturday he challenged Mr. Ford to explain "discrepancies" that he said had been raised by information in the I.R.S. audit.

While campaigning today in Rochester, N.Y., Mr. Carter told newsmen he had "no reason to dispute" the conclusions reached by Mr. Ruff. He said, however, that he would not apologize for his earlier statements.

"I never used his violating or not violating the law as a campaign issue," Mr. Carter said, "I just said he ought to hold a press conference to explain these things rather than hide in the White House."

The special prosecutors statement afforded the President the political opportunity of saying that he had been investigated by two Congressional committees,

the revenue service, the Federal Bureau of Investigation and now the special prosecutor and that none had raised seri

Kent County Republican Committee from 1964 through 1974. Officials of those committees also voluntarily turned over records of the Fifth Congressional District Committee, for the district formerly represented by Mr. Ford, which receives and dispenses some of the Republican funds in the Kent County area.

A New Development in the Special Prosecutor's Probe?
(By Robert Schakne, CBS)

There is strong indications that Watergate Special Prosecutor Charles Ruff has formerly asked the White House for detailed information about President Ford during the years he was a congressman.

Late last week, White House Special Counsel Phillip Buchen urgently summoned Mr. Ford's personal accountant to Washington, asking him to bring the President's old financial records. The accountant, Robert McBane, spent 10 hours with Buchen and others in the White House on Saturday, and then 30 minutes with the President. Asked if he had brought the records at the special prosecutor's request, McBane said the White House would have to answer that question.

But White House officials today were refusing to comment. Special Counsel Buchen said he would not discuss whether there had been any communication from the special prosecutor. In contrast to last week, when Buchen was willing to reply, without hesitation, that there had been no such communication.

CBS News has learned that some questions about Mr. Ford's finances were raised three years ago, at the time of his nomination to be vice president. A confidential Internal Revenue Service audit, prepared at the time, questioned how Mr. Ford got by with so little cash for spending money. His records showing that in 1972 he had less than \$5 a week to spend. The principle explanation then was that much of Mr. Ford's time was spent in campaign travel, with his expenses legitimately paid by campaign fund. Also, that most of the Ford personal bills were paid by check. The IRS concluded there was sufficient cash to cover miscellaneous living expenses.

But several members of Congress, who explored Mr. Ford's finances prior to his confirmation as vice president, say that because of pressure to settle the confirmation quickly, the cash question was never fully resolved. Another question raised at the time -- how Mr. Ford obtained \$50,000 for the purchase, without a mortgage, of his Vail, Co., ski condemenium in 1970. Mr. Ford's explanation: He used savings and borrowed money.

Special Prosecutor Ruff will make no comment on any of this. He's kept a tightly guarded secret how much evidence, if any, he's gathered against Mr. Ford. The only thing certain is that his investigation is not over. -- (10/7/76)

No Evidence Found of Mishandling of Funds

By Carl Bernstein
and Bob Woodward

Washington Post Staff Writers

The Watergate special prosecutor's office announced yesterday that it has closed its investigation of President Ford's finances after finding no evidence to substantiate an allegation that he mishandled campaign funds as a congressman.

In a brief written statement tracing the course of the investigation, Special Prosecutor Charles R. Ruff concluded:

"The evidence developed . . . was not corroborative of the allegation on

which it was predicated. Nor did evi-

The probe, according to Ruff's announcement, centered on allegations by an informant that contributions from "certain named unions" had been transmitted to political committees in Ford's home district "with the understanding that they would be passed on to Mr. Ford for his personal use."

The informant, who originally made his allegation to an agent of the FBI, was not identified in the statement. "Investigation has revealed no apparent motive on the part of this individual to fabricate," it said.

Knowledgeable sources have identified the unions in question as the Sea-

convinced it warranted full investigation.

Ruff's statement, similarly, appeared to go out of its way to discount any possible political motivation for undertaking the inquiry in the midst of the presidential campaign.

The informant's information, said the statement, "concerned a previously unreported allegation" of which the informant had only recently become aware.

Those facts would tend to undercut suggestions by many of the President's aides that the FBI's previous investigation of Ford made a new in-

Text of Prosecutor's Statement on Probe

Following is the text of the Watergate special prosecutor's statement on the results of the investigation of President Ford.

By memorandum dated July 13, 1976, the director of the Federal Bureau of Investigation brought to

Upon receipt of the referral from the Attorney General, the Special Prosecution Force, with the assistance of agents of the FBI, examined various public documents reflecting contributions

Ford Is Cleared by Watergate Prosecutor Of Misusing Unions' Campaign Donations

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Watergate special prosecutor cleared President Ford of any misuse of campaign contributions.

Concluding that such allegations against the President are groundless, Special Prosecutor Charles Ruff formally closed a three-month investigation of Mr. Ford's ties to the free-spending maritime labor lobby when he served as House Republican leader.

In a press conference last night, Mr. Ford said he was "very pleased" that the special prosecutor had "finally" put the politically troublesome matter to rest.

Mr. Ruff didn't say so, but it's known that his investigation also included compelling grand jury testimony by some officials of maritime unions under a grant of immunity from prosecution. Maritime unions were heavy contributors to Ford congressional campaigns.

In closing his investigation, the prosecutor stated that "the evidence developed during this investigation wasn't corroborative of the allegation on which it was predicated, nor did any evidence disclosed during the inquiry into that allegation give reason to be-

lieved. Mr. Carter would raise taxes for the middle class and cost the country \$100 billion or more in new spending programs. He charged that his Democratic opponent "slandered" the U.S. when, in the recent foreign policy debate, he questioned the nation's strength and moral standing abroad.

Mr. Ford declined to answer questions prompted by John Dean's assertion Wednesday that, as House Minority Leader, Mr. Ford cooperated with the Nixon White House to block an early investigation of the Watergate break-in. In each case, the President insisted the matter had been "fully" explored in his vice presidential confirmation hearings, but sidestepped opportunities to be more specific.

Asked about a tax audit that indicated he got by on about \$5 a week cash in 1972, the President said he had no recollection of the

the law so much as Ford's first gesture as President. "Few would have objected to a Nixon pardon *after* a judicial process," he said, if in fact Nixon had been indicted. But he wasn't.

On the Mondale plane they say that Carter doesn't want the pardon reintroduced in the campaign for "tactical reasons." From the start, Carter's polls indicated that there is no mileage in campaigning against Richard Nixon or the abuses associated with Watergate, that voters are relieved to have it all behind them. And those who voted for Nixon may not want to be reminded of their mistake—particularly not by a Democrat. Carter believes in repeating the constant, simple theme of absolutism that worked so well in the primaries ("we deserve a government as good and decent and honest as our people"); he thinks it goes down better. But polls other than Carter's also show that one single act—Ford's pardon of Nixon—did more to diminish confidence in government than the entire Watergate episode, and Mondale knows that.

From his number-two spot on the ticket, on his own initiative, Mondale outlined and committed a future Carter-Mondale administration to a package of modest procedural reforms that fill in some specifics of his running mate's long-standing promise to restore trust in government. He listed Ford's failures to support various post-Watergate reforms: blocking the establishment of an independent Special Prosecutor, resisting a legislative charter for the FBI and CIA, vetoing the freedom of information acts of 1974, failing to "remove or prosecute officials (unnamed) involved in illegal activities already disclosed." These were the only aspects of the speech Mondale asked Carter to approve, a fact that aroused great interest among the traveling press on the Mondale campaign plane. Had Carter himself reviewed and approved the speech? No, probably not. The entire speech had been telecopied from the Mondale plane the day before it was given, but it is not likely that Carter ever saw an advance text. Did the Carter aides who approved the specific reforms delineated by Mondale demand any changes or deletions? No, none whatever. Does the reintroduction of the Nixon pardon indicate that Mondale has been assigned to carry the baggage for the ticket on this sensitive issue? No. Mondale and Carter spoke about the pardon only once; they agreed to disagree, but Mondale is under no constraint; he feels free to discuss the issue in whatever terms he considers appropriate. Mostly, however, he's been sticking to the routine Democratic themes, and returned to them once the speech was done.

Because what the number two man says is not often widely reported and less often in any depth, the speech did not get the attention it deserves. It was buried on page nine of *The Washington Post*, for example. That's a shame; it was a high moment in a depressing season.

Ken Bode

White House Watch

Ford, Ruff and Butz

San Francisco

Two episodes in late September and early October that involved President Ford and must have diminished his chance, already dim, for election to the office that he attained by appointment and succession are dealt with in this report. They provide a useful insight into the mind and character of the President and into the workings of his White House, and one of them raised troubling questions about the roles of the press and of official investigative agencies in this season of endemic distrust.

The episodes were the disclosure that the Watergate Special Prosecutor was investigating the use of campaign funds contributed to Republican committees in Mr. Ford's home city and county in Michigan, and the resignation of Secretary of Agriculture Earl Butz after he admitted to the President that he had indeed, as reported, remarked upon the sexual and anal preferences of black people—"coloreds," he had called them—in language so crude that it will not be quoted here. The remark and the circumstances in which it was spoken justified Senators Edward Brooke of Massachusetts and James Buckley of New York, Congressman John Anderson of Illinois and Ambassador William Scranton, among others, in saying that the President should demand Butz's resignation rather than passively await it, which is what he chose to do for four days after he heard about it.

It was news to many people that a Watergate Special Prosecution Force still existed. Under the fourth and presumably last Special Prosecutor, 37-year-old attorney Charles Ruff, the staff had been reduced from some 200 lawyers and other employees to fewer than a dozen and had moved from mid-town Washington into a small, though formidably secured, office suite in a sleazy building near the Capitol. Ruff told a House subcommittee on August 26 that he expected to terminate the operation "probably within three or four months." The Michigan investigation had been secretly in progress for more than a month when he said this. It would have been extremely odd if he simultaneously expected in August to be out of business "within three or four months" and thought he was developing a case involving serious charges against the President.

The first anybody at the White House knew that something strange and surprising was going on in Grand Rapids and Kent County was when acquaintances and friends of the President began telephoning White House Counsel Philip Buchen, who also is from Grand Rapids, and telling him that FBI agents were questioning them about the handling of Ford Republican campaign funds and seizing committee records dating as far back as 1964. Because FBI agents

had gone over similar ground with the same local committees and people after Richard Nixon nominated Gerald Ford to be Vice President in 1973, Buchen and his Grand Rapids friends found this puzzling. Buchen, however, is a glacially calm type who doesn't puzzle easily and intensely, and he has said he didn't bother the President with the word from home at the time. In accordance with a strict rule against the slightest intrusion upon the Department of Justice and the FBI that was established in the first weeks of the Ford

Prosecutor, Archibald Cox, and followed by his successors, Charles Ruff and his young press spokesman, Dan Rosenblatt, refused to say whether such an investigation was in fact underway, what it concerned if it was, and specifically whether it involved or concerned the President. Nor would they give any indication whatever of who or what initiated the investigation if there was one. The Justice Department and the FBI were equally reticent. The first news stories, therefore, were derived from what Grand

THE CAMPAIGN/COVER STORIES

FORD'S TOUGHEST WEEK

Suddenly Gerald Ford ran into his toughest week of the presidential campaign—and perhaps of his entire political career. For a month Ford has been closing fast on Jimmy Carter. But now the President was struck by a series of setbacks that were remarkable even in this mercurial year, marked by flip-flops at the podiums and in the polls. Amid the flood of blunders and bad news, there were also reports that revived questions about the President's probity in the past. Some of the charges were both old and minor, but even his supporters feared that unless Ford was able to make a clear and quick refutation, he would be seriously damaged.

As Ford was besieged on every side, Carter's camp worked overtime to take advantage of the situation. Nobody has ever accused Carter of lacking an instinct for the jugular, and he displayed it clearly throughout the week. For the first time since Labor Day, the Democratic candidate was scoring points with the voters, as he crisscrossed the country and hit hard at Ford at every stop. In his attacks, Carter was so aggressive that it was possible he would provoke a sympathetic backlash for Ford—if the allegations about him were shown to be untrue or grossly overblown. But for the moment, the President gave the Democrats plenty to criticize:

- ▶ Ford's grasp of foreign policy and even his mere competence were called into question during his debate with Carter when he insisted that the Soviet Union does not dominate Eastern Europe.

- ▶ His ability to manage economic policy—and his hopes of going into the election with a nicely improving economy—were challenged by the news that in September wholesale prices jumped at about an 11% annual rate, the steepest rise in eleven months, and that unemployment declined only a hair, to 7.8% (see *ECONOMY & BUSINESS*).

- ▶ His leadership capacity was again being debated because of his hesitation in firing Agriculture Secretary Earl Butz for making an obscene, racist remark.

- ▶ His straight-arrow reputation

came under suspicion because of reports, confirmed by the White House, that in 1972 he had drawn on his political campaign funds to pay for clothing and plane tickets. The amounts were relatively small and, in the case of the plane tickets, quickly paid back to his campaign fund. But Ford had violated Congress's Code of Official Conduct, which states that "a member shall keep his campaign funds separate from his personal funds" and "shall expend no funds from his campaign account not attributable to

GRAND JURY WITNESS CALHOON



FATIGUED PRESIDENT FACES QUESTIONS FROM THE PRESS

bona fide campaign purpose." Such separations can be difficult and ambiguous, as any taxpayer knows who has dealt with (and perhaps fudged) the line between personal and business expenses.

Further, Watergate Special Prosecutor Charles Ruff, who is investigating Ford's use of his congressional campaign money, last week brought a witness to testify before a Washington grand jury. The witness was Jesse Calhoon, president of the National Marine Engineers Beneficial Association, one of the two maritime unions that contributed to Ford's campaign funds when he was a

Congressman but more recently broke with him.

Democrats were euphoric about the President's mounting political misfortunes. Crowded Carter's issues coordinator, Stuart Eizenstat: "If there is to be a turning point in this election, I think this week may very well have been just that." Carter has lately seemed more at

CBS NEWS



WALTER BENNETT

WATERGATE PROSECUTOR RUFF
Questions of probity.

Mr. Ruff acts wisely; abuse can still exist

"Accordingly, the matter has now been closed and counsel for the President has been so advised."

With that terse statement, Watergate Special Prosecutor Charles Ruff ended his investigation of allegations of abuses in President Ford's campaign financing as a congressman with the same understated dignity he displayed in conducting the three-month, potentially explosive probe.

When Mr. Ruff, a former college law professor, became the fourth

Messrs. Kelley and Levi determined the allegations warranted further investigation, the case was given to Special Prosecutor Ruff within three days.

Once Mr. Ruff's investigators started interviewing witnesses, the White House learned of the investigation. No inquiries were made to the Justice Department, however, to determine the nature of the allegations or the status of the investigation. Indeed, White House Counsel Philip

