

The original documents are located in Box 37, folder “Personnel - Conflict of Interest: C ” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Some items in this folder were not digitized because it contains copyrighted materials. Please contact the Gerald R. Ford Presidential Library for access to these materials.

THE WHITE HOUSE
WASHINGTON

July 25, 1975

MEMORANDUM FOR: PHIL BUCHEN
FROM: KEN LAZARUS *kl*

You asked for a report regarding allegations that the office of Governor (then-Congressman) Hugh Carey urged the Federal Energy Administration to grant an oil export license to his brother, Ed Carey. Attached for your information is a newspaper article dated June 25 at Tab A.

The General Counsel of FEA informs me (see letter dated July 21 at Tab B) that FEA has conducted an internal investigation of these allegations. Further, the Department of Justice became involved in the matter at the request of Governor Carey and FEA promptly turned over to Justice the tentative results of its investigation. The Department of Justice intends to pursue the investigation further.

It should also be noted that FEA has provided Congressman John Moss and his subcommittee with information concerning its internal investigation.

Lastly, an article in today's New York Times (Tab C) points to a further development in this matter.

No further action by this office would appear to be necessary.



*Carey, Ed
Buchen
has seen
pls file - no further
action
me c.*

TAB
A



OIL CALLS LINKED TO CAREY'S OFFICE

Calls on Oil Deal Linked to Carey Office

Ex-U.S. Aide Cites Repeated Efforts for Deal Involving the Governor's Brother

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, June 25 — The Federal Energy Administration was told by one of its former officials today that repeated efforts were made by the office of Governor Carey, while he was serving in the House of Representatives, to intervene to obtain a Federal license in an oil deal involving his brother, Edward M. Carey.

The former aide said that between December, 1973, and March, 1974, his office had received six to eight telephone calls from members of Mr. Carey's Congressional office on behalf of the licensing. The former aide said that he had received two of the calls himself, and that the remainder had been received by his colleagues.

The New York Times learned of the alleged intervention from an official in the Federal Energy Administration, which is conducting an investigation of charges that political pressures were exerted to obtain the licenses. The Times then interviewed the former official, who, like the present official,

Continued on Page 70, Column 6

Continued From Page 1, Col. 4 declined to be named.

"The only reason that it stands out was that it wasn't the normal constituent problem," the former aide said.

The normal requests from Congressmen, he said, were for fuel for filling stations, factories, trucks, barges and other industrial purposes in the United States. In this case, however, it was a request to license the exporting of oil from the United States to the Bahamas.

In a related development, the Times also has received information from a petroleum industry source that Edward M. Carey has had difficulty meeting payments on his Bahamas refinery, and that he was especially hard-pressed in early 1974, when the oil deal was made.

"He's had continuous financial difficulties," the source said. "So far, however, he's succeeded in making all his payments."

Mr. Carey, asked to comment, said that he had met all payments to the E.N.I. group, an Italian conglomerate that built and financed the Bahamas refinery. He said that he was not especially hard-pressed in early 1974, and said that contrary reports "just are not true."

Governor Carey, asked at a news conference yesterday whether members of his staff had intervened on behalf of the licenses in the oil deal, replied that he had no such knowledge.

"Knowing my staff as I do, I don't believe any one of them would have done that without asking me," the Governor said.

Nevertheless, the former Federal Energy Administration aide, who was not among the three interviewed by the Cox newspapers, which first published the story, said that he distinctly remembered the calls because they were requests to ship oil out of the country, rather than into a Congressional district.

"They said, 'Listen, we've got a problem,'" the former aide recalled. "They said, 'we want to get some help on some licenses.'"

"They got a cold shoulder simply because we were so disorganized," the former aide said. "It was not for any other reasons."

"Finally we said, 'you're just going to have to go to [the Department of] Commerce,'" the former aide recalled.

Governor Carey said today that "my formal request yesterday to the Attorney General for a full investigation was for the very purpose of ending speculation by unnamed sources."

Regulation Cited

Meanwhile, officials of the Federal Export Administration and the Commerce Department, which approved and issued the licenses, respectively, agreed that a regulation issued last April was aimed specifically at preventing future oil deals between Mr. Carey and Bart B. Chamberlain, an Alabama oilman who shipped his crude oil to a Bahamas refinery jointly owned by Mr. Carey and Standard Oil of California.

The refined oil was then sold to Mr. Carey's New England Petroleum Corporation (NEPCO). The oil, frozen domestically at \$5.10 a barrel, was sold to the refinery at an average price of \$13.51 and then sold in New York at prices of up to \$23 a barrel.

"We wanted to preclude the granting of any further licenses on those terms," said Raueur H. Meyer, director of the Office of Export Administration.

The regulation came the day after his administration had granted Mr. Chamberlain his fourth export license. The licenses were issued on Dec. 26, 1973; Jan. 2, 1974; Feb. 26, 1974, and April 14, 1974. An application for a fifth license, March 20, 1975, was rejected.

The regulation provides that oil can be exported only after "the exporter has made reasonable efforts to dispose of this crude oil domestically and due to particular circumstances beyond his control, such oil cannot be disposed of domestically without his incurring substan-

tial economic hardship. A mere showing that there is an opportunity to sell at a higher price in a foreign market shall not be deemed, by itself, to constitute an economic hardship."

Gorman C. Smith, F.E.A.'s assistant administrator of regulatory programs, contended that the fifth license, to export 150,000 barrels of oil, "could have serious adverse economic consequences."

"F.E.A. believes that a strict export-control program is absolutely essential so long as Congress continues to require price and allocation controls." Mrs. Smith said in a letter to Milton H. Dobbin, the Department of Commerce's assistant secretary for domestic and international business.



TAB
B



FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

JUL 21 1975

Mr. Ken Lazarus
The White House
Washington, D.C.

Dear Mr. Lazarus:

This is in response to your note of July 15, 1975 asking for my comments on what the FEA has done in response to the allegations that the office of Governor (then-Congressman) Hugh Carey of New York called the Federal Energy Office on behalf of his brother, Ed Carey, the president of New England Petroleum Company, urging the granting of an oil export license.

When news stories involving this matter first appeared, Frank Zarb ordered an internal FEA investigation to determine whether in fact Governor Carey's office had contacted the FEO and whether there had been any impropriety on the part of Governor Carey or any FEO official. Shortly thereafter, Governor Carey asked the Attorney General to conduct an investigation into the matter, which the Attorney General agreed to do. At about the same time, Congressman John E. Moss also announced that he intended to open an inquiry into the matter.

When the Justice Department became involved, we promptly turned over to it the tentative results of our investigation. We have also provided some information to Congressman Moss in response to his inquiries. Copies of our correspondence with both the Department of Justice and Congressman Moss are enclosed.

The Department of Justice apparently intends to pursue the investigation further. We are in close contact with the Department and will continue to provide it with the assistance it needs. We also intend to be as cooperative as possible with Congressman Moss' Subcommittee, subject, of course, to limitations imposed upon us by the Department of Justice because of its ongoing investigation.

If there is any additional information I can provide you, please let me know.

Sincerely,
(Signed) Robert E. Montgomery, Jr.

Robert E. Montgomery, Jr.
General Counsel

Enclosures



July 8, 1975

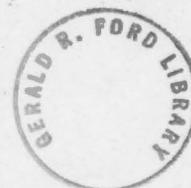
G. Allen Carver
General Crimes Section
Criminal Division
Department of Justice
Washington, D.C. 20530

Dear Allen:

This is to confirm the understanding reached at the meeting in your office on July 7, 1975 concerning the roles of our respective agencies in the continued investigations involving the Citronelle-Mobile Gathering Corporation, New England Petroleum Company ("NEPCO") and others.

The FEA plans to continue its current audits of the crude oil companies owned or controlled by Mr. Bart Chamberlain and of NEPCO to determine whether there have been any violations of FEA pricing or allocation regulations. We will have the audit teams in each case contact Rudy Giuliani and Jeffrey Harris of the U.S. Attorney's office in New York for the purpose of coordinating our respective investigations. We understand that Messrs. Giuliani and Harris will provide the Chamberlain audit team with copies of their notes on their interview with Mr. Chamberlain and the documents obtained as a result of the subpoena served on him. We also understand that both audit teams will be provided with a list of issues of concern to the Department of Justice and specific areas of inquiry in order that the audit teams can provide as much assistance to the U.S. Attorney's office as possible.

With respect to the possible involvement of Senator Sparkman and Governor Carey in the granting of export licenses to Mr. Chamberlain, we have, as you know, provided you with copies of all evidence gathered within FEA with respect to that matter, and we have agreed to provide you immediately with any additional evidence discovered by us. We further understand that any further inquiry with respect to this issue will be conducted by the Department of Justice, with whatever assistance and cooperation from the FEA as you might require.



Finally, we have agreed to provide the U.S. Attorney's office in New York with as much assistance in the interpretation of FEA regulations as possible. Carl Corrallo of my staff, who is knowledgeable in this area, will arrange to meet with Messrs. Giuliani and Harris in New York next week. In addition, we are providing them with various FEA memoranda, interpretations and other documents that relate to the issues raised.

As you know, we are anxious to coordinate with and assist you in these matters to the maximum extent possible. If there is anything further we can do to facilitate our respective inquiries, please call me at 961-8301.

Sincerely,

(Signed) Douglas G. Robinson

Douglas G. Robinson
Deputy General Counsel

cc: Rudolph W. Giuliani

bcc: Frank G. Zarb
John Hill
Robert E. Montgomery, Jr.
Gorman C. Smith
Avrom Landesman
Carl Corrallo



July 2, 1975

John C. Keeney
Acting Assistant Attorney General
Criminal Division
Department of Justice
Room 2107
Washington, D.C. 20530

Dear Jack:

Enclosed please find two additional documents which might be of interest to you in your investigation of the Citmoco-BORCO-NEPCO matter.

Sincerely,

(Signed) Douglas G. Robinson

Douglas G. Robinson
Deputy General Counsel

Enclosures



June 30, 1975

John C. Keeney, Esquire
Acting Assistant Attorney General
Criminal Division
Department of Justice
Room 2107
Washington, D.C. 20530

Dear Jack:

Pursuant to our telephone conversation of this afternoon, please find enclosed:

(1) A report to Frank Zarb on the results to date of an internal FEA investigation of the Federal Energy Office's involvement in the granting of export licenses for crude oil produced by Citronelle-Mobile Gathering Corporation ("Citmoco") in Alabama and sold to a New England Petroleum Company affiliate for refining in the Bahamas and resale as residual oil on the East Coast.

(2) A draft memorandum prepared on April 25, 1974 by Chris Kirtz, an attorney in the General Counsel's office, which deals with a limited aspect of the transaction. (This draft memorandum should not be treated as an authoritative interpretation of FEA regulations; it is possibly inaccurate in some respects.) In a brief search of our files, we have been unable to determine whether there was any follow-through on this memorandum.

(3) A memorandum I prepared for the file on a meeting we had last Saturday with a former FEO employee, John Venners.

In view of the fact that the Attorney General has referred to the Criminal Division the investigation of this matter to determine whether or not there were any violations of criminal law, particularly on the part of New England Petroleum Company or Governor Carey, we have decided that it would be an unnecessary duplication of effort for us to continue our own internal investigation. Therefore, we are deferring to the Department of Justice's investigation, and will offer you our full cooperation and assistance in that



project. You might want to initiate your investigation by contacting Mr. Thomas Hinkel, who has been in charge of the FEA's internal investigation, at 2000 M Street, N.W., Room 6128J, telephone 254-3927.

You should also be advised that the FEA's Office of Compliance is today initiating a complete and thorough audit of Citmoco to determine whether that company violated the FEA's crude oil pricing or allocation regulations at any time during the Arab embargo (November 1973-April 1974). We intend to pursue our routine administrative investigation of this company until completed, unless we receive contrary advice from the Department of Justice or unless evidence of criminal conduct is discovered, in which event we will cease our own investigation and turn the matter over to the Department of Justice.

Please let me know if there is anything further we can do to assist you in this matter.

Sincerely,

(Signed) Douglas G. Robinson

Douglas G. Robinson
Deputy General Counsel

Enclosures

cc: Frank G. Zarb

bcc: Robert E. Montgomery, Jr.
Gorman C. Smith
Fred Stuckwisch
Thomas Hinkel



JOHN E. MOSS, CALIF., CHAIRMAN
RICHARD L. OTTINGER, N.Y.
ROBERT (BOB) KRUEGER, TEX.
ANTHONY TOBY MOFFETT, CONN.
JIM SANTINI, NEV.
W. S. (BILL) STUCKEY, GA.
JAMES H. SCHEUER, N.Y.
HENRY A. WAXMAN, CALIF.
PHILIP R. SHARP, IND.
ANDREW MAGUIRE, N.J.
HARLEY O. STAGGERS, W. VA.
(EX OFFICIO)

JAMES M. COLLINS, TEX.
NORMAN F. LENT, N.Y.
EDWARD R. MADIGAN, ILL.
MATTHEW J. RINALDO, N.J.
SAMUEL L. DEVINE, OHIO
(EX OFFICIO)

MICHAEL R. LEMOV
CHIEF COUNSEL

ROOM 2323
RAYBURN HOUSE OFFICE BUILDING
PHONE (202) 225-4441



255

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
WASHINGTON, D.C. 20515

June 23, 1975

Honorable Frank G. Zarb
Administrator
Federal Energy Administration
Washington, D. C. 20461

Dear Mr. Zarb:

The Washington Post has recently reported that the Office of Export Administration, in December, 1973 and January and February, 1974, granted licenses to Mr. Bart Chamberlain permitting the export of domestic crude oil to a Bahamas refinery at inflated prices. The Post story also refers to an inquiry made by the Federal Energy Office into the granting of those licenses and the subsequent exporting of crude oil to the Bahamas.

It is requested that you submit to the Subcommittee on Oversight and Investigations a full report on this matter. In addition to any other information that you may have, it is requested that you provide answers to the following questions:

- (a) Would the granting of licenses by the Office of Export Administration permit the sale of domestic crude oil to offshore refineries at prices in excess of the ceiling prices applicable to sales of crude oil for processing at domestic refineries?
- (b) Did the FEO (or FEA) conduct an investigation into the matter described above?

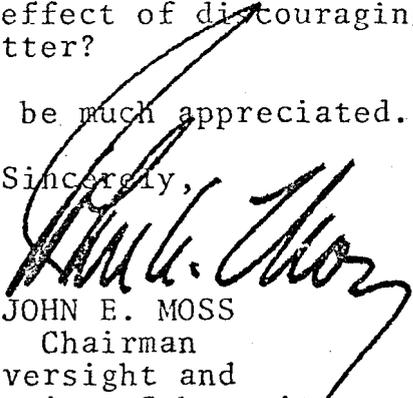


Honorable Frank G. Zarb
June 23, 1975
Page 2

- (c) What conclusions and actions resulted from that investigation?
- (d) What FEO (or FEA) employees worked on that investigation?
- (e) What persons outside the FEO contacted FEO officials with the purpose or effect of discouraging further inquiry into this matter?

Your prompt response will be much appreciated.

Sincerely,



JOHN E. MOSS
Chairman

Oversight and
Investigations Subcommittee

JEM:dsh



JUL 10 1975

Honorable John E. Moss
Chairman, Subcommittee on Oversight
and Investigations
Committee on Interstate and Foreign
Commerce
2323 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your letter of June 23, 1975 requesting a report on the FEA's inquiry into the granting of export licenses to a Mr. Bart Chamberlain, which licenses had the effect of permitting the export of domestic, price-controlled crude oil to a Bahamas refinery at uncontrolled prices.

When the first news stories on this matter appeared, I directed Gorman C. Smith, Assistant Administrator for Regulatory Programs, to conduct an inquiry into the matter to determine: (1) whether, and the extent to which, Senator John Sparkman and former Representative Hugh Carey (now Governor of New York) had contacted what was then the Federal Energy Office ("FEO") in connection with the granting of export licenses to Mr. Chamberlain or companies owned by him; (2) the extent of the FEO's involvement in the granting of those licenses; and (3) whether there exist any lingering compliance issues or problems with our regulations or procedures which require current corrective action by the FEA. This internal FEA inquiry was undertaken principally to provide me with sufficient relevant facts to determine what, if any, additional action might be appropriate on FEA's part.

Our inquiry involved only interviewing current FEA and a limited number of former FEA or FEO personnel to determine the facts of their involvement in this matter, and searching our files for documents that might be relevant to this matter.

OGC

DGRobinson:lb:rm5120:x8301:005256

7/7/75



The information obtained through this inquiry was turned over to the Department of Justice last week, and we have met with representatives of the Criminal Division of the Department of Justice and the U.S. Attorney's office for the Southern District of New York to determine whether there is any other way that we can assist them in this inquiry.

Since the investigation is now fully under the control of the Department of Justice, we felt compelled to seek the Department's concurrence on the release to your Subcommittee of the documents gathered in our own internal investigation and turned over to it. The Department has asked for the opportunity to review these documents before their release, and it is currently doing so. Upon completion of this review we will promptly supplement this response to your request.

We are also conducting ongoing administrative audits of both the New England Petroleum Company and Mr. Chamberlain's crude oil producing companies to determine whether there have been price and/or allocation regulation violations. Those investigations are also being closely coordinated with the Department of Justice. Once those investigations have been concluded, we will provide the results to your Subcommittee.

In order to allay any concern you might have that the FEA is not providing to your Subcommittee information that it has provided to the press, I should indicate that we have attempted to keep the results of our inquiry confidential. While some current FEA personnel in the first few days of the inquiry granted limited interviews to the press concerning this matter, we have subsequently notified all employees involved that they are no longer to discuss it publicly while it is the subject of a Justice Department investigation. Moreover, to the best of our knowledge no current FEA employee was the source of recent newspaper accounts purportedly describing the contents of internal FEA memoranda. Most of the information appearing in such stories was apparently obtained from former FEA or FEO officials, over whom, of course, we have no control.

You have my continued commitment to be as open as possible with your Subcommittee. We will gladly provide you with information that does not directly relate to the Justice



Department's investigation. We consider some of the information specifically requested in your letter of June 23 to fall in this latter category, and therefore answers to those specific requests are enclosed.

Sincerely,

Frank G. Zarb
Administrator

Enclosure

Note: This letter has also received the concurrence of the Department of Justice per G. Allen Carver, Criminal Division, 7/9/75.

bcc: Signer/Exec. Comm.
Cong. Affairs
D. Robinson



INFORMATION REQUESTED BY
THE HONORABLE JOHN E. MOSS
ON JUNE 23, 1975

(a) Information Requested:

"Would the granting of licenses by the Office of Export Administration permit the sale of domestic crude oil to off-shore refineries at prices in excess of the ceiling prices applicable to sales of crude oil for processing at domestic refineries?"

Answer:

Crude oil can be exported only pursuant to a valid export license. The FEA regulations have always provided that crude oil (or any refined product) sold for export is exempt from both FEA's allocation and pricing regulations. 10 C.F.R. §§ 211.1(b)(1), 212.53(a). Therefore, assuming there are no other factors bearing on the issue, the sale of crude oil by a U.S. producer to a foreign refiner for export pursuant to a validly issued export license is exempt from U.S. price controls and can occur at whatever price the parties agree upon.

However, the issue may be complicated by other factors. For example, 10 C.F.R. § 211.63(a) provides that a supplier/purchaser relationship for the sale of non-stripper well crude oil that was in effect on December 1, 1973 must be maintained unless it terminated by mutual consent of the parties or unless the December 1 purchaser is given the opportunity to meet a higher lawful price offered by another purchaser. The argument has been made that the export exemption of § 211.1(b)(1) allows a producer that was a party to a December 1 relationship covered by § 211.63(a) unilaterally to terminate that relationship by selling the oil for export. There might also be some question as to whether 10 C.F.R. § 210.62(c), which prohibits "[a]ny practice which constitutes a means to obtain a price higher than is permitted by the regulations," can be used to prevent an exporter from selling oil for export at market prices if the refined product will be imported back into the United States. The FEA currently has these issues under consideration.



(b) Information Requested:

"Did the FEO (or FEA) conduct an investigation into the matter described above?"

Answer:

Yes. An investigation was conducted in early 1974 of both NEPCO's pricing and the sale by Citronelle-Mobile Gathering Corp. ("Citmoco"), a company owned by Mr. Bart Chamberlain, of crude oil to a Bahamas refinery. More recently, the FEA has reopened investigations into these two areas, as well as a limited internal investigation into the extent to which the Office of Export Administration was influenced by Senator Sparkman, Governor Carey or others.

(c) Information Requested:

"What conclusions and actions resulted from that investigation?"

Answer:

The IRS inquiry into Citmoco's transactions reached no conclusions. Inquiries were made of Mr. Chamberlain in April 1974 that were inconclusive. The matter has been reopened under the FEA's producer audit program.

The FEO's Region II office turned its audit of NEPCO over to the United States Attorney for the Southern District of New York in February or March of 1974. No action has yet resulted from the U.S. Attorney's investigation, although it has recently been reopened. The FEA's Region II office is also conducting a renewed audit of NEPCO's pricing practices.

As indicated in Mr. Zarb's letter, information obtained in the FEA's limited internal inquiry has been turned over to the Department of Justice, which now has full responsibility for the investigation.



(d) Information Requested:

"What FEO (or FEA) employees worked on that investigation?"

Answer:

At the time of the initial investigation into Mr. Chamberlain's transactions, the FEO's audits were conducted by the Internal Revenue Service. Robert F. Gossin of the FEO's Office of Policy, Planning and Regulation recommended that an investigation be conducted, and the Director of that office, Charles Owens, directed that the investigation be commenced. The actual investigation, which apparently consisted only of an interview of Mr. Chamberlain, was conducted by a Harry C. Evans of the IRS's Birmingham, Alabama, office.

The NEPCO matter was referred to the U.S. Attorney by Gerald Turetsky, who was at that time the FEO's Regional Administrator in New York and is currently the Regional Administrator for GSA in New York.

The employees principally involved in the FEA's recent internal inquiry were Gorman C. Smith, Assistant Administrator for Regulatory Programs; John Vernon, Deputy Assistant Administrator for Regulatory Programs; and Thomas Hinkel, Office of Regulatory Programs.

(e) Information Requested:

"What persons outside the FEO contacted FEO officials with the purpose or effect of discouraging further inquiry into this matter?"

Answer:

To our knowledge, no person outside the FEO contacted FEO officials with the purpose or effect of discouraging further inquiry into either Citmoco or NEPCO or of influencing the granting of an export license to Citmoco. Similarly, no person outside the FEA has contacted it with the purpose or effect of discouraging the FEA's recent inquiries.



JOHN E. MOSS, CALIF., CHAIRMAN
RICHARD L. OTTINGER, N.Y.
RONALD PT (PO) KIRKPATRICK, TEX.
ANTHONY TONY MOFFETTY, CONN.
JIM SANTINI, ILL.
W. S. (BILL) STUCKEY, GA.
JAMES M. TOLSON, N.Y.
HENRY A. WAXMAN, CALIF.
PHILIP R. CHARP, IND.
ANDREW MAGUIRE, N.J.
HARLEY O. STARGERIS, W. VA.
(EX OFFICIO)

JAMES M. COLLINS, TEX.
NORMAN R. LINT, N.Y.
EDWARD R. MADIGAN, ILL.
MATTHEW J. DIPIALDO, N.J.
SAMUEL L. DIVINE, OHIO
(EX OFFICIO)

ROOM 2223
RAYBURN HOUSE OFFICE BUILDING
PHONE (202) 225-4451

MICHAEL R. LEMOV
CHIEF COUNSEL
J. THOMAS GREENE
COUNSEL TO THE CHAIRMAN

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
WASHINGTON, D.C. 20515

July 14, 1975

Honorable Frank G. Zarb
Administrator
Federal Energy Administration
Washington, D. C. 20461

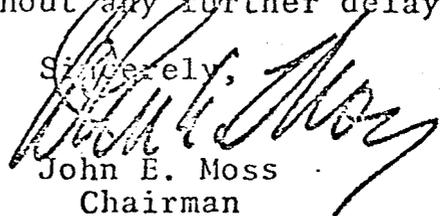
Dear Mr. Zarb:

I have received your letter of July 10, 1975, in response to my request for documents in the matter involving the granting of export oil licenses to Mr. Bart Chamberlain and am deeply concerned about the position you have chosen to take.

As you are aware, the Subcommittee on Oversight and Investigations of the House Committee on Interstate and Foreign Commerce under the mandates of Rule X of the House of Representatives has the oversight responsibility for the activities of your agency. In order to comply with this we need your full cooperation which has not been received on my request of June 23, 1975.

In order to avoid any misunderstanding concerning the scope of this request you are advised that the Subcommittee must be furnished any and all documents relating in any way to the application for and subsequent granting of export licenses to Citmoco, Inc. and any investigations relating thereto in the possession of the Federal Energy Administration. These should include but not be limited to memoranda, correspondence, tapes, notes of personal or telephonic contacts and investigative reports.

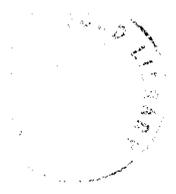
Be assured that all of the information advanced by you has been carefully considered. Notwithstanding your desires on this matter, I assure you this Subcommittee must now have the documents requested and will expect your full cooperation ensuring that the documents are received by us without any further delay.

Sincerely,


John E. Moss
Chairman
Subcommittee on
Oversight and Investigations

JEM:amw

BY HAND



18 JUL 1975

Honorable John E. Moss
Chairman, Subcommittee on Oversight
and Investigations
Committee on Interstate & Foreign Commerce
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your letter of July 14, 1975 regarding the Citmoco export license matter.

My letter to you of July 10, 1975 noted that the Department of Justice requested an opportunity to review those documents that we provided to it in connection with the Citmoco export license matter before we made such documents available to your Subcommittee. In view of the fact that such documents bore directly on the Department's ongoing investigation into this matter and that the investigation could conceivably result in criminal prosecutions, I granted the request. I assure you, however, that I did so reluctantly, in view of the personal commitment I have expressed to you on several occasions that we will also cooperate to the fullest extent possible with your Subcommittee.

Upon receipt of your letter of July 14, 1975, we contacted the Department of Justice to request again that it complete its review of the documents as promptly as possible. The Department at that time expressly instructed us not to release the documents to you, but instead requested that we ask your staff counsel contact one of the two attorneys in the office of the United States Attorney for the Southern District of New York directly responsible for the investigation. They are Rudolph W. Giuliani, Executive Assistant U.S. Attorney, telephone (212) 791-0060, and Mr. Jeffrey Harris, Assistant U.S. Attorney, telephone (212) 791-0073. They have indicated a willingness to discuss with your staff the release of the documents under terms that would not result in prejudice to future litigation.

OGC

DGRobinson:lb:rm5120:x8301

7/18/75



I hope you will appreciate the difficult position into which we have been placed because of our desire to cooperate fully with both your Subcommittee's and the Department of Justice's investigations. Please let me know if there is anything further I can do to help resolve this matter.

Sincerely,

Frank G. Zarb
Administrator

bcc: Signer/Exec. Comm. (2)
Cong. Affairs
D. Robinson



TAB
C



LEVI MAY BLOCK CAREY OIL PAPERS

Inclined Against Honoring
Governor's Bid for Release

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, July 24—Attorney General Edward H. Levi indicated today that he was

said the
Joseph A.

The case
al export
the oil cri
early 1974
Chamberla
man, sold
barrels of
Bahamian
of oil was
at \$5.10 a
sold on ex
of \$13.51 a

At the
intervention
Carey re

THE WHITE HOUSE
WASHINGTON

Pass on to Ken Lazarus
for his handling.

T.



THE WHITE HOUSE
WASHINGTON

June 28, 1975

MEMORANDUM FOR: PHILIP BUCHEN
FROM: RODERICK HILLS RH

Do you believe we should have somebody on our staff (Lazarus) see what the FEA is doing about the attached matter? You may have seen the news report which complains that the FEA was investigating itself.



OIL CALLS LINKED TO CAREY'S OFFICE

Ex-U.S. Aide Cites Repeated
Efforts for Deal Involving
the Governor's Brother

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, June 25 —

The Federal Energy Adminis-

THE WHITE HOUSE

1/10/75

TO: Phil Buchen

FROM: Bill Casselman

*Noted
P.*

Information XXX

Action:

As appropriate _____

See me _____

Prepare reply _____

Concur and return _____

Childs
David

JAN 10 1975

MEMORANDUM FOR THE HONORABLE WILLIAM E. CASSELMAN II
Counsel to the President

Re: Possible Conflict of Interest Problems -- the
Appointment of David W. Childs as Chairman of the
National Capital Planning Commission

This responds to your memorandum of December 14 requesting our assistance concerning the conflict of interest aspects involved in Mr. Childs' proposed appointment as Chairman of the National Capital Planning Commission (NCPG).

The Commission, composed of 13 members, is the statutory central planning agency for the Federal and District Governments in the National Capital. 40 U.S.C. 71a(a). It appears to be an executive branch agency. Of the members, eight are designated individuals holding Government office, serving ex officio.*/ 40 U.S.C. 71a(b)(1). There are five public members appointed by the President. 40 U.S.C. 71a(b)(2). The Chairman of the Commission, designated by the President, receives no compensation as such but is paid a per diem in lieu of subsistence and is entitled to travel reimbursement. 40 U.S.C. 71(a)(b)(2). Presumably, the Chairman will serve fewer than 130 days during any period of 365 consecutive days. Accordingly, he would be a special Government employee as defined by 18 U.S.C. 202(a) of the conflict of interest statute.

Mr. Childs is associated as a partner with Skidmore, Owings and Merrill, a firm engaged in architectural engineering and urban design work in Washington, D.C. The firm has a limited number of Federal contracts described in Mr. Childs' letter of November 16, 1974, to Mr. Buckels, attached to your memorandum. He states that where a Commissioner is "involved" (presumably in a financial way) with a project before the NCPG, he "steps aside from that particular decision," and he is prepared to "follow that practice when necessary."

Clearly, Mr. Childs' association with Skidmore, Owings and Merrill does not constitute a legal bar to his appointment

*/ Some of the ex officio members are Members of Congress.



as Chairman of NCPC. Indeed, the Act establishing the Commission contemplates that its public members shall be eminent citizens "well qualified and experienced in city or regional planning." 40 U.S.C. 71a(b)(2). There are two provisions of the conflict of interest statute that may come into play--sections 208(a) and 207(c).

1. Section 208(a).

Section 208(a) prohibits an officer or employee of the executive branch, including a special Government employee, from participating "personally and substantially as a Government officer or employee" in particular matters in which he or an organization in which he is a partner has a financial interest.

Section 208(a) would require Mr. Childs to disqualify himself from participating in any particular NCPC matter involving his firm's financial interest (such as payment for services, review and approval of work performed by the firm or its contractors on a contract, etc.). Apparently Mr. Childs is aware of this requirement.

2. Section 207(c).

Section 207(c) relates to individuals outside the Government who are partners of someone serving in the executive branch, including a special Government employee. This provision prohibits the outside partners from acting as attorney or agent for anyone other than the United States in particular matters in which their Government partner is participating or has participated, or which are the subject of the latter's official responsibility. It would bar Mr. Childs' firm from acting as an agent for its clients before the NCPC.

In the event that doubtful situations arise in the future involving Mr. Childs' work with the NCPC, we will be glad to be of further assistance.

Antonin Scalia
Assistant Attorney General
Office of Legal Counsel

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

WITHDRAWAL ID 01460

REASON FOR WITHDRAWAL Donor restriction
TYPE OF MATERIAL Memo(s)
CREATOR'S NAME Buchen, Philip
RECEIVER'S NAME Marsh, Jack
DESCRIPTION Charles Collatos and the Selective
Service Appeals Board.
CREATION DATE 12/06/1975
COLLECTION/SERIES/FOLDER ID . 001900423
COLLECTION TITLE Philip W. Buchen Files
BOX NUMBER 37
FOLDER TITLE Personnel - Conflict of Interest, A-G
DATE WITHDRAWN 08/24/1988
WITHDRAWING ARCHIVIST LET

THE WHITE HOUSE
WASHINGTON

July 1, 1976

*Crutchfield
Charles
Confidential*

MEMORANDUM FOR:

DOUGLAS BENNETT

FROM:

PHILIP BUCHEN *P.*

SUBJECT:

Charles Crutchfield to be a
Member, Board of Directors,
Corporation of Public Broad-
casting

We have concluded our review of the Personal Data Statement made by Mr. Crutchfield. These responses reveal attitudes and actions on his part which are likely to cause controversy during the confirmaton process. Among them are:

1. A speech he made on August 11, 1972, in Atlanta, Ga., which was printed and circulated by the Georgia Association of Broadcasters. The title of the speech was "A Commitment to Balanced News" in which the speaker cited a personal incident where he had made ad lib comments while meeting with North Carolina legislators to support retention of State laws that permitted cities like Charlotte to annex additional areas. His report of that incident is:

"I commented that 'Blacks are not -- at this time -- mentally or economically qualified to run a city the size of Charlotte.' This was an unfortunate choice of words. I should not have used the word 'mentally qualified'. The meaning I was trying to convey was that, general speaking, blacks do not -- at this time -- possess the education and experience necessary to administer a large city."

His point in using this example was that he had been unfairly treated by the news media for having used an ill-considered phrase, but the fact that he did use it will undoubtedly come up in the hearings.



2. Also, in another speech delivered March 26, 1970, he very much defended the attacks by Spiro Agnew on the media.
3. Mr. Crutchfield was active in trying to ban non-communists from speaking at tax-supported colleges in the State of North Carolina.
4. The proposed nominee also has publicly criticized the networks for permitting programs to be aired in which blasphemy was used such as one episode of the "All in the Family" series.

In the aftermath of the refusal of the Senate to accept the nomination of Joseph Coors, we are likely to face efforts by liberal Senators to characterize Mr. Crutchfield as equally objectionable, and I think it necessary that you be aware of this likelihood and the types of evidence which will be available to the Senate Committee.

