

The original documents are located in Box 16, folder “Nixon, Richard - General (2)” of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

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January 13, 1975

NIXON EXPENSES

Q: Can you provide a breakdown of expenses from November seventh (the date of the Brooks letter) to the present?

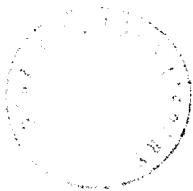
A: We don't have those figures compiled. But perhaps OMB will prepare a report, probably at the close of the transition period--February ninth.

Q: What are the legal grounds for operating Key Biscayne and why did it cost so much?

A: When former President Nixon was in office there was no limit on the number of residences a President could have outside the White House. Wherever the former President went, the GSA had to set up a support operation for the President. When the President resigned suddenly on August ninth, there was a certain phasing out that had to take place and it did cost money. The houses at Key Biscayne were leased until December thirty-first and we had to continue to pay on that lease. In addition, I understand there were petitions inside the homes that had to be removed before they could be returned to their owners and other things like wiring that had to be removed.

Q: Why did it cost \$8,440 to get the former President out to Jefferson City, Missouri, the point where he officially ceased to be President?

A: This cost was tabulated very carefully by the military. It was based on the number of minutes of flying time from Jefferson City to El Toro Marine Air Station. Then, on the return flight, the military added the cost that would have been charged to bring the plane back to the Jefferson City area. In other words, the time when Nixon was still President was paid for as a Presidential mission. The leg of the flight when he had ceased to be President was paid for by the Department of Defense on orders from President Ford. None of this comes out of Transition Funds.



Q: What law provides briefings for the former President?

A: Executive Order 11456, signed by former President Nixon on February 14, 1969 (for the benefit of former President Johnson), provides that a Special Assistant to the President for former Presidents be appointed. (There is no such Special Assistant now.) His duties will be "to open channels of communications to all living former Presidents." It further provides that the former Presidents "shall be kept abreast of principle international and domestic matters."

Q: Are briefings still going out to former President Nixon?

A; Yes. Every 7 to 10 days.

January 10, 1975

NIXON/ANDERSON COLUMN

Q: Jack Anderson has charged that President Nixon has already overspent his transition money by \$167,000. What have you got to say about it?

A: What Jack Anderson says in his column is not secret. These figures were made available to Congress several months ago. In fact, the figures contained in today's Anderson column were provided to Rep. Jack Brooks' Government Activities Subcommittee of the Committee on Government Operations in a letter dated November eighteenth (copy attached). ~~In addition, GAO is conducting a study of the transition costs and the President is cooperating fully in providing all of this information.~~

~~and the President is cooperating fully in providing all of this information.~~

It is interesting to note that of the \$367,000 total expenditure (through November 7, 1974) mentioned in the Anderson column, much of this does not come out of the funds appropriated for the transition. So, in reality, there is no cost "overrun" as charged by Jack Anderson.

Q: Can we have a copy of the Brooks' letter?

A: I have a copy here. However, in keeping with our policy, I would not want to release a copy of a letter without the consent of the addressee. You might check with the Congressman and see if he will make it available.

Q: Is it true that all this money has been spent on Nixon?

A: Let's take a look at the figures in the Anderson Column. \$107,000--salaries. These are funds which have been paid in salaries to detailees from the White House, the Department of Defense and other government agencies. The law clearly provides that detailees may be provided to former Presidents on a non-reimbursable basis. The new appropriations act, however, does set a limit of \$70,000 on these detailees and this ceiling applies from the signing

of the act on December 27 to the end of the transition period on February 9. This makes clear that Congress clearly recognizes the fact that they are detailees and they are there on a non-reimbursable basis. This money does not come out of transition.

\$47,000--living expenses. These are funds which have been paid in per diem at a rate not exceeding \$40 a day for detailees. This is recognized as an expense necessary for support of the detailees, and does not come out of transition.

\$2,419--miscellaneous travel. This again are funds paid for commercial flights from Washington (for the most part) to San Clemente and return for detailees. This is an expense necessary for support of detailees and does not come out of transition.

\$8,440--Nixon on Air Force One. This is the cost of the August 9 flight from Washington to San Clemente. However, it is interesting to note that this figure pertains only to that portion of the trip from Washington to Jefferson City, Missouri, when he ceased to be President, ~~and then~~ ~~the flight continued from Jefferson City to El Toro~~ Marine Air Station, California, near ~~San Clemente~~ San Clemente--Nixon didn't bail out--and the military continued flight under orders from President Ford and the cost was born by the military. This did not come out of Transition funds.

\$3,147--packing/moving. This is an estimate of the cost of Interior Department personnel who loaded the Nixon personal belongings in a van on the White House lawn. There was no actual money involved, but simply a cost estimate. However, there was about \$300 paid to a private vendor who owned the trucks and hauled the belongings to Andrews Air Force Base. Only the \$300 came out of Transition,

\$2,000--gasoline. This is an estimate of the costs of gasoline and oil for about a dozen vehicles that are at San Clemente. These were there when the former President

resigned under an arrangement with Chrysler Corporation and the agreement remained in effect until February 9. They are used by the detailees and are considered support of the detailees. They family does not use these vehicles. (FYI: This is a \$1 a year arrangement with Chrysler and this has been made public in the past. It now has been changed to around a \$600 a year lease arrangement.) This is not Transition.

\$9,172 --office supplies. This is a reasonable amount expended for office supplies. As you know, there were about a million pieces of mail out there and it required some expenditure to handle that and set up an office operation. This is Transition.

\$83,000--store, ~~create~~ Nixon papers. This is an estimate of the rental value of space where the former President's papers are stored at Suitland Records Center, the Archives in Washington and the Executive Office Building, where most of them are stored. As you know, the bulk of these have been under court order and the White House has been unable to move them anywhere and therefore, we were forced to store them. Now, we have the new Presidential Recordings and Materials Preservation Act, passed by Congress in its last session, and these are apparently now the property of the government. This is not Transition.

\$30,000--expenses. This apparently is a figure that includes about \$20,000 for three courier flights that went to San Clemente. In addition, there was about \$4,000 for personnel and operating costs for the DOD/White House Communications Agency at San Clemente and Key Biscayne. This is not Transition.

\$52,160--San Clemente. This is GSA cost of operating and maintaining facilities at San Clemente. The former Presidents Act says that the government shall maintain an office for former Presidents. There are three buildings on the Coast Guard property, adjacent to the former President's property. His offices are there as well as space for Secret Service, the military and other government agencies. This cost includes rental, utilities, the salaries of the building manager and other employees required for the upkeep. This is not Transition.

*Continues
after Feb 9.*

\$23,540--Key Biscayne. This again is the GSA cost of operating and maintaining facilities at Key Biscayne. The military and the staff rental houses adjacent to the Nixon property and these leases ran through December 31, 1974. So, again these are the expenses related to these properties. This, of course, has been closed out. This is not Transition.

\$367,878--Total.

FYI ONLY: Of this total, only \$10,072 had been charged to transition funds from August 9 through November 9. Through January 7, the aggregate total charged to transition funds was \$21,600.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

*File
San Clemente*

Honorable Jack Brooks
House of Representatives
Washington, D.C. 20515

Dear Congressman Brooks:

This refers to your October 11, 1974, letter to the President concerning public expenditures in connection with former President Nixon's transition from public to private life. I am sure you can appreciate that the suddenness of this unprecedented transition has resulted in many of the requirements for the transition period remaining highly uncertain.

The following information indicates the estimated costs incurred by Federal agencies for the 90-day period between August 9, 1974, and November 9, 1974. In addition to the categories outlined in your letter, we have added another classification for communications expenses. Where possible, we have indicated present plans concerning continuation or termination of these activities.

Costs Between 8/9/74 and
11/9/74 (in thousands)

A. Personnel details (all nonreimbursable) \$154

These costs cover the personnel compensation and benefits and per diem for 29 details made to former President Nixon. Of the total amount, salary costs are \$107,000.

The number of personnel detailed for Presidential transition has now been reduced to 17 details all of which will be terminated no later than February 9, 1975.

Costs Between 8/9/74 and
11/9/74 (in thousands)

B. Office facilities, supplies and equipment \$14

This amount includes \$9,172 for stationery, supplies, wire service and magazine subscriptions, and miscellaneous transition expenses; \$3,725 estimated value of Government office space used by the former President's personal secretary; and \$605 for lease of a room at Long Beach Memorial Hospital for press and staff.

Operating costs for facilities at Key Biscayne and San Clemente are included under categories G and H for Presidential protection and for maintenance services for real property. No equipment was purchased subsequent to August 9.

C. Travel and moving \$16

Includes \$8,440 for a portion of former President Nixon's flight to California on August 9 (after 12:00 noon); \$2,419 for commercial transportation for personnel details; an estimated \$2,000 for gasoline of DOD vehicle transportation at San Clemente; \$3,147 for packing and movement to Andrews Air Force base of personal Nixon belongings. Cost for air transport of these items to California is not included since they were loaded on flights already scheduled for movement to the west coast. Movement from El Toro Marine base to San Clemente was provided by military drivers detailed to the former President (Category A).

Costs Between 8/9/74 and
11/9/74 (in thousands)

D. Medical services and facilities

- 0 -

Former President Nixon has not used any military or other Government medical facilities since August 9. The costs for the one medical corpsman detailed to the former President are included in Category A. The room obtained by GSA for staff and press during Nixon's first hospitalization is included in Category B. No Government costs were incurred for the second hospitalization.

E. Legal assistance

- 0 -

No expenses have been incurred for legal assistance to former President Nixon.

F. Recreational facilities

- 0 -

Other than a few visits to a beach on Camp Pendleton, there has been no use of military recreation or other Government recreation facilities by former President Nixon or his family.

G. Protection

\$126

This account includes \$69,000 of personnel compensation, lease costs and other expenses incurred by the Coast Guard for Presidential protection requirements at Key Biscayne and San Clemente. It also includes \$56,756 for personnel and transmission costs relating to communications supporting Secret Service protection.

The direct U.S. Secret Service expenses related to protection of former President Nixon and his family are not included in these figures. Because of security considerations these figures should be obtained directly from the Secret Service.

Costs Between 8/9/74 and
11/9/74 (in thousands)

Coast Guard activities at Key Biscayne have been terminated and staffing at the Loran Station at San Mateo, California, has now been reduced to 1 officer and 4 enlisted men compared to 1 officer and 11 enlisted men prior to August 9. Most of the Secret Service personnel have been reassigned from Key Biscayne and all operations there will be terminated by December 22. Protection at San Clemente will be continued so long as former President Nixon or his wife are in residence there.

H. Maintenance Service for real property

\$76

This covers GSA costs of \$52,160 for maintaining and operating Federal facilities at San Clemente (excluding depreciation) and \$23,540 for Federal facilities at Key Biscayne exclusive of expenses paid by the Secret Service (see Category G). GSA plans to terminate Key Biscayne activities by December 31.

I. Storage costs

\$83

This amount includes the estimated 90-day rental value of Government-owned space used to store Presidential records and gifts in the Executive Office Building, National Archives Building, and the Suitland Federal Records Center. It involves principally personnel costs for screening and crating of materials.

Costs Between 8/9/74 and
11/9/74 (in thousands)

Future costs under this category will depend on resolution of pending court orders and determinations made concerning compliance with the Foreign Gifts and Decorations Act of 1966.

J. Courier Flights

\$20

Covers three Air Force courier flights from Washington, D.C., to San Clemente.

As of this date all further flights have been deferred.

K. Communications

\$4-

This amount covers personnel and operating costs for DOD/ White House Communications Agency operations at Key Biscayne and San Clemente as well as costs for commercial teletype services.

It does not include communications costs in support of Secret Service activities which are included under category G.

Operations and personnel (except for commercial telephone service) have been terminated at Key Biscayne.

The Department of State is presently consulting with counsel to Mr. Nixon regarding full compliance with the Foreign Gifts and Decorations Act of 1966. No determination has been made to request return of the office furniture authorized to be used by former President Nixon. I understand the Administrator of the General Services Administration has written to you on July 3, 1974, and indicated that the agency sees no basis for seeking restitution or taking other similar actions concerning any expenditure of Federal funds at San Clemente or Key Biscayne.

I hope the above information will be helpful to you and the Subcommittee on Government Activities. If any further detail is required, we will be happy to supply it.

Sincerely,

Roy L. Ash
Director

cc:

Courtesy

DO Records

Director's Chron

Director

Deputy Director

Mr. Marsh (WE) ✓

Mr. Ebner

Mr. Hagerty

Mr. Scott

Mr. Bray (2)

Return, Mr. Armbrust

EGGD:EAArmbrust:lkt:11/17/74

re-written:WDS:mkd 11/18/74

Q Yes. much is

MR. NESSEN: Let's take a moment for that, then, so I can familiarize myself with these figures.

Q Ron, without releasing the letter, can't you post those figures?

MR. NESSEN: I am going to give them right now.

Out of \$367,000, \$107,000 of it is salaries. These are salaries of people who have been detailed from either the White House, the Defense Department or other Government agencies, as the law provides. Under the previous law, there was no limit on the number of detailees that could be sent there.

There is a new Appropriations Act, which has now gone into effect as of December 27, which sets a limit of \$70,000 on salaries to detailees up through the end of the transition period, which is February 9. On February 9 all detailees to San Clemente cease.

\$47,000 living expenses. These funds have been paid on a per diem basis at a rate not exceeding \$40 a day for the detailees who have been legally detailed to San Clemente.

Q Is that for the detailees?

MR. NESSEN: Correct. That does not come out of the transition funds, and neither does the detailees' salaries.

\$2,419 miscellaneous travel.

Q Is there any further breakdown on that?

MR. NESSEN: These are funds paid for commercial flights from Washington to San Clemente and return for detailees. This expense is necessary to support the detailees and does not come out of the transition funds.

\$8,440 for former President Nixon's flight of August 9 from Washington to San Clemente. That covers the portion of the flight from Washington to a point near Jefferson City, Missouri, when he ceased to be President.

Q Do you mean it cost the Government \$8,000 to get this man from Washington to Jeff City?

MR. NESSEN: The remainder of the flight from Jefferson City to El Toro Marine Station was done under the orders of President Ford and the military is paying the cost of the remainder of the flight.

Q How much is that?

MR. NESSEN: I don't have the figure.

Q Is this \$8,400 chargeable to the transition? You didn't say.

MR. NESSEN: It is not because he was President of the United States at that point.

Q Ron, I don't understand the difference between the military paying it and the Government paying it.

MR. NESSEN: During the flight from (Washington to a point near Jefferson City, Missouri,) he was President of the United States and that portion of the flight is covered by that. The remainder of the flight was done under orders of President Ford and was charged to the military, and I don't have a figure on it. *\$8,400 portion*

\$3,147 packing and moving. This is an estimate of the cost of Interior Department personnel who loaded the Nixon's personal belongings in a van on the White House lawn. However, there was no actual money spent. This was only an estimate of what it would have cost.

There was about \$300 of Government money paid to a private contractor who owned the trucks which took the belongings to Andrews Air Force Base.

Q Is this \$2,000 in addition to the \$3,100?

MR. NESSEN: The \$300 paid to the guy who owned the trucks.

Q Is that included in the \$3,147?

MR. NESSEN: Yes.

\$2,000 for gasoline for about a dozen vehicles, which are at San Clemente, used by the detailees and not by the former President. The vehicles are there on a lease arrangement with the Chrysler Corporation, which runs out on February 9. They are the gas and lease expenses considered part of the support for the detailees.

Q What is the date of that?

MR. NESSEN: The agreement runs out February 9 when the support of the former President runs out.

January 16, 1975

GAO REQUEST/NIXON PAPERS

Q: Did the GAO get turned down by the White House on a request to look at the papers over in Nixon's OEOP office?

A: I do not know. I will have to check.

FYI ONLY (can use for second day reply)

GAO asked the White House Counsel's Office for an opportunity to look at the papers of the former President. They were turned down on the grounds that they were not covered by Judge Richey's order in Nixon v. Sampson.

FYI ONLY (not to be used)

It is our understanding that GAO wanted to see the papers to make a determination if Rose Mary Woods was earning her money paid to her during the transition. We will not allow GAO to look at the papers unless ordered by the court.

THE WHITE HOUSE
WASHINGTON

File
see 1-6

July 1, 1975

MEMORANDUM FOR:

THE PRESIDENT

FROM:

PHILIP BUCHEN

P.W.B.

SUBJECT:

Response to Request by Senators
Sparkman and Mansfield for
Text of Nixon-Thieu Letters

Attached at Tab A is an incoming letter from Senator Sparkman of May 1 and attached at Tab B is a copy of an incoming letter from Senator Mansfield of June 2.

We have delayed preparing an answer to these two letters pending a careful review of the material requested by Monroe Leigh, General Counsel of the Department of State. This whole problem is tied up with various inquiries going on in the Congress relative to the possibility of legislation requiring the Executive Branch to file with the Congress all manner of undertakings with foreign governments, just as it is now required to do under the Case Act for formal Executive agreements.

Attached at Tab C is a proposed response for your signature, which has been approved by General Scowcroft, Monroe Leigh, Jack Marsh, and me.

Attachments



HUGH SMITH, CAL.
JAMES B. PEARSON, KANS.
CHARLES H. PERCY, ILL.
ROBERT F. GRIFFIN, MICH.
HOWARD H. BAKER, JR., TENN.

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, D.C. 20510

PAT M. HOLT, CHIEF OF STAFF
ANTHONY M. KUNL, CHIEF CLERK

Dear Mr. President:

I appreciate your letter of April 25 concerning the request of the Committee on Foreign Relations for the texts of any United States understandings or undertakings relative to the 1973 Paris Cease-fire Agreement.

As you know, a former member of the South Vietnamese Government has released the texts of what are alleged to be letters from President Nixon to President Thieu containing assurances relative to "continued" United States aid to South Vietnam and of "swift and severe retaliatory action" in the event of North Vietnam's failure to abide by the agreement. In this connection, also, I note that Ambassador Graham Martin was quoted in this morning's Washington Post as saying, as he arrived aboard an evacuation ship, that: "If we had kept our commitments we wouldn't have had to evacuate."

I urge that you reconsider your decision to deny the Committee's request. Although I agree with your statement that we should "leave the divisive debates on Vietnam behind us," I do not view the Committee's request for these documents as a part of a "debate" but only a legitimate exercise of the Committee's responsibility for legislative oversight of international agreements.

In view of the release of the alleged letters from President Nixon and the fact that the South Vietnamese Government has fallen, it seems to me that the issue of confidentiality is not a proper justification for denying the Committee access to the pertinent documents. The public interest would be served by a full disclosure of pertinent communications

GALE W. MC GEE, WYO.
GEORGE MC GOWEN, S. DAK.
JEREMY H. HUMPHREY, MINN.
CHUCK CLARK, IOWA
JOSEPH R. BIDEN, JR., DEL.

CHARLES M. PERCY, ILL.
ROBERT M. GRIFFIN, MICH.
HOWARD H. BAKER, JR., TENN.

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, D.C. 20510

PAT M. HOLT, CHIEF OF STAFF
ARTHUR M. KUHL, CHIEF CLERK

June 2, 1975

Dear Mr. President:

As you know, on two occasions the Committee on Foreign Relations has requested copies of all pertinent documents which concern any commitments to or understandings with South Vietnam relative to the 1973 Paris Cease-fire Agreement.

On May 20 the Committee discussed this matter further and by agreement of all Members present decided to make a complete study of all aspects of the commitments question. In view of this action, the Committee respectfully reiterates its request for copies of all pertinent documents. I hope that upon reconsideration you will decide to respond favorably to the Committee's request for these documents.

Sincerely yours,



Mike Mansfield
Acting Chairman

The President
The White House

relative to United States undertakings or commitments surrounding the cease-fire agreement and I hope that upon reconsideration you will furnish these documents to the Committee.

With best wishes, I am

Sincerely,


John Sparkman
Chairman

The President
The White House

THE WHITE HOUSE
WASHINGTON

Dear John:

I have given careful thought to your letter of May 1 and Senator Mansfield's of June 2, asking me to reconsider the Committee's request for the texts of diplomatic exchanges with South Vietnam concerning any United States Commitments or undertaking relative to the 1973 Paris Peace Agreement.

The fact that two of these exchanges have been made public without authorization, and the fact that President Nixon and President Thieu are out of office, do not affect my obligation as a matter of principle to protect the confidentiality of exchanges between heads of government. The effectiveness of American diplomacy depends in many ways on our reliability in observing and preserving this essential principle for all our diplomatic communications with other countries.

The release of these letters could well be taken as an indication by other heads of state that they may not be candid in the future in their written communications to the President of the United States.

If the Administration had ever characterized these letters as an international agreement, I would, of course, share your concern for the prompt disclosure of them to the Committee on Foreign Relations.

However, as I stated, the appropriate source for determining the intent and effect of President Nixon's correspondence with President Thieu is to be found in his speech of January 23, 1973, and in the subsequent Joint Communique issued by President Nixon and President Thieu at the end of their meeting in San Clemente on April 3, 1973.


I appreciate the sincerity of your Committee's interest in this matter. I hope you will understand the reasons for my decision.

Sincerely,

A handwritten signature in dark ink, reading "Gerald R. Ford". The signature is written in a cursive, slightly slanted style.

The Honorable John Sparkman
United States Senate
Washington, D.C. 20510

cc: Senator Mansfield

A faint, circular stamp is visible in the lower right quadrant of the page. It appears to be an official seal or stamp, but the text within it is illegible.

RON-
FYI
LARRY

THE WHITE HOUSE
WASHINGTON
July 15, 1975

MEMORANDUM FOR: LARRY SPEAKES
FROM: BARRY ROTH *BKR*
SUBJECT: Nixon Papers Litigation --
Nixon v. Administrator of
General Services

Jack Anderson has filed a notice of oral deposition of former President Nixon in connection with the litigation challenging the constitutionality of the legislation (P.L. 93-526) that denies Mr. Nixon custody and control of his Presidential papers. Mr. Nixon's attorneys have filed for a protective order that would allow Nixon to respond instead to questions presented to him in writing.

The Department of Justice, on behalf of the defendant Administrator of General Services (the White House is not a party in this case), will file a motion this afternoon in opposition to Mr. Nixon's motion. Basically, they argue that Anderson's request for an oral deposition is proper so long as Mr. Nixon wishes to continue to use his affidavit in these proceedings. Justice suggests for Mr. Nixon's health, and for convenience in terms of Secret Service protection, that any oral deposition be conducted in or near Mr. Nixon's home rather than in Washington.

Should you receive any inquiries concerning this matter, you may wish to indicate that the White House is not a party in this case, and direct the inquiries to the Department of Justice.

cc: Jack Marsh
Rod Hills



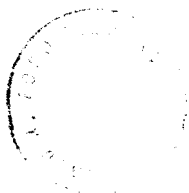
August 26, 1975

Ron:

The attached memo from Phil Buchen should answer any press questions we get on the Nixon tapes.

Point 4 includes language which I think you will find most useful in answering any questions about what we intend to do.

Jack



THE WHITE HOUSE

WASHINGTON

August 26, 1975

MEMORANDUM FOR: JACK HUSHEN
FROM: PHILIP BUCHEN *P.W.B.*
SUBJECT: CHURCH COMMITTEE SUBPOENAS

1. On August 12, 1975, the Senate Select Committee on Intelligence Activities issued subpoenas against Arthur Sampson and me demanding that on August 25, 1975, we provide the Committee with any and all dictabelts, tapes, transcripts, memoranda, notes, minutes, and other material within the Presidential materials of the Nixon administration which related to:

- (a) activities during the period September 1-November 3, 1970, directed toward preventing Salvador Allende from assuming the office of President of Chile;
- (b) activities during the period April 1-December 31, 1970, relating to the so-called Huston plan and the Intelligence Evaluation Committee.

2. In earlier correspondence with the Committee we had advised that our access to the Nixon materials was controlled by the order of the District Court in the case of Nixon v. Sampson, et al. and that without court authority we could not even search for materials which the Committee desired. I had suggested that if the Committee were sufficiently interested in obtaining materials from the Nixon collection, it should apply to the court having jurisdiction over the materials.

3. On Tuesday, August 19th, the Justice Department filed in behalf of Arthur Sampson and me a motion in the U. S. Court of Appeals for the District of Columbia seeking from that court permission to allow the District Court to rule on ~~the~~ further motion for clarification of the restraining order which prevented my access to the Nixon materials. The reason for having first to go to the Court of Appeals

was that on January 31, 1975, the Court of Appeals had directed the District Court to take no further steps in the case without permission of the Court of Appeals. Late Friday, August 22, the Court of Appeals authorized the District Court to consider the matter.

4. On Monday, August 25, the Justice Department in behalf of Arthur Sampson and me filed a motion requesting the court to rule on the applicability of its restraining order to the Congressional subpoenas issued by the Select Committee, saying that if we were not under judicially imposed restrictions we would search for the subpoenaed materials and would transmit them in response to the subpoenas unless we found other reasons for not doing so after we had found the materials. The Court has not acted on this motion and undoubtedly will not do so until former President Nixon's attorney has had a chance to be heard on whatever objections he may raise.

5. In the meantime, I have been advised by the General Counsel of the Select Committee that the return dates of the subpoenas have been postponed to Wednesday, August 27, at 9:00 a.m. to allow the Committee time to consider what its further demands on Arthur Sampson and me will be in light of the pending court motion.

FEBRUARY 19, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Keene, New Hampshire)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
AND
QUESTION AND ANSWER SESSION

KEENE HIGH SCHOOL

7:42 P.M. EST

THE PRESIDENT: Thank you very, very much, Jim, John Croteau, Reverend McCarthy, Bob Clark, Charlie Burns, the wonderful principal of this fine school, ladies and gentlemen:

It is really great to be back in New Hampshire and particularly in Keene, and I thank you all very, very much.

Let me assure you that New Hampshire is vitally important and you can put us on the road to victory next Tuesday.

Actually, the purpose of my visit can be summed up in just a very, very few words. I believe very strongly in a strong and prosperous American automobile industry, but I am here to say that this year there is absolutely no reason to trade in your Ford on a new model.

Some of those new models might be mighty expensive. Actually, I am looking forward to your questions, but first let me make just a very few brief remarks.

I have been President now for almost 19 months. When I took office in August of 1974, America was faced with some of its most pressing and serious problems in our country's history. Our economy had gone haywire with prices going up at an annual rate of more than 12 percent and everything else slowing down. Our national resolve to meet our international commitments was being called into question by both our allies and our adversaries. There was great danger to peace in many, many areas throughout the world.

Underlying these serious problems was a crisis of confidence in our Government, a crisis of the spirit among our American people. With the understanding of the American people, with your prayers and your support and your help, I set about to do what I could to meet those challenges, to put America at peace with itself and throughout the world.

MORE

(OVER)

P 11, 12, 17

The past 19 months have seen many of these efforts succeed. I believe my policy of common sense and a realistic approach to America's problems has helped restore confidence in our great Government.

As I said on my first day as President, truth is the glue that holds Government together and as long as I am President I intend to be forthright, candid, frank with all of the American people and make this system work the way it should work.

America's economic picture is considerably brighter today than it was 18 months ago, the inflation rate that was over 12 percent has been cut almost in half. That is still not good enough, but that is progress by any standard and we are going to keep making that kind of progress in the months ahead with the right kind of policies that we are pursuing right now.

We have recovered 2 million 100 thousand jobs since last March. That is 96 percent of all the jobs that we lost during the recession. Unemployment is still too high but we are headed in the right direction. The Commerce Department announced just yesterday that personal income has risen by 9.2 percent in the past year, well above the current inflation rate. That means real earnings, real purchasing power is climbing and that is good news for every American.

We are on the attack and we will stay on the attack and win this important victory over inflation and unemployment and every other economic enemy of the American people.

In foreign affairs, we have pursued a policy of peace through strength. That policy has been successful, so successful that tonight we can say that America is at peace with every nation on earth and we will keep it that way in the future.

We will keep it that way by keeping our defenses strong. As long as I am President, America's defenses will be strong and ready and without equal in the world in which we live. Our strength makes it possible for us to negotiate with other great powers of the world from a position that commands their respect and invites their cooperation.

We are now negotiating with the Soviet Union for a further reduction in the level of strategic nuclear arms, a reduction in the potential terror and destruction that each nation can inflict upon each other. We have entered these negotiations with our eyes open, our guard up and our powder dry. Yankee traders have always known the score and we continue in that great tradition in 1976.

MORE

With your military strength we can strengthen peace and not return to the cold war. One way to reduce the dangers to peace in the world is to have a reliable, responsible and effective intelligence gathering capability.

I have taken steps, as I am sure you know, to reorganize and reform America's intelligence community to make it an instrument of peace and an objective of pride for the American people. One thing is certain: We cannot improve our intelligence capability by destroying it, as some would like to do. I have no intention of seeing the intelligence community dismantled and I know you don't want it dismantled either. Its operations should not be paralyzed or its effectiveness undermined. The irresponsible release of classified information by people who should know better must cease.

The abuses of the past must be corrected and never, never repeated. I have made concrete recommendations to insure that the intelligence community keeps out of politics and out of people's private lives. As President I intend to see that the Federal Government is under the people's control and not the other way around.

This next sentence pretty much sums up my philosophy: We must never forget that a Government big enough to give us everything we want is a Government big enough to take from us everything we have.

But the American people know that it is not enough to talk about the evils of big Government. They know that it just is not realistic nor is it wise to turn back the clock and undo all the progress we have made with the help of responsible and constructive Government programs.

It is easy to say we ought to cut \$90 billion or so from the Federal budget. It is easy to say we ought to toss a lot of very worthwhile programs into the laps of the individual States and let them administer those programs if the local taxpayers will assume the extra burden. It is easy to say that people who don't like the way the programs are administered in one State can just vote with their feet and move to another State. I have always believed that Americans, Democrat or Republican, vote with their heads and not with their feet.

Oh, it is easy to say that the Social Security Trust Fund upon which some 32 million Americans older and disabled in our society, that that trust fund should be invested in the stock market making the Federal Government a major stockholder in most American businesses, but that is the best blueprint for back door socialism that I ever heard.

MORE

I want to improve the Social Security system, not cripple it. I want to make sure that program is strong, sound and certain, not only for the present generation of beneficiaries but for every generation of working men and women, and that is what I intend to do.

I want to improve the Medicare system. I want better and more comprehensive medical coverage for our older citizens. There is no, absolutely no reason why older Americans or their loved ones should have to go broke just to get well or stay well in the United States of America.

Yes, the list could go on and on. We have to be realistic about what the Government can do and what it can't do, but we must also recognize that there are certain things that Government must do and do better if we are to continue the progress we have made in the past.

We have a great, great country and I am proud to be an American and I am proud of America, as you are. We have our problems and we are not afraid to admit them. But I think it is high time people stopped running America down. We should brag about America.

I think it is time we remembered that we are the most richly blessed Nation in the history of the world. We have special gifts, special resources and special responsibilities greater than any Nation on earth.

From the vantage point of the Presidency I can see the greatness of America as I never really saw it before. I can see its many problems, its frustrations, its strengths, its weaknesses, its ambitions. I can see its people working, playing, hoping, planning, praying, living their lives the best they can, and they are good lives which most of mankind envy very greatly.

Obviously all of our problems have not been solved and all of our challenges have not been met. As Lincoln said, "The question is not can any of us imagine better but can we all do better." Of course we can, and that is why I am asking for your continued support next Tuesday, next November and over the next four years.

Thank you and I will be glad to answer any questions.

QUESTION: Mr. President, it seems as though there is a lot of duplication of effort and expense in the Nation's Capital today with various agencies and Governmental departments competing to serve the same needs. Do you, as President, have any plans to avoid that duplication of effort and to provide better local control over programs to assist consumers, which will also decrease the cost of programs to the taxpayers?

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THE PRESIDENT: Yes, I do, and let me tell you what we have done and then tell you what we plan to do.

Two years ago we consolidated seven categorical grant programs that gave aid to cities and metropolitan areas around the country. The new legislation provided for one single block grant instead of seven categorical grant programs. It meant that the City of Keene, for example, instead of having to make up about 20 applications could make a single application and get the same or more money, but the best impact, at least from our point of view, was that when they had the seven categorical grant programs there were 2,300 Federal employees in Washington, D. C. and now that we have a block grant program instead of categorical grant programs we have less than 200 people in Washington handling the same amount of money. That is what we have done.

Now that that has proven to be a very sound program, we are recommending or I have proposed to the Congress that we take 27 educational categorical grant programs -- 27 of them -- combine them into one, give to the school districts the same amount of money and let them decide how they on the local level--here in Keene or in Manchester or in Los Angeles or in Seattle--let them decide how that money can be best spent under local decision-making by Charlie Burns and others who know something about the educational problems right here in Keene. I think that makes a lot more sense and it will in fact deliver the Federal dollars more effectively to the local level.

We propose the same thing in 15 health areas, 15 categorical areas involving health, in 15 social service programs. The whole effort is to reduce the Federal bureaucracy and to make the money available at the local level so that the services are delivered under local control and jurisdiction, and I think we are going to get the Congress to go along with some of those programs. We certainly think it is in the best interest of the recipients as well as the Federal Government.

QUESTION: Mr. President, as you may know, there is a move in this State to write in the name of Elliott Richardson as Vice President on next Tuesday's ballot. Would you have confidence in Mr. Richardson as Vice President?

THE PRESIDENT: I nominated Elliott Richardson as the American Ambassador to Great Britain. I called him back to be the Secretary of Commerce in my Cabinet. He attended his first Cabinet meeting this morning. I have mentioned him as one of the potential possibilities as a Vice Presidential runningmate. Obviously, the answer is yes.

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QUESTION: Mr. President, recent events in Italy suggest that the Communist Party may soon be admitted into the Italian Government. If this happens, would you instruct our intelligence agencies to attempt to alter this, and how secure would you feel with the Communist Government as a member of NATO?

THE PRESIDENT: I have taken a very strong position, first at a NATO meeting that I attended in Brussels last May, that the members of NATO should not have Communist Party members as a part of their government, period. We told that to the Italians, we told it to every other European country. I don't think you can have a Communist Government or Communist officials in a government and have that nation a viable partner in NATO.

So I have taken a very strong position against the inclusion of any Communist membership in a government in Western Europe or in any NATO country. I hope that the good people of those countries, Italy or elsewhere, will make certain that they have one of the free political parties in their countries to head their governments. I think it will be a stronger and better NATO and we would vigorously oppose any Communist participation.

QUESTION: Mr. President, what courses do you have to take at college to become President? (Laughter)

THE PRESIDENT: I would not limit my recommendations to what you might take in college because I think your whole educational process from kindergarten through college or to graduate school is equally important, but I would make two recommendations: I would study Government; I would study history -- the history of the United States.

But I have one more suggestion. You can't go wrong joining the Boy Scouts and learning the Scout Oath and the Scout laws because those are good guidelines for anybody in public office.

QUESTION: Mr. President, may I address my question to Mrs. Ford?

THE PRESIDENT: She does a good share of the good talking in the family. (Laughter)

MRS. FORD: I am not used to this but I will be happy to.

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QUESTION: I understand from my reading that you are a very frank person and so frankly, Mrs. Ford, outside of attracting celebrities to the White House or making one dress designer more important than another, of what use is the power of the position of the First Lady. Is there any area where you feel you really influence events? Have you ever advanced any projects all your own?

MRS. FORD: I would be happy to answer that, and long before there was the attraction of celebrities to the White House or any attraction of a designer for clothes I was already in the work for the retarded children and the under-privileged children actively working in Washington.

I have actually been a member of the PTA since I think our first year, both the President and I, 1958 until just last year when our daughter graduated from high school and is now in college. I worked as a room mother, I worked with the PTA, it gave me great association with the parents and their children in school which I thought was a great advantage and I feel that working as a Sunday school teacher and putting in the hours that I have as a mother, I am qualified.

Thank you.

QUESTION: Mr. President, Ronald Reagan has deplored the lack of moral leadership evident in the secretive manner by which the Congressional pay raise scheme was passed. Governor Reagan, quoting Cicero, called it the "arrogance of officialdom." I was surprised, Mr. President, that last Thursday in a meeting with New Hampshire newsmen you discounted the connivance and secrecy with which the pay raise was maneuvered.

Mr. President, do you categorically deny the reports here in my hand published in the Los Angeles Times, Christian Science Monitor and Congressional Quarterly that the Congressional pay raise rider was the result of six months of secret meetings between Congressional leaders and members of your Administration?

THE PRESIDENT: The members of the two committees in the House and in the Senate, in consideration of a number of employee or personnel matters, did consult with some of the members of my staff and that is a very responsible thing for those members, both Democratic and Republican, in the House and the Senate, to do and they should have done it and the members of my staff ought to provide information to those individuals from the House and the Senate that want information, but there was no conniving and my charge to that effect is inaccurate and completely without fact or foundation.

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But now let me tell you the good thing about what happened after that. Under the existing law all Federal employees get a cost of living increase predicated on the increase in the cost of living, but because of the financial problems that the Federal Government has, I recommended a 5 percent pay increase instead of the 8.6 percent pay increase and the Congress sustained it and I think it was the result of the coupling of pay increases for judges, for executives and for Congressmen and Senators with all other Government employees.

So we saved \$1 billion 200 million, and that is not bad.

QUESTION: Mr. President, Mr. Stanley Arnold, the Democratic opponent, says that he can reduce unemployment from 8.3 percent to 3.3 percent just about overnight. How would this drastic change affect our economy and why?

THE PRESIDENT: Well, any allegation to that effect cannot be proven. A lot of politicians have tried it in a number of countries. It has never worked and the net result every time it has been tried is that those countries go broke and if anybody were to try and do that by priming the pump with a lot of make-work jobs at a cost of some \$25,000 a job, this country would go broke.

Therefore, the better way to do it, in my opinion, is to increase the incentive for the private sector of our economy where five out of six jobs exist today so that our private sector will expand and provide jobs. The proposal that you indicate won't work, it never has worked in the history of any country and the proposals that I have suggested are working, so I strongly support them.

QUESTION: Mr. President, I wish I could shake your hand because I think you are one of the greatest Presidents that has come along in recent history.

THE PRESIDENT: Thank you very, very much, sir.

Yes, ma'am.

QUESTION: I was waiting for him to shake your hand.

(They shook hands)

QUESTION: Mr. President, because I am getting over a cold, Mr. Caldwell will read my question for me. Thank you.

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QUESTION: Since the Parent Locator Service law is now in operation titled Office of Child Support Enforcement through Federal funding as of January 28-29, 1976, and is affiliated with the Social Security service, why is it necessary to spend welfare funds over a period of months on one case to locate a delinquent missing father of a dependent child or children to receive court designated payments who are not on welfare when the Social Security number is available and could be traced in a shorter period of time? Would this not be saving a lot of tax dollars?

THE PRESIDENT: The legislation to which you refer was passed about a year, year and a half ago. What it seeks to do is to give new tools to Federal officials and to local officials to locate runaway pappies so that they can be brought back to take care of their financial responsibilities to their children and to their former wife, but primarily to their children. That legislation was long overdue. The first bill that I introduced in the House of Representatives in 1949 was called the runaway pappy bill because fathers go from New Hampshire to Michigan or Ohio or Florida, get a job, they don't take care of the court-ordered financial responsibilities for their children. That legislation finally materialized into what was passed a year and a half ago and I can assure you we are going to make it work because it would relieve the welfare burden and it would force so-called runaway pappies to pay for their financial responsibilities to their children. We are going to make that law work, I can assure you.

QUESTION: I don't want to take question time away from someone else, but I just have one more question.

THE PRESIDENT: Sure.

QUESTION: This has happened over a period of ten years. I have raised eight children for 16 years. Now when I went to Social Security, they denied there was any such office in Washington. I found the address through, really, pressure, and because I am not a welfare parent I had to send \$20 to start the case. The Social Security here in Keene knows where my husband is, knows where he is employed. When the welfare worker called me after they received my check, she told me it would be four months before I would hear anything.

Now I think that is a disgrace because that girl in that Welfare Department could be working on something else for four months if they know right now where he is.

THE PRESIDENT: There are problems. The first one is that kind of service should not be condoned and it won't be, and if you will give me your name and address, we will see what we can do effectively to help you.

MORE

The second point is I think employees in the Welfare Office are actually State employees, not Federal employees. I am not trying to pass the buck, but I think that is true in every State that I am personally familiar with. But I can assure you, if we get the information from you, we will see what can be done at the Federal level.

There is no excuse whatsoever for a court order not being enforced and getting the information to you so that you can find your runaway pappy and make him pay up.

QUESTION: Thank you.

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QUESTION: Mr. President, during your press conference on Tuesday night, when asked about the influence or impact of Mr. Nixon's visit to China, you stated that he had not been briefed and the visit was to be treated in the same fashion as any other private Americans would.

Now why was it not 18 months or 19 months ago, whatever it was, you didn't treat him as any other American and have him face criminal charges in the same way as any other American would instead of pardoning him?

Now at the time I more or less agreed with you but now don't you, in retrospect, don't you feel in some way that you were maybe a bit premature in your decision?

THE PRESIDENT: Not at all.

QUESTION: Could you explain why?

THE PRESIDENT: In the first place, as far as penalty is concerned, the former President obviously resigned in disgrace. That is a pretty severe penalty -- one out of 37 Presidents had that happen to him.

Number two, as long as that situation festered there would be continuous problems developing from the Special Prosecutor and so forth. The only way to get rid of the problem was to do as I did, so we could concentrate on the problems of the economy and strengthening our efforts to achieve and to maintain peace. I think it was the right thing to do. I defend it. And the treatment that he is getting in going to China is just like that of any other private citizen.

QUESTION: Mr. President, I came down from the North country to ask you an economic question. These campaigns are very good up in the North country for all the candidates because they take up storefronts and they eat in the restaurants and everything, but Stanley Arnold will be back on Park Avenue this time next year and Shriver will probably be running his mart and I guess Carter will be working for Maddox (Laughter) and Loeb will only have the Dartmouth students to pick on and then he won't be selling many newspapers.

What I would like to ask you, on behalf of the fellows in the ski business, will you come up and go skiing with us next year, Mr. President?

THE PRESIDENT: You don't have to worry. The answer is yes.

QUESTION: Thank you, sir.

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THE PRESIDENT: But let me point out that I started skiing in New Hampshire back in 1938 and 1939 and did for three years, so I have skied in North Conway and all throughout New England a long, long time ago when we didn't have the kind of bindings and the boots and the poles and all the other stuff that we have today, and I was not very good then. I am a little better now. (Laughter) But I left an awful lot of sitz marks all over New England. (Laughter)

QUESTION: Mr. President, in view of your response to a previous question regarding Ronald Reagan's support for repeal of the Congressional pay raise scheme, the secret plotting described by the L.A. Times was reconfirmed February 14 with Donald Smith of the Congressional Quarterly.

Mr. President, my question concerns only elected officials,-- Senators and Representatives, not appointees. Do you think it is wise public policy to guarantee Congressmen protection from inflation counter to the view of Governor Reagan?

THE PRESIDENT: I think that a Member of the House and Senate ought to have fair treatment and I think it is demagoguery to isolate them from all other people who work for the Federal Government. I think they ought to be fairly treated and I think it is pure political demagoguery to allege otherwise.

QUESTION: Mr. President, do you feel the Chinese Government, by extending an invitation to former President Nixon to visit China in any way reflects the deterioration of existing relations between the office of the President and the nation of China?

THE PRESIDENT: Not at all. I have visited China twice, once in 1972 for 12 days where I had the opportunity to travel extensively in the People's Republic of China; I returned this year, or last year, in December, and had an opportunity to talk personally with Chairman Mao. I can assure you, because I was there, that the relations between the People's Republic of China and the United States are good and they are going to continue to be good, and there is no reason whatsoever for anyone to doubt that.

It is important for us to have a relationship, one that recognizes their system is different than ours, but it recognizes also that there are 800 million-plus people in China with a vast land area and we ought to keep that relationship. We are keeping it, and Chairman Mao and the other people that I talked with are as anxious as we are to maintain that relationship. It is good. It is good for them and it is good for us and we intend to keep it that way.

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QUESTION: The Democrats, particularly Senator Harris, have proposed to break up the food and energy monopolies, citing the fact that they are illegal, that they promote inflation and that they have killed competition, and the idea of free enterprise in America.

Have you ordered the Attorney General to enforce the law of the land in the antitrust laws on the books?

THE PRESIDENT: Against what industry?

QUESTION: The food and oil monopolies.

THE PRESIDENT: The Department of Justice, the Antitrust Division has been strengthened in numbers and personnel since I became President, and in the budget that I submitted for the next fiscal year we added additional personnel and we have a first class Attorney General who is a former antitrust lawyer, served in the Department of Justice and worked on the Hill, and is a very qualified man. I can assure you that he and his department will carry out the law as far as antitrust activities are concerned.

I should add this: Better than a year ago I recommended to the Congress some strengthening of our antitrust laws including added penalties for criminal violation of those antitrust statutes so our record is good, as far as the Department of Justice is concerned, as far as new legislation is concerned, and I can assure you if there is any monopoly in the food business or in the oil business Attorney General Ed Levi will go after them.

QUESTION: Would you say that the food and oil monopolies are adding to the inflation in the U.S.?

THE PRESIDENT: Well, the main cause of inflation in the oil business is the fact that we now buy 40 percent of our oil from foreign sources and it is a cartel in the Middle East. That is the reason why we are having added costs in fuel oil and gasoline and so forth. Forty percent of our current oil supply comes from overseas. We don't control those prices. Those prices are controlled by the cartel, not by us.

What we have to do is give an incentive to increase our own domestic oil production and we will be free of the stranglehold that the foreign oil cartel has over us.

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Now if you take food, the farmer gets a lot of blame -- I don't think he deserves it. The real problem is from the time it leaves the farm until it is bought by the consumer. The middle man from the time it leaves the farm until it is sold to the consumer, that is where the problem is and, if there is a monopoly, whether it is in labor or management, the Department of Justice will go after them.

QUESTION: I think we have time for one more question.

THE PRESIDENT: Three more -- I like this.

QUESTION: Mr. President, you said two weeks ago that you were going to let the voters vote on your record. Why have you come back to New Hampshire?

THE PRESIDENT: Pardon, sir?

QUESTION: Why have you come back to New Hampshire?

THE PRESIDENT: Well, I think it is very wholesome for me to have an opportunity to see, what -- 3,000 people here in Keene. I think I can benefit from the questions that are being asked and I hope that my answers are helpful to those that want to get some information. I am back here because I think it is important to win in New Hampshire, I think we are going to win, and it will get us on the road to victory to win in August in Kansas City and to win November 2 in the general election.

I like people from New Hampshire and that is why I am here.

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QUESTION: Mr. President, before I state my question, sir, I would just like to state previously my premises. To me, freedom is intimately connected with work. The two are inseparable.

THE PRESIDENT: Work?

QUESTION: With work, yes, sir. For a man to be free he must be able to determine the kind of things he produces, the way he produces them, the way he advertises them, the people to whom he sells them. Now my question is this: Has your Administration under consideration any legislation that would grant representation on the Boards of Directors of large corporations to the people who work for these corporations and to the citizens who live immediately around these corporations so that the people who are most intimately affected by the decisions of these corporations have input into the decision-making process of the corporations? It seems to me that until the people get true freedom -- that to have freedom come from on high is a negation of what true freedom really is.

THE PRESIDENT: Well, under our system you have to give representation to the people who have invested their money into the building of the plant and the purchasing of the equipment --

QUESTION: If I can interrupt for a second, sir.

THE PRESIDENT: -- for the operation of the facility. Now there are instances where employees have bought the business. Obviously, in that case the people who are employed ought to run the place, not only in the management, but in the plant itself.

In a number of cases where you have stock ownership programs where an employee or the employees buy stock and, therefore, are a part-owner, there is representation by those employees or somebody representing them on the Board of Directors and that is very proper. Whether or not you should go beyond that would create some considerable change in our whole system.

Now it has been tried in Germany, West Germany, with some success. Whether it ought to be tried here or not, I think, it is premature to make any comment.

QUESTION: Mr. President, I would like to know, if the United States was ever in a world war situation, would you authorize the first strike, and if the answer to this is no, then how do you justify such a high defense budget?

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THE PRESIDENT: The United States has no plans for any first strike, but now let me answer the second question. The United States Government has been putting less and less of our resources into our national security for the last ten years and the net result has been that the percentage of the Federal funds that go to defense this year is 24 percent, and social programs derive about 50 to 55 percent of the total Federal expenditures.

We have reached a point of diminishing return for several reasons. One, the Soviet Union, during the same period, has increased their expenditures out of their total Government expenditures, their total GNP, and if we don't correct the situation which I am trying to do, and tried to do last year, the national security of this country will be in some jeopardy.

Last year I recommended a defense budget of about \$100 billion which was about 25 percent of the total expenditures by our Government for our national security, the Congress cut \$7 billion 200 million out of it. It was a mistake. This year I have recommended expenditures of \$100 billion 100 million, which is for the second time in ten years that a President has recommended a change in that curve.

If the Congress is wise enough to support my defense budget, we will spend roughly 25 percent of our total expenditures for our national security. I think that is right. You can't have the freedom in America unless you have the necessary military capability to deter war or to defend America.

QUESTION: Mr. President, I would like to ask you this question: What do you do as a President, and may I shake your hand?

THE PRESIDENT: Did I understand the question -- what do I do as President? (Laughter)

Well, I spend about 14 hours a day at the job, but it is a complicated job, dealing with some 2 million 100 thousand civilian workers, 2 million 100 thousand military personnel, and making sure that our country is strong economically, and internationally or in foreign policy. I have to deal with the Congress, and, believe me, that is a problem. (Laughter) All except for Jim Cleveland over here.

Now if you would like, just stroll up here and I would be glad to shake hands with you.

(They shook hands)

Let's do two more and then we will call it quits. I enjoy this. It's great.

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QUESTION: Mr. President, could you reiterate the justification of originally saying you would not pardon President Nixon and then going ahead and pardoning him?

THE PRESIDENT: I didn't hear what you said.

QUESTION: Would you please repeat why you said you would not pardon President Nixon?

THE PRESIDENT: I never said I wouldn't. I said that I did and I thought it was right at the time and for good reasons, period.

QUESTION: Mr. President, I would like to know, you said you like good relations with the People's Republic of China. What about the Republic of China on Formosa?

THE PRESIDENT: We have excellent relations with the Chinese Nationalist Government. I have been there. I know their top people. It has been a good ally. We have a defense treaty with them. They are good friends and we are going to stick by them.

QUESTION: When are you going to visit them again?

THE PRESIDENT: Well, I am pretty busy right now. (Laughter)

QUESTION: I wish you good luck, Mr. President.

THE PRESIDENT: One more and then we will quit.

QUESTION: Mr. President, I would like to know if you like the job as President or if you would rather have another job, and why?

THE PRESIDENT: Well, I really enjoy the job. I enjoy the challenge. I get up every morning -- I can't wait to get to the office. (Laughter) That is true. That is true. I thoroughly enjoy it and I like to go home and have dinner with Betty, but I like to stay and get the job done every day. It is a great challenge because we have problems, but they are solvable and I enjoy the opportunity to work with people in trying to solve those problems, and I like the job and that is why I am a candidate and that is why I would appreciate your support next Tuesday and on November 2.

Thank you very much.

END (AT 8:36 P.M. EST)

RH

[Circular Stamp]

BACKGROUND

Most of the Playboy piece is based on conversations with and documentation provided by John Meier, who is allegedly a former highly-placed Hughes organization executive. Meier was indicted by the Federal Government on IRS tax evasion charges on August 9, 1973. He is now a fugitive from justice living in Canada. According to the authors:

After Meier was indicted...he sought immunity in exchange for his story. He offered his testimony to the Watergate Committee and was interviewed for 13 hours on October 13 and 22 of that Year [1973].... Meier's name is scattered throughout the Senate Watergate report, but he was never called to testify.

ALLEGATIONS

1. Hughes lent Donald Nixon \$205,000 to save a failing restaurant business in the mid-1950's. "Right after that loan ---- while Nixon was Vice President, the Hughes Medical Institute was suddenly granted a tax-exempt status after prior refusals by the IRS."

Proof of illegal bribery or coercive action by VP Nixon! None offered. According to the authors, Drew Pearson used this story in late 1960 before the election, and it was an issue in 1962.

2. Hughes used Maheu as his "special confidential emissary" ~~xxx~~ to Nixon in 1968 in order to bring Hughes "sponsorship and supervision" to Nixon's 1968 campaign effort.

Proof: A handwritten Hughes memo from Meier's files quotes Hughes plan to this effect. No proof of its authenticity, or any Maheu contacts with the Nixon effort in 1968, is offered.

3. "Hughes chose Nixon" [to accomplish three changes in government policy] "and bribed him."

~~xxxx~~ The three changes in policy Hughes allegedly wanted were:

- 1] Allow Hughes to acquire additional Nevada casinos, which the AT Division at Justice had opposed'
- 2] Allow Hughes to acquire Air West;
- 3] Stop AEC Nevada nuclear testing.

According to the authors, Hughes had been trying ~~x~~ to get HHH to get to LBJ on the testing issue, but this hadn't worked. Eventually, the authors say, Hughes agreed to stop fighting AEC testing if Nixon allowed the Air West purchase.

Proof of an "Air West deal": Meier's report of a conversation with Hughes.

Proof of a "Casino deal": Justice did allow the acquisition shortly after Nixon won reelection (three days before the inauguration).

- 1] \$100,000 cash transfer from Hughes to Rebozo. No documentation to prove purpose of transfer or Nixon's knowledge of it (the chronology is also vague -- did the transfer take place before the acquisition was approved?)
- 2] Meier claims discussions of much larger sums to come with Donald Nixon. No proof any money changed hands (authors admit this). No proof of discussions either.
- 3] Cash was given to ~~by~~ Rebozo ~~xxx~~ Danner, Hughes' front man in getting Justice to reverse policy. (Source: Danner's executive session Watergate testimony).
- 4] According to NYT, 8/4/75, Summa Corp. received \$350 M. Glomar contract shortly after later "emergency" contribution to 1972 campaign.
5. Maheu later said in sworn deposition testimony that the casino acquisition approval given in early 1969 "was a favor granted by Nixon implying that Hughes had bought Nixon off." [quotation from authors. They do not offer a quotation from Maheu, although the testimony is probably public.]
4. In 1968, Michael Merhige, a CIA agent who worked for Hughes Toolco as cover, wrote a memo to Hughes with a copy to Maheu, headed:

"Proposed Fund Support List as through Local Outlets". On that list were the names of US Senators and Congressmen, including Gerald R. Ford of Michigan.

Proof: 1] The authors claim to have a copy of the memo received from Meier.

No proof that Merhige was a CIA agent except Meier's word. No proof that the funding was to be CIA funding as opposed to Hughes funding, or that it was ever provided. No proof Hughes ever received memo. A second copy of the memo given to Meier by Merhige was marked! "John --Am asking for progress on this." NB: This statement is ~~xx~~completely ambiguous. It could be an order to Meier to get a move on, or an "FYI" to effect that Merhige was still requesting that funding be provided. The authors wrote it up as though it clearly meant the former.

THE WHITE HOUSE
WASHINGTON

8/7/76

TO : Ron Nessen

FROM: DAVE GERGEN

FYI

Analysis of Playboy Article



Q. Did the President receive funds from the C.I.A. for his 1968 Congressional campaign?

A. The President has no knowledge of ever receiving any funds from the CIA, ~~directly or indirectly.~~

The President has directed the I.O.B. (Intelligence Oversight Board) to look into the matter and determine whether there is any truth to the allegation ~~that~~

The CIA provided funds to political campaigns.

an investigative report
By Larry DuBois and Laurence Gonzales

THE PUPPET AND THE PUPPETMASTERS

UNCOVERING THE SECRET WORLD
OF NIXON, HUGHES AND THE CIA

including

The Buying of the President
The World's Biggest Intelligence Front
The War Within the Hughes Empire
The Untold Story Behind Watergate

Of all the mysteries surrounding the Watergate affair, perhaps the strangest is that in this, the most thoroughly investigated burglary in history, no publicly accepted motive for the break-in itself has ever been established. A vague notion that a group of Republican-sponsored burglars decided to get some dirt on the Democrats and did so without knocking is still widely believed. Lost in the bonanza of books and movies about who did it and how it was done is the central question: Why did it happen?

In the recent past, some accounts—notably, J. Anthony Lukas' massive Watergate study, "Nightmare"—have suggested that both the Howard Hughes organization and the CIA had connections with Watergate. And some important pieces of the puzzle were put in place by a few of the investigators on Sam Ervin's Senate Watergate committee. But the puzzle was never made whole, the pieces never seemed to fit.

A set of unusual circumstances led PLAYBOY to undertake an investigation of Hughes and the CIA and to get a fuller picture of Watergate. Part I of our report will examine the links between Hughes and

the CIA and the events leading up to Watergate. Part II, to appear in November, will examine the cover-up that succeeded and will reveal how newsmen were misled in their efforts to report the whole story.

PART I

A SURVIVOR'S NOTEBOOKS

To sort of take the term Watergate and link it to Howard Hughes, I think, is really unfair. —BOB WOODWARD, April 25, 1976

IN THE SPRING OF 1973, a man named Virgino González (no relation to Laurence Gonzales) drafted an affidavit that was executed in Mexico City. In the sworn document, he claims to be an ex-CIA agent who was assigned by the agency to monitor the activities of John Meier, a former Hughes executive. "At the end of 1971," Virgino González wrote, "I was ordered to an assignment that included monitoring the activities of John Meier and was shown a file on him. . . . This file showed that Meier came from New York, his early

business life and how Hughes and evaluated the underground [nuclear] testing in Nevada. He was giving the AEC a hard time on behalf of Hughes."

Meier, a computer expert and environmentalist who had worked for Hughes off and on since 1959, was sent to Las Vegas by Hughes to evaluate environmental problems. Before Hughes moved to Vegas in November 1966, he wanted Meier to give him a full report on the effects of atomic testing at the Nevada Test Site, about 100 miles from the city. During three of Hughes's four years there (1966-1970), Meier was his scientific advisor and one of the few Hughes executives who communicated directly with the boss. Hughes had chosen Meier to handle his personal pet projects, such as his fierce campaign against nuclear testing. Secretly—not even known to others in the organization—Meier managed Hughes's investigations into areas that appealed to the farthest reaches of Hughes's imagination: parapsychology, LSD, mysticism, cryonics (the science of freezing human bodies with the hope of later reviving them) and other equally unlikely subjects.

Meier received the 1966 Aerospace Man of the Year award, the 1968 Nevada Governor's Award for Technical Achievement in Data Processing and was a member of President Nixon's Task Force on Resources and Environment. He was on the board of advisors of *The Manhattan Tribune*, was a member of the Governor's Gaming Industry Task Force and in 1971 was appointed special advisor on environmental affairs to Senator Mike Gravel of Alaska.

When Virgino González filed his affidavit, a copy was flown to Los Angeles, where Meier's attorney, Robert Wyshak, was told in an anonymous phone call to pick it up at a hotel near the airport. Wyshak, former Assistant U.S. Attorney with experience as chief of the tax division of the Central District of California, determined to his satisfaction that the document was authentic and that Virgino González was telling the truth about his illegal surveillance of Meier. He sent a copy to Meier and Meier sent a copy to Washington for examination by another attorney. It was intercepted en route—they believed by the CIA—and they then decided to file it in the U.S. district court in Nevada.

Wyshak provided *PLAYBOY* with a copy of the affidavit because of the last line, which reads, "I asked to be put elsewhere and was put onto Hugh Heffner [sic] for a time." The Senate Select Committee on Intelligence (the Church committee) was unable to locate Virgino González, or to confirm his employment by the agency, and views the affidavit with suspicion. We never found González but did interview sources who claim to have had contact with him, including one writer who told us about interviewing González on his agency activities. The authenticity of the document still remains in doubt, but there is strong circumstantial evidence indicating that the agency did spy on Meier, as Virgino González claims.

What began as an attempt by us to determine the extent of illegal CIA surveillance of Heffner gradually developed into an investigation of the CIA itself. That search led us straight into the Hughes organization, where the story emerged of how critical Hughes

had been in the rise and fall of Richard Nixon, how the CIA had gradually turned the Hughes companies into its largest front organization and how those inter-related matters were all part of the motive for the Watergate break-in.

John Meier¹ is now a fugitive from the United States, living with his family in British Columbia under landed-immigrant status granted him by the Canadian government. He supports himself with part-time consulting work for the Canadian government and private organizations while he fights his case. The reason he is a fugitive stems from an extremely complex legal case that began with an IRS indictment for back taxes on money he supposedly made from Hughes companies on mining deals. Meier claims he is innocent; the IRS claims to have a strong case against him. The press has rarely mentioned Meier's name in connection with Watergate and most accounts of him have discussed only his alleged crime. As a result, we were reluctant to believe him at first. But more than 100 hours of interviews with him and hundreds of documents obtained by *PLAYBOY* during a year's research all point to one inescapable conclusion: On the subject of his role in events leading to Watergate, Meier is telling the truth, and his recall of detail rivals John Dean's.

In a recent interview with us, Meier said, "I'm fully convinced that one big reason for the break-in wasn't to get something on McGovern but to find out what I was telling the friends of Larry O'Brien [the Democratic national chairman] about Richard and Don Nixon and Hughes, to see if anything was going to break before the election. They knew the Nixons were Hughes's greatest asset in getting his purchase of Air West airlines approved and that Hughes was fronting for the CIA; they knew I was talking to left-wingers, Democrats, McGovern people—people who scared the hell out of the agency and the White House."

Meier, at 42, is an intense, often obsessive man. He kept a meticulous diary of his Hughes years. Every phone call on Hughes's behalf, every flight number, every meeting is noted neatly in ballpoint pen in one of a dozen leather-bound "executive planners." One of his reasons for keeping these records was that the meetings, calls and flights involved Meier's dealings with some of the world's richest and most powerful men. He was, for example, Hughes's liaison to another reclusive billionaire, D. K. Ludwig. In Meier's six filing cabinets are hundreds of handwritten memos to and from Hughes, as well as internal White House memos, letters from various Government officials and political lobbyists and numerous in-house reports prepared for Hughes.

These documents and Meier's own accounts provided the key to the bits and pieces of information that are buried in the mass of publicly available information generated by

¹Not to be confused with Johnny Meyer, a former Hughes aide who, in the late Forties, was involved in the Hughes military-contracts scandal that ended in a Senate investigation.

Watergate—either in news reports or in court proceedings, in affidavits or in the transcript of the Watergate hearings. The picture that emerges shows the Hughes organization inextricably entangled in American politics, inside the White House and out. It shows the gradual merger of the Hughes organization and the CIA to such a point that it is difficult to determine where one ends and the other begins.

After Meier was indicted on August 9, 1975, he sought immunity in exchange for his story. He offered his testimony to the Watergate committee and was interviewed for 13 hours on October 13 and 22 of that year so that investigators could decide whether or not to take his testimony officially. According to the transcript of those sessions, Meier asked Watergate investigators, "Why not put the cards on the table about Hughes, Nixon and [Bebe] Rebozo? I have been shell-shocked from the IRS and Hughes. I told you that [John] Ehrlichman had me bugged and put the IRS on me. I don't have the organization behind me the President has or the money Hughes has. I'm fighting for my life and my family."

Meier's name is scattered throughout the Senate Watergate report, but he was never called to testify. His story seemed confusing and contradictory to investigators and they decided against granting him immunity. But the fact remains that most of the major targets of the investigation had significant ties to Hughes:

- Attorney General John Mitchell, overruling a prior decision of the Antitrust Division, had given Hughes permission to buy more than the five casinos he already owned in Las Vegas.

- E. Howard Hunt worked for Robert F. Bennett, who had the Hughes public relations account in Washington. In February 1972, Hunt and G. Gordon Liddy had discussed with Hughes security chief Ralph Winte a plan to burglarize the offices of *Las Vegas Sun* publisher Hank Greenspun.

- Nixon's confidant Bebe Rebozo was the bag man for Hughes's now famous \$100,000 contribution to Nixon.

- Charles Colson had encouraged the White House to cultivate Bennett's friendship because of the financial and political clout Bennett's Hughes connection carried.

Meier tried to convince the Watergate investigators that he could prove himself a valuable witness. "I want to prove my statements to you," he told them, "I don't want to say it's my feeling Richard Nixon has money in the Bahamas.² I want to say this is why, this is what I was told and this is who told me. These are serious charges.

I don't want to talk in general, without having to prove what I'm saying."

At that point, Watergate investigator Scott Armstrong—who later worked on *The Final Days* with Bob Woodward and Carl Bernstein—explained to Meier, "We are not conducting an investigation of Summa [Hughes's holding company] or of Hughes. We are conducting an investigation of the 1972 campaign." That was, in fact, the Senate committee's mandate, but clearly, those were impossible ground rules, rather like investigating cancer over the telephone.

The relationship between Hughes and Nixon goes back at least to 1956. That year, Hughes lent Donald Nixon \$205,000 to save a failing restaurant business. For Hughes, giving money in exchange for potential political favors was not unusual. Right after that loan—in a coincidence that investigators have been suspicious of for years—while Nixon was Vice-President, the Hughes Medical Institute was suddenly granted a tax-exempt status after prior refusals by the IRS. The loan to Donald was kept secret for obvious reasons. But four years later, one week before the 1960 Kennedy-Nixon election, columnist Drew Pearson got the story and printed it. The press flashed it across the country and to this day, Nixon and his friends believe it was the news of that loan that was partly responsible for his defeat by Kennedy.

In 1962, Nixon was running for governor of California. The loan again became a campaign issue and Nixon was called on to explain it publicly. Again he lost the race. Later, Rebozo's attorney, William Frates, was to say that Rebozo felt the story "had materially affected the outcome of the 1960 Presidential election and the 1962 governor's race in California." So not once but twice Nixon's relationship with Hughes was connected, at least in his mind and the minds of his friends, with agonizing political setbacks.

In 1968, Nixon was again running for President. Hughes had moved into his penthouse suite at Las Vegas' Desert Inn (known locally as the D.I.). Meier's files are jammed with photocopies of memos from that period, all of which had been handwritten with a ballpoint pen on lined yellow legal pads. Hughes didn't

² The reference is to fugitive financier Robert Vesco, who successfully swindled at least \$224,000,000 from a company named Investors Overseas Services, then moved to the Bahamas for a while. Two hundred thousand dollars he later secretly contributed to Nixon's 1972 campaign was used in part to finance the Watergate break-in.

make words when directing his executives to achieve his goals for him. In reference to political contributions that year, for example, he wrote to Robert Maheu, manager of the Hughes-Nevada Operations: "I want you to go see Nixon as my special confidential emissary. I feel there is a really valid possibility of a Republican victory this year. If that could be realized under our sponsorship and supervision every inch of the way, then we would be ready to follow with [Paul] Laxalt [Nevada's governor at the time] as our next candidate."

Frank statements like that, as well as court documents from lawsuits against Hughes, show that he desperately wanted four things at that time and was prepared to devote enormous resources to getting them.

1. He wanted to select a Presidential candidate of his own and "go all the way" in funding him.

2. He wanted to purchase an airline. He had been forced out of ownership of TWA and aviation had always been his first love. Air West was for sale and he was determined to buy it.

3. He wanted to expand his Las Vegas empire. He had bought five hotel-casinos and the Justice Department had ruled he could make no more purchases without violating its antitrust guidelines. Hughes's attitude was that Justice could go to hell.

4. With a fury that bordered on the pathological (see *A Hughes Vignette* on page 182), he wanted the Atomic Energy Commission to stop underground nuclear testing, which caused the D.I. to sway back and forth a few inches.

THE PURCHASE OF NIXON

I can make or break anybody.

—HOWARD HUGHES

The last three problems could be solved much more easily if the first goal were accomplished. Maheu had initially convinced Hughes that Hubert H. Humphrey could take care of the AEC. Hughes wrote to Maheu in early 1968, "There is one man who can accomplish our objective through [Lyndon] Johnson—and that man is HHH. Why don't we get word to him on a basis of secrecy that is really, really reliable that we will give him immediately full, unlimited support for his campaign to enter the White House if he will just take this one on for us?"

It turned out that Humphrey wasn't altogether willing to go along with Hughes's plan. He wanted technical information—conclusive scientific proof that the tests were as harmful and dangerous as Hughes claimed. Hughes had told Meier he didn't place much importance on the technical side—it was nice backup leverage, but he simply wanted, as he wrote, to "handle this just as if we were

buying a hotel." In other words, paying for it was Hughes's idea of a solution. That is perfectly acceptable in buying a hotel, but when a Government decision turns on the deal, it is known as bribery.

Hughes chose Nixon and bribed him. The \$100,000 he gave Rebozo for Nixon was well reported during the Watergate investigation. At least another \$150,000 changed hands in subsequent years, some through Robert F. Bennett, who would later figure prominently in the Watergate affair. *The New York Times* reported on August 4, 1975, "Howard R. Hughes got his secret contract with the Central Intelligence Agency for the ship *Glomar Explorer* five weeks after making an 'emergency' contribution of \$100,000 to President Nixon's 1972 re-election campaign."

Meier claims to have discussed with Don Nixon possible Hughes contributions of sums much larger than the \$100,000. Nobody has ever proved the money changed hands, but there were conversations in the summer of 1968 between Don, Meier, Rebozo and others that indicate that it was a definite possibility. Don wanted Rebozo out of it. Rebozo wanted Meier and Don out of it. There were difficulties with the logistics, but the attitudes—the expectations and intentions—were clearly aimed at making the deal work.

The sum total of Hughes's favors and contributions may never be known, but his generosity was rewarded. In April 1966, with Johnson in the White House, he wanted to buy the Stardust and other casino-hotels, but the Justice Department drew up a complaint against the proposed acquisitions. Hughes temporarily abandoned his plans, dropped back and regrouped for another attack. He hired Richard Danner in February 1969, just a few weeks after Nixon's inauguration. He was put in charge of the Frontier Hotel. But one reason for bringing him aboard was that he could act as go-between for Hughes and Nixon through Rebozo. Even Hughes couldn't just walk up to the White House and hand the President a bundle of cash. Danner was a friend of both Nixon and Rebozo, had been for 20 years and claimed he had introduced the two.

According to Danner's executive-session Watergate testimony, \$50,000 in \$100 bills was removed from the safe at the Frontier. He gave the money to Rebozo to pass along to Nixon. (The cash was a campaign contribution, according to Danner.) Hughes returned to his plan for expansion, first sending Danner to see Attorney General Mitchell, who conferred with the head of the Antitrust Division, Richard McLaren. McLaren strongly objected to any more purchases by Hughes. Antitrust had already ruled on the case of the

Stardust (Hughes's lawyers had already bulldozed through the purchase of the Landmark) and a turnaround would make the division look foolish.

This wasn't cause for much concern in the Hughes organization. Maheu had written to Hughes as early as June 28, 1968 (when the Democrats were still in power), that there would be no problems. In a gleefully vicious memo, he reinforced what Hughes already knew about the Government:

You can bet your life that the Antitrust Division will live to regret their contemplated action. Yesterday they had "firsthand" evidence that we have many friends in Washington who truly believe in us. Today, they have received many inquiries—including one from the chairman of the Judiciary Committee—and that is just the beginning. Howard Cannon [Senator from Nevada] called me this afternoon to inform me that he and Senator Bible [of Nevada] have been told all day long—by fellow Senators—that they can depend on full support and assistance in sustaining their position that we obtain the Stardust. Cannon stated that Justice was severely ridiculed. . . . In the meantime, I've been in touch with George Franklin [Las Vegas district attorney] and Governor Laxalt and they are both ready to challenge the department "singlehandedly."

Clearly, Hughes was at the zenith of his power. He could demand almost anything from the Government and expect to get it.

The Philadelphia Inquirer reported on December 17, 1975, "The Justice Department in a dramatic turnaround just three days before Nixon's 1969 inauguration agreed not to oppose Hughes's proposed acquisition of the Landmark, a Las Vegas hotel and casino. Only 28 days before, the same Justice Department had informed Hughes's attorneys . . . that the Government intended to oppose in court any attempt by Hughes to acquire the Landmark on the ground that such a move would violate the antitrust laws." On March 19, 1969, only two months after Nixon's inauguration, Danner met with Mitchell and was told that Hughes could buy more hotels. At the time, he wanted the Dunes. Mitchell said, "We see no problem." Later, Danner gave another \$50,000 campaign contribution to Rebozo, this time in cash from the Silver Slipper casino.

The acquisition of Air West was accomplished by an exchange of favors as well. Hughes told Meier just to keep Don and Richard Nixon happy and they'd get what they wanted as long as

Hughes got Air West. It was agreed at the time that Hughes would hire Don in some executive capacity (though this never happened). Rebozo met with Maheu on Nixon's behalf and worked out a "deal with the President" (as Hughes put it to Meier), whereby Hughes would stop his four-year-long campaign against atomic testing if Nixon approved his purchase of Air West. It worked well for Hughes, because the AEC, under pressure, had already decided to move to Amchitka, Alaska, and Hughes didn't so much care whether or not they exploded atomic bombs, he just didn't want them set off near him.

The Hughes empire wrapped itself so totally in the upper echelons of the Nixon Administration that soon after his inauguration in 1969, Nixon offered to send his National Security Advisor, Henry Kissinger, to Las Vegas to negotiate with Hughes on the AEC problem. Nixon told Maheu that Kissinger was willing to meet Hughes personally or, if that was not acceptable to Mr. Hughes, Kissinger would settle for a telephone call. Hughes refused. The White House was advised to deal with Maheu. The President already regarded Hughes as a foreign government of sorts—at least foreign enough to send his National Security Advisor to negotiate with the man who ran Las Vegas.

Clearly, Nixon hadn't been President long before he had a great deal to protect. The Hughes-Nixon relationship was so sensitive that the scope of it was even kept from people at high levels in the White House. And Nixon was going to some extraordinary lengths to protect himself. Photographs showing Meier with Donald Nixon and others at Orange County Airport in July 1969 were taken by the Secret Service and passed to Rebozo at the President's request. Rebozo was supposed to contact Maheu to have Meier fired or "kept out of things."

Meier was Hughes's liaison with Don Nixon, and the White House was understandably anxious about this arrangement. Those close to the Nixons would always remember the disastrous Hughes loan to Don. As Ehrlichman told an interviewer recently, "I was sort of responsible for the care and feeding of the President's brother Don, and Don seemed to have a sort of magnetic attraction to the Hughes organization and the Hughes people . . . and so I was continually being confronted with Don Nixon's involvement and continuing relationship with people who had been or were members of the Hughes organization . . . so I was always engaged in trying to extricate him from those kinds of things."

After carefully setting up his career and going through more than his share of troubles, one of the last things the

President wanted was to have anyone learn how entangled his career had become with Hughes.

THE MAGIC BOX

Hughes was extremely anxious to get himself into an alliance with the CIA that would protect him from investigation by other Government agencies.

—ROBERT MAHEU

A CIA cover organization is a strange and very useful thing. It's like having a magic box. You can put things in and you can take things out. You can take things out that you never put in and you can put things in that will never come out. Or you can get into the box yourself and go away somewhere—or perhaps go away forever. If the box is large enough, you can put an entire country inside it and no one will ever know.

The Hughes organization is such a box, the biggest and most useful of its kind. According to information given to us by a highly placed intelligence source, there is nothing else like it in the world, as far as intelligence fronts go. It is no secret to most foreign governments, most of which stand in awe of its ineffable, elegant vastness. From within this magic box, an important part of the United States' covert intelligence operations emanate. But by 1971, it had begun to crack. So much had been put into the box that things were beginning to come out. The magic was fading.

Hughes's alliance with the agency started as early as 1949. Only two years after the CIA got its charter, it began giving contracts to Hughes.

On April 1, 1975, *The Washington Post* reported, "Hughes Aircraft [HAC] has been mentioned as a potential hotbed of interrelationships with the CIA." *The New York Times* on March 20, 1975, quoted high Government officials as saying that HAC had been building satellites for intelligence purposes for years and "employs a number of high-ranking CIA and military men." As early as 1960, Maheu had Hughes's blessing in taking on one of the agency's most sensitive assignments: the assassination of Fidel Castro. Maheu worked out several unsuccessful plots with gangsters Sam Giancana and Johnny Roselli.

The affinity between Hughes and the agency was natural: America's most secretive billionaire and the most secretive part of America's Government. In a way, Hughes was a kind of modern-day Leonardo da Vinci, an eccentric genius who pushed to the cutting edge of the 20th Century, whether in early talking movies or in space satellites. Just after his death was reported, *Newsweek* quoted a top-ranking Washington intelligence official as saying, "Hughes gravitated into areas that other people refused to go into

or didn't believe in." HAC pioneered the synchronous orbit satellite, built the first Early Bird satellite and the Surveyor spacecraft that made the first soft landing on the moon and sent pictures back to NASA in preparation for the manned moon shots. Without Hughes's signal-amplifying microwave tubes, pictures from Mars would have been impossible. HAC is responsible for three-dimensional radar that is used for tracking hundreds of planes simultaneously. And the world's first operating laser arced across the labs of HAC. Laser weapons are now one of the hottest topics within the Pentagon—they may someday make nuclear weapons obsolete. The secrets of laser-weapon technology are so closely guarded that Pentagon insiders will discuss it only in state-of-the-art terms.

HAC became a leading Government electronics contractor with the building of an early fire-control system in 1948 and the Falcon air-to-air missile. During the Korean War, HAC was the only contractor of fire-control systems for Air Force interceptors. More recently, HAC built the entire ground-based defense systems for Japan, Belgium, Switzerland and NATO.

For years, Hughes Tool Company (Toolco—sold by Hughes in 1972) held a virtual monopoly on mining-drill bits. (On the subject of whether or not he really did have a monopoly, Hughes once said, "We don't have a monopoly. People who want to drill for oil and not use the Hughes bit can always use a pick and shovel.") A highly placed intelligence source told *PLAYBOY* that this monopoly was one of the important factors in the relationship between Hughes and the CIA because of the importance of resource-recovery information to the agency. What this means is that any time someone drilled into the ground, the information about what was down there went straight back to the agency. The setup with Toolco had put the agency in a position of awesome power with respect to other countries' abilities to keep the exact nature of their resources confidential.

Over the past decade, according to *Time*, the Hughes organization received at least six billion dollars in secret CIA contracts. That's approximately \$11,500,000 a week, over and above \$11,500,000 a week in public Government contracts awarded to Hughes. That is about 1.2 billion dollars a year. Put another way, the Glomar Explorer, the Hughes-CIA secret ship that cost \$343,000,000 to build and made headlines in 1974 for trying to raise a sunken Russian sub, was to CIA funding of Hughes as six cents is to a dollar.

The one Hughes operation that doesn't seem likely to be involved in these types of dealings is the Hughes Medical Institute, established in 1953 "for the benefit of mankind." The Miami-based tax-exempt foundation has as its stated pur-

pose medical research. Hughes turned over to the H.M.I. all HAC stock and 50 percent of Theta cable TV—assets worth hundreds of millions of dollars—to support that purpose.

But, as with all explanations of Hughes's actions, behind that story is another story: Mismanagement of HAC had upset the Air Force so much that Secretary Harold Talbot threatened to cancel all HAC contracts if the problems weren't taken care of. This was done on December 17, 1953, by Hughes's donating HAC to H.M.I. and naming himself sole trustee of H.M.I. Apparently, that satisfied the Air Force, because HAC now has an annual cash flow in excess of \$900,000,000. (Despite the enormous assets it owns, H.M.I. grants only about \$1,500,000 a year in medical-research funds.)

Hughes had said for years that when he died, he intended to leave his entire estate to H.M.I. Meier claims that Hughes instructed him to meet with the institute's president, Ken Wright, to discuss the institute's relationship with the CIA and that on March 8, 1969, Wright told him it was really a CIA front doing only token amounts of medical research in order to protect its tax-exempt status. According to Meier, H.M.I. had taken a long lease on Cay Sal, an uninhabited Bahamian out island 40 miles north of Cuba, to provide a site for covert CIA training operations. Meier's story that the medical institute is actually a CIA front was corroborated recently when a former Pentagon official was quoted in *Time* as saying that HAC (solely owned by H.M.I.) "is a captive company of the CIA. Their interests are completely merged." In other words, if Hughes left his fortune to H.M.I., control of his whole empire would legally—and secretly—pass to the Central Intelligence Agency. The CIA could then—under the guise of tax-exempt charity—fund any project, any covert activity imaginable, working its magic with billions of untraceable dollars through the seemingly legitimate channels of the Hughes empire.

Making Hughes's other companies nearly as attractive to the CIA was the fact that he was personally the sole owner of them. The sleight of hand with billions of dollars was not subject to the scrutiny publicly held corporations come under. And—aside from the obvious money, security and benefits—making the CIA attractive for Hughes was the fact that he was a fiery anti-Communist and a superpatriot.

Charles Colson has said that "Hughes is the CIA's largest contractor." In this position, Hughes had another advantage. He could hire its influential people for his own team.

Scores of high-level officials from Government intelligence and investigative agencies have moved over to the Hughes

A HUGHES VIGNETTE

On the morning of April 16, 1968, Howard Hughes was so scared he wanted to die. No, make that live. He had just picked up the *Las Vegas Sun*, published by his good friend Hank Greenspun, and read that the Atomic Energy Commission was going to set off the largest nuclear explosion ever right under the desert floor at the Nevada Test Site, not 120 miles from his home. In an uncharacteristic flurry of activity over the next few days, Howard wrote memos, made frantic phone calls and, in general, caused a stink that eventually would be blamed for postponing the shot that was originally scheduled for the 21th. In short, Howard was freaking out.

His top executive aide, Bob Maheu, was sent on wild missions to plead with politicians. Hughes was so firm in his stand against the blasts that as early as 1967, he had sent Maheu to offer President Johnson \$1,000,000 to stop the tests (what exactly happened to the \$1,000,000 is unclear).

It wasn't just any atomic tests that bothered Howard so much. It was the ones he could feel. His home—the Desert Inn in Las Vegas, which he had bought when he learned it was check-out time and decided he didn't want to leave—would rock gently back and forth in the aftershocks of large underground nuclear explosions. Howard didn't like that one bit.

He called John Meier, his scientific advisor, and told him to do anything he could to stop the test. "All my money," Howard said, "is at your disposal."

Over the next ten days, the vision of what was going to happen when the bomb went off became more and more bizarre in Howard's mind. Meier was calling Senators, Congressmen, assembling large groups of scientists to amass technical data showing that if the test went off on schedule, the entire city of Las Vegas would be destroyed. The Desert Inn, the Sands, the Frontier—all of them would crumble like so many card houses, killing everyone, but most of all, killing Howard Hughes.

Meier flew Barry Commoner out to speak against the test. The public outcry resulted in the Atomic Energy Commission's holding a scientific briefing to reassure the people that it was quite safe, that nothing would happen, that everything was under control. And the test would, indeed, go off, and it would be on Friday, April 26, 1968, at six a.m.—period.

Howard panicked. His voice was shaking when he phoned Meier. "Tell

them I will give them anything," Meier remembers him saying. "Find out how much it cost them to set this test up. We will pay it. Ten million, twenty million—I don't care! Tell them we'll pay them their costs if they stop this test."

"But Mr. Hughes, they've been working on this for thirty years. You can't reimburse the Atomic Energy Commission."

April 26, 1968: Howard had a plan. Admittedly, it was a pretty weird plan, but at least it was a plan.

Meier was quietly ascending the stairs to the roof of the Desert Inn. It was four in the morning. He carried with him a scientific instrument: a piece of string. As he opened the door to the roof, he found himself face to face with another man, who also had a scientific instrument or two. But then, this man was from the U. S. Geological Survey, which had sent him out as a result of Hughes's protest to find out if, indeed, Las Vegas would fall down when the test went off. He was ready to monitor several thousand dollars' worth of seismic gear that measures the aftershock.

But one of the richest men in the world had sent his scientific advisor up with a string, so he could make a plumb line to measure the sway of the building. The plan was that if the plumb moved more than six inches either way (Howard had figured this out mathematically), Meier, who had taken a large friend along, was to stomp up and down with his friend on the roof above Howard's bedroom to alert him that the Desert Inn was about to fall down. Meier had a transistor radio tuned to a local station to let him know when the bomb went off.

At exactly six, Boxcar was fired. Meier and the man from U.S.G.S. watched the plumb. Pretty soon, it started swinging back and forth. About 6:05, John Holmes, one of Howard's Mormon valets, went running out onto the roof in a panic.

"He felt it! He felt it!" Holmes screamed. "He's going crazy. Get down there immediately and call him, John: the building's going to fall down. He's hiding under the bed!"

Hughes stayed under his bed in the penthouse of the Desert Inn until nearly 8:30 that morning. When Meier called, Holmes handed Hughes the phone under the bed and Howard chewed Meier's ear off for ten minutes.

organization. A. D. "Bud" Wheelon left his position as deputy director of science and technology for the CIA to become president of HAC. At the age of 48, a three star general named Ed Nigro was in line for the position of deputy director of plans for the Pentagon. He turned it down, ended his promising military career and went to work managing hotels in Las Vegas for Hughes. When questioned by reporters on this strange career tactic, Nigro commented, "I felt I could come out here and still serve my country." (Hughes wrote a memo to Maheu suggesting that Nigro could use his contacts in the Pentagon "to keep the Vietnam war going," in order to allow HAC to sell more helicopters.)

Robert Peloquin resigned as head of the Justice Department's organized-crime strike force and started what has become the world's largest private security company, Intertel. Hughes quickly became one of Intertel's most prominent clients.

In turn, Toolco and HAC routinely hired CIA agents, who would then be given jobs in other countries. Meier first learned of Hughes's involvement with the agency in 1968. On August fifth, Maheu told Meier that a man named Michael Merhige, a new young Toolco executive, would be handling some business in South America. Meier was asked if he would use his contacts in Ecuador to open the right doors for Merhige. It was a routine request and Meier handled it in a routine way. He flew to Quito before Merhige arrived and explained to his friends in high government positions the importance of giving Merhige all the help he needed.

Meier returned to Vegas and when they met there, Merhige began explaining to Meier how really important this particular project was from an agency standpoint, believing Meier knew he was an agent using Toolco as cover. Meier was stunned by the revelation. (Merhige was apparently just a clumsy agent. In Meier's file on the Ecuadorian situation is a letter from a bemused Ecuadorian official explaining that Merhige "was so obvious" that spotted him as an agent almost immediately.) While Merhige was still in Nevada, he again let Meier in on an agency matter that should have been kept confidential, and this time it proved to be a serious mistake. He gave him a list of American politicians the CIA wanted funded through Hughes. Meier was supposed to act as a courier and give the directive to Hughes, but later the agency would suspect that Meier had retained a copy of the list. He did keep a copy, which PLAYBOY now has.

The directive is dated September 2, 1968. It is addressed to H.R.H., with a copy designated for R.M.A.—Robert Maheu Associates—and is headed "Proposed Fund-Support List as Through

Local Outlets.

In the directive is our current President, Gerald Ford (then a Congressman from Michigan). The list reads as follows:

Paul J. Fannin, Arizona
 Wilbur D. Mills, Arkansas
 Craig Hosmer, California
 Robert L. Leggett, California
 Gordon L. Allott, Colorado
 J. Herbert Burke, Florida
 Hiram L. Fong, Hawaii
 Larry Winn, Jr., Kansas
 Joe D. Waggoner, Jr., Louisiana
 Gerald R. Ford, Michigan
 James O. Eastland, Mississippi
 William J. Randall, Missouri
 Paul Laxalt, Nevada
 Howard W. Cannon, Nevada
 Norris Cotton, New Hampshire
 James R. Grover, New York
 William H. Harsha, Ohio
 Frank T. Bow, Ohio
 John N. Camp, Oklahoma
 Strom Thurmond, South Carolina
 Dan H. Quayle, Tennessee
 James H. Quillen, Tennessee
 James M. Collins, Texas
 Olin E. Teague, Texas
 Omar Burleson, Texas
 Abraham Kazen, Texas
 John G. Tower, Texas
 Wallace F. Bennett, Utah
 W. C. Daniel, Virginia
 Robert C. Byrd, West Virginia
 Vernon W. Thomson, Wisconsin

We have been unable to determine why the CIA selected this particular group or to get any indication of whether or not they were aware that the agency had chosen them for funding. But the depth of CIA influence can be partly measured by the behavior of new, middle-level executives such as Merhige. When he didn't get a quick enough response to the funding directive, he gave another copy to Meier and this time wrote, "John—am asking for progress," and signed it.

The diplomatic relationship between Hughes and the American Government had clearly become extremely delicate, and only a very select group of people knew it was so deep and so broad that it even included the intelligence apparatus as its critical component. The press, the public, the FBI, the IRS, Congress—all of them were necessarily ignorant of the gravity of the relationship between Hughes and the agency and what it meant.

Even among Government insiders, it couldn't become common knowledge that the Hughes organization was in possession of some of the nation's most explosive national-security secrets, ranging from attempts to assassinate foreign leaders to the Glomar (see *Shallow Throat* on page 183) to the secret funding of American politicians by the CIA, using Hughes as the conduit for these funds.

With adventures like these on their

hands, it was clearly imperative for agency officials to keep a very tight rein on any information about the inner workings of the Hughes-agency merger.³ Since other Government agencies were not aware of the extent of the relationship, investigations of Hughes's holdings could not be allowed to succeed.⁴ There was good reason for this. Any leaks could prove disastrous.

NIGHT OF THE LONG KNIVES

For quite a while, the security system seemed to be working very well. But in November 1970, a series of bizarre events took place that started cracking the shell of secrecy that had surrounded the operations for years. Exactly what took place in November 1970 is likely to remain a mystery. But it is certain that the date is crucial in beginning to comprehend Watergate and its aftermath.

An internal crisis had been brewing inside the Hughes empire since Howard's arrival in Las Vegas in 1966. During his years in Nevada, Howard Hughes the

³ It was so important that the details of this merger not come out that in June 1971, three days after several documents that touched on the CIA links were subpoenaed by the Justice Department for the Securities and Exchange Commission, a group of highly professional burglars broke into Summa headquarters and removed those documents. According to several sources with firsthand knowledge of the case, this was a CIA job done to protect the Hughes-CIA relationship.

⁴ For example, a 1973 Congressional investigation of tax-exempt foundations came up empty when it looked into H.M.I. During the course of the investigation, this exchange took place between Seymour Mintz, representing H.M.I., and Representative Ben B. Blackburn of Georgia:

BLACKBURN: [Howard Hughes] certainly has done well in mixing up his money. We cannot keep up with all the financial transactions. We have received a report, but our staff has had problems understanding all of these notes floating around and interest floating around mentioned in it. . . . Why can't that superb management pay off that note?

MINTZ: We have never made that demand on the Hughes Aircraft Company because we felt that it was not in the interest of the institute to hamstring the aircraft company to the point where it would be deprived of its working capital.

BLACKBURN: You mean Mr. Hughes, the trustee, has never felt that Mr. Hughes, the chief executive, ought to be hamstrung in paying Mr. Hughes the money Mr. Hughes owes Mr. Hughes?

man was becoming separate from the Hughes companies, and his control of them gradually diminished. When he sold TWA, he received \$516,519,711, and with it he built Hughes-Nevada Operations, putting Maheu in charge. But the rest of his multibillion-dollar empire was controlled by three executives, outside Nevada. A woman named Nadine Henley, who had once been Hughes's personal secretary, had installed Ken Wright, one of her former chauffeurs, as president of the Hughes Medical Institute, and his first loyalty was to her.

In California, Toolco was controlled by a Mormon named Frank W. "Bill" Gay. He had maneuvered his way to a senior vice-presidency after beginning as the manager of Hughes's car pool. He was responsible for hiring the Mormon valets who surrounded Hughes day and night. They controlled the flow of information into and out of his penthouse suite. With no word to the contrary forthcoming from Hughes himself, Gay was able to maintain his public image as that of a son to Hughes.

From New York, an attorney named Chester C. Davis handled much of the ongoing litigation involving Hughes, including the 12-year court battle over TWA. Davis, with his fiery tongue, dramatic gestures and shrewd maneuvering, has a well-earned reputation as just about the meanest man in any courtroom. (During the Watergate testimony, Davis represented Danner, who had delivered the now famous \$100,000 to Rebozo. Davis personally steam-rolled over many of the investigators' questions. At one point, when Danner tried to add to Davis' own remarks, Davis growled: "You open that mouth again and you're going to have to go see a dentist." The court reporter dutifully typed it into the record.)

Davis, Henley and Gay had won control over the Hughes empire outside Nevada, but they had no proximity to Hughes; Hughes directed the Nevada Operations through Maheu and was in constant communication with him via memos and phone calls. Maheu's ambitions represented a very real threat to Davis, Henley and Gay.

During the Nevada period, Howard's orders outside Nevada were frequently ignored. He could have his little half-billion-dollar playground in Nevada, but Gay, Davis and Henley directed the course of serious world-wide business for the empire. Both Maheu and Meier witnessed Howard's gradual loss of control.

It is not easy to imagine how Hughes could own his empire outright and not have solid control over it. But he was a very unusual man. It is easy to forget that in 1953, he legally stepped down when he passed control of HAC to the institute to take his name off the books

PLAYBOY'S "SHALLOW THROAT"

With disaffected agents spilling their stories and Congressional committees announcing new exposés every few weeks, the penetration of CIA secrecy has become almost commonplace. But breaching security at the Summa Corporation is another matter. It is one of the most secretive companies in the world.

For this reason, one of PLAYBOY's sources of corroboration for *The Puppet and the Puppetmasters*, Charles Kenworthy, is in a unique position. He has breached Summa security and, far from seeking the anonymity of "Deep Throat" status, he has been rather eager to let Summa know about it. The story of how he got into this cold war is an interesting one.

Kenworthy is a flamboyant Los Angeles millionaire who made his fortune in real estate. His favorite pastime is hunting for lost treasures. In 1974, he formed a company called Quest and persuaded the initially skeptical Stanford Research Institute to work with him applying sophisticated technology to the task of finding ancient treasures. Using radar, lasers, sonar and electronic gear from its radiophysics lab, Kenworthy has turned an adventurous old art into a lucrative new science.

Shipping records from the 16th Century indicate that a Spanish galleon carrying treasure now worth \$30,000,000 sank off the coast of Catalina Island, near Los Angeles. Last year, Kenworthy, after finding evidence of the galleon's location, got a permit from the state of California for sole search rights. His crew then began the time-consuming process of zeroing in on the sunken ship.

Then along came the Glomar Explorer.

On August 20, 1975, she arrived, anchored a quarter of a mile off the coast, over the very area from which Kenworthy planned to raise the galleon, and remained there for nine days. During that time, a perimeter of half a mile was drawn around the Glomar to keep private ships away.

Kenworthy thought it odd for the Glomar to show up within 1400 feet of a populated area to perform a "secret" mission. But when he set out to investigate, he drew a complete blank. And Summa, in a one-paragraph note, simply assured him that the Glomar's activity off Catalina "involves no ocean-bottom exploration or salvage operations" and ignored demands for proof.

So Kenworthy took matters into his own hands. Using his own connections with ex-investigative and intelligence agents, he penetrated Summa's security system and began compiling a dossier of Summa documents. He has not yet been able to prove his case, but he has acquired a rather remarkable array of documents, ranging from the startling to the ridiculous. He has, for example, part of Bill Gay's personal phone book, which lists R. Spencer Oliver and Robert R. Mullen & Company. The minutes of the June 6, 1975, Hughes Aircraft board of directors meeting note that Robert F. Bennett, who leaked stories to Bob Woodward that helped bring down Nixon, was "present by invitation." Bennett was president of the CIA front Robert R. Mullen & Company. He is now director of public relations for Summa. Other documents show the massive losses sustained by Hughes-Nevada casinos. The Desert Inn, for example, lost \$5,702,000 last year. The Summa color codes are among Kenworthy's treasure chest of papers. Summa executives, depending on their rank, have emblems on their company cars that show by the colors how important they are. And one executive's note to himself says, "Get CIA clearance" on "mining operations." Yet another directive shows that Richard Danner—who passed \$100,000 of Hughes's money to Bebe Rebozo and is now general manager of the Sands—can't spend over \$1000 without clearing it through Steve Savoldelli, now manager of Hughes-Nevada Operations. Kenworthy also discovered evidence that suggests that Summa has committed Watergate-like break-ins against its own staff.

Jean E. Clary, food-and-beverage director of the Landmark Hotel, on April 23, 1976, wrote a letter to Summa saying that the Summa security men had broken into his home in an attempt to prove he was accepting kickbacks.

Summa has so far only threatened legal action and Kenworthy has failed to inspire an official Governmental investigation to determine the truth about whether or not the Glomar is the pirate ship that stole his treasure. PLAYBOY's own investigation of his charges has turned up two sources who claim that the Glomar did remove that treasure from off the coast of Catalina. In the meantime, PLAYBOY and Kenworthy are continuing to gather evidence to prove or disprove the story.

as official head of that company to smooth over the mismanagement problems he was having with the Air Force. This maneuver was designed to allow Howard to maintain control of HAVC while satisfying the military that someone else was in charge. Later, his fear of germs, of kidnaping, of court subpoenas would seal him off from the outside world and make him dependent on a small group of Mormon aides for everything from food and medical attention to news from the real world. It was a simple matter for them to see that written communications to Hughes about the course of business in his empire did not escape their attention—or their censorship. Even Maheu was never allowed to meet Hughes face to face.

Aside from Maheu and the Mormon valets, one of the few people who spoke with Hughes on the phone regularly was Meier. His position was unique. Maheu and the other executives ran the Hughes-Nevada businesses; Meier handled the projects personally important to Hughes.

Hughes also involved Meier in some of his political and business projects, including the acquisition of Air West, the purchase of several mining claims in Nevada and Hughes's extremely delicate dealings with Donald Nixon.

In November 1969, Meier officially resigned his position with Hughes to set up the Nevada Environmental Foundation. Secretly, he continued to carry out assignments for Hughes.

But by 1970, Howard Hughes was a very sick man, and in early November, he was near death. His health had been failing since his mysterious operation in Boston in 1966, after which he had moved to Las Vegas. Now his weight was down to about 100 pounds, he was suffering from anemia and pneumonia and his hemoglobin count was down to four. This condition causes euphoria and erratic behavior. Normal hemoglobin is between 14 and 18 grams per 100 milliliters of blood. One of the doctors who attended him in his penthouse later told police his condition was so poor they feared for his life if he did not get to a hospital's intensive-care unit. For unknown reasons, Hughes remained in his suite. His memos and phone calls to Maheu and Meier, which had been tapering off since September, abruptly stopped in mid-November. On or about November 25, 1970, Thanksgiving eve, he suddenly vanished, having methodically worked to take over not only the city of Las Vegas but the entire state of Nevada. Hughes's Mormon valets put out the story that a smiling, healthy, high-spirited Howard R. Hughes had sashayed down nine flights of stairs at the back of the D.I., climbed into a limo and been winged away on a long-overdue

He enjoyed the flight, they said.

A number of media people took that jaunty-departure story at face value. *Time's* report began, "A few minutes before ten o'clock on Thanksgiving eve, Howard Hughes pulled an old sweater over the white shirt that he wore open at the neck, donned a fedora and walked to the rear of the penthouse atop the Desert Inn. . . . Hughes eased his tall, thin frame through a long-unused fire door and walked the nine stories down an interior fire escape to the hotel parking lot."

It's a nice picture, but neither Maheu nor Meier believed it for a second. They claim instead that an emaciated Hughes was carried out by Intertel agents, who sent a decoy caravan of limousines to the Las Vegas airport while Hughes was taken to Nellis Air Force Base and flown away in a Lockheed Jet Star. (According to an account in *Look*, by Benjamin Schemmer, editor of *The Armed Forces Journal*, Hughes was on a stretcher when he was loaded on the plane, and the flight crew that departed from Nellis was told, "Your life depends on your not looking to the rear.")

As mentioned before, what took place on November 25, 1970, may remain a secret, and there are only fragmentary reports on Hughes's actual condition. If he did throw on some old clothes and walk down nine flights of stairs, however, it represented a remarkable recovery from his condition earlier that month.

Meier had strong circumstantial evidence to support his belief that whatever happened that night, Hughes was no longer in control. On October 28, 1970, Meier and his wife had arrived in Honolulu and checked into the Kahala Hilton Hotel. They were joined there the next day by Donald Nixon and his wife. Both couples were vacationing at Hughes's expense, but Meier says he was also negotiating with Don about a high-level job for him in the Hughes empire. Hughes was eager to find Don a position and was keeping in touch with Meier by phone. On November third, a friend of Meier's named Mike O'Callaghan, in an upset victory (not expected or funded by Hughes), won the governorship of Nevada. Hughes called Meier the same day and instructed him to fly back immediately and begin to cement a sympathetic relationship with the new governor. Meier went to see O'Callaghan and on November 12 returned to Honolulu with Mr. and Mrs. O'Callaghan, who stayed until November 15. Meier sent his report to Hughes on November 16 and was told he would receive a prompt return call from Hughes, whose Nevada Operations had always run smoother with the good will of the governor. The call never came. Either

Hughes was no longer functioning, Meier concluded, or he had suddenly lost interest in the President's brother and Nevada's new governor.

Maheu was not even told of Hughes's disappearance until December fourth, when, in a dramatic scene resembling a South American *coup d'état*, a strike force of Intertel agents swooped down on Maheu's offices, physically ejected him and his staff into the street, locked and guarded the offices and files and seized control of the Hughes-Nevada Operations in the name of Gay, Davis and Henley.

Literally, one minute Maheu was in his office, carrying on with Howard's business; the next, he was on the street, having been told that he was relieved of all authority, including the authority to continue drawing the \$500,000-a-year retainer he had been charging Hughes.

Maheu had evidence that Hughes had been kidnaped. He knew that Gay had long been on the outs with Hughes, despite the father-son image. One memo later circulated by Maheu expressed Hughes's opinion that Gay was responsible for the breakup of Hughes's marriage to Jean Peters. "I feel he let me down utterly, totally, completely," Hughes wrote. He added, "If I were to list all the grievances, it would fill several pages." In another memo to Maheu, dated March 21, 1968, Hughes had written of Gay, "Apparently you are not aware that the path of true friendship in this case has not been a bilateral affair. I thought when we came here and I told you not to invite Bill up here and not to permit him to be privy to our activities, you had realized that I no longer trusted him. . . . My bill of complaints against Bill's conduct goes back a long way and cuts very deep. Also, it includes a very substantial amount of money, enough to take care of any needs of his children several times over." Meier was also aware of Hughes's dislike for Gay. He explained that the money reference is to Hughes Dynamics, a computer-software company Gay had set up in the early Sixties without Hughes's knowledge or approval. Gay had spent millions of dollars hiring a staff of computer experts, who, according to documents in Meier's files, prepared studies on the computerization of such institutions as police departments and the U. S. Postal Service. Hughes Dynamics had also assisted the Mormon Church in Salt Lake City, at Hughes's expense, in beginning to computerize its operations. "They had offices all over the States, hundreds of people, they were spending millions of Hughes's dollars," says Meier, who was on the staff of Hughes Dynamics himself until he was tipped off that Hughes was not even aware of the operation and advised that he should get out. Meier resigned, and not long after that, Hughes's wife saw a TV news story about Hughes Dynamics and reported it to Hughes,

who ordered the entire staff fired within 24 hours.

That was not the first time he had fired Gay. But each time, Gay managed to find a way around the order. Hughes had also sent Maheu a memo giving him "full authority" to take over the TWA case from Davis, which Maheu had attempted to do. On November 12, 1970—two weeks before Hughes's disappearance—in a three-page teletyped message to Davis, Maheu charged him with mismanagement of the TWA court case. Maheu wrote, "I must insist that you now step aside." Two days later, Davis drafted a proxy turning over control of the Hughes-Nevada Operations to himself and Gay. On the afternoon of November 14, 1970, according to Levar Myler and Howard Eckersley, two of Hughes's Mormon valets, they handed the proxy to Hughes for his signature. Myler served as witness; Eckersley, a notary public, sealed the proxy, which was then used as the legal basis for ousting Maheu. Both men had been hired by Gay to attend Hughes.⁵

Shortly after the take-over, Davis and Gay made public a "Dear Chester and Bill" letter from Hughes reiterating his desire to remove Maheu and ordering them to get the Maheu affair over with as quickly as possible. It is signed "Howard R. Hughes" and his fingerprints appear at the bottom of the page. At the very least, Maheu thought the letter was suspicious because Hughes did not begin his written communications to executives with "Dear." He began directly with a first name, such as "Bob—," or "John—." Nor did he sign personal messages "Howard R. Hughes." He signed them "H" or "Howard." The purpose of the fingerprints was to prove Hughes had written the letter. But curiously, sheriff's police captain William Witte of Clark County in Nevada later testified about those fingerprints: "From the way the latent prints developed on the three separate examinations, we feel it is impossible to tell ~~how~~ [emphasis added] those prints were placed on that piece of paper."

A BEAST WITH TWO HEADS

But whether or not Hughes was in control at the moment his fingerprints were placed on that letter, the meaning

⁵ A few months after Hughes's disappearance, Eckersley, after years of laboring anonymously as chief staff executive for Hughes, showed up in Montreal touting a new mining stock called Pan American Mines Ltd. and implying that it was a Hughes venture. The stock quickly shot up 500 percent before Toolco announced that the venture was not backed by Hughes. The Canadian government indicted Eckersley for stock fraud. He remained in his position in the Hughes organization.

of the 1971 coup was that Maheu and Meier, the two men who knew intimately the inner workings of the Hughes empire, were convinced that Hughes was no longer calling the shots; and hostile actions taken toward them, in Hughes's name, made them bitter enemies of the new regime practically overnight. Powerful executives who are accustomed to having the nation's business and political elite seek their favor do not simply fade quietly into the background when they believe—rightly or wrongly—that an illegal coup has taken place and they are its victims, abruptly and ignominiously thrown out onto the street and made to look like fools. Together, Maheu and Meier had enough information to topple the entire structure involving the Nixon White House, the Hughes empire, the CIA and politicians from both parties who were secretly indebted to Hughes in ways that could cause a public outrage.

Ironically, the initial White House response to the Hughes upheaval was jubilant. Maheu had retained Larry O'Brien, for some of the Hughes public-relations work in Washington. Once Maheu was out, so was O'Brien—no friend to the Republican White House. The powerful Hughes account was turned over to Robert F. Bennett, who was, like Bill Gay, a Mormon. Bennett purchased Mullen & Company, a public-relations firm that also served as a CIA front organization, and which employed E. Howard Hunt. On January 15, 1971, Charles Colson wrote to another White House aide: "Bob Bennett, son of Senator Wallace Bennett of Utah, has just [taken] over the Mullen public-relations firm here in Washington. Bob is a trusted loyalist and good friend. We intend to use him on a variety of outside projects. One of Bob's new clients is Howard Hughes. I'm sure I need not explain the political implications of having Hughes's affairs handled here in Washington by a close friend. As you know, Larry O'Brien has been the principal Hughes man in Washington. This move could signal quite a shift in terms of the politics and money that Hughes represents."

But already there was concern about the dangers posed by the angry Maheu's relationship with O'Brien. A White House memo dated January 26, 1971, from Dean to H. R. Haldeman, says: "I have also been informed by a source of Jack Caulfield's that O'Brien and Maheu are longtime friends from the Boston area. . . . Bebe [Rebozo] is under the impression that Maheu had a good bit of freedom with Hughes's money when running the Nevada operation. Bebe further indicated that he felt he could acquire some documentation of this fact if given a little time and that he would proceed to try to get any information he could. He also requested that if any action be taken with regard to Hughes that he be notified because of his familiarity with the

delicacy of the relationships as that result of his own dealings with the Hughes people." (The "delicacy" Rebozo referred to is not hard to understand. At that moment, he had \$100,000 of Hughes's money that he had never reported to the IRS stashed in a safe-deposit box.) Two days later, Haldeman instructed Dean to get more information on Maheu and O'Brien: "You and Chuck Colson should get together and come up with a way to leak the appropriate information. . . . However, we should keep Bob Bennett and Bebe out of it at all costs."

In other words, the White House was looking for information to embarrass O'Brien because of his Hughes connection, but before long, it started to look like the change of command in the Hughes empire was going to threaten the White House far more than O'Brien. Maheu and Meier would see to that.

It was an odd couple that set out to destroy the new Hughes regime. Maheu was an ex-FBI agent who worked for the CIA while on the Hughes payroll and was instrumental in creating the role of CIA front for the Hughes empire; Meier was a computer expert who was more interested in cleaning up the environment than in planting spies overseas. Maheu and Meier had probably not seen eye to eye on anything important until they came to the same conclusion about Davis and Gay's take-over of the Hughes organization. For once, their hands were forced in the same direction.

Maheu began by taking his grievances into court, letting out bits and pieces of information. Meier began by talking to his friends—liberals, Democrats, journalists—about such things as Air West. Maheu and Meier both talked with columnist Jack Anderson. The conversations resulted in articles that were potentially more disastrous for both the Hughes people and the White House than the column by Drew Pearson. Anderson's predecessor, about the 1956 loan. Anderson, for example, was the first to print, in August 1971, the outline of the \$100,000 payoff to Nixon through Rebozo.

Haldeman wanted Rebozo kept out of it "at all costs," and now Anderson was bringing him into it. Anderson told PLAYBOY: "That column, and every other column I wrote about Hughes and Nixon, provoked a reaction so much stronger than on any other subject I could write about. They went crazy over there whenever I linked them to Howard Hughes. And I learned from sources in the White House inner circle that they believed the source for that column about the \$100,000 to Rebozo was Larry O'Brien. They were mistaken, but they were convinced at the time that I was getting my stuff on Hughes and Nixon from Larry O'Brien."

The tension gradually increased through 1971. Maheu and Meier talked more and more. The agency, the Hughes

empire and the White House became more and more concerned. In the Watergate testimony, several witnesses alluded to their nervousness about the struggle within the Hughes organization and its potential for serious political embarrassment.

In early 1972, the Clifford Irving biography of Hughes surfaced in the press as a fraud, prompting an unprecedented phone call from either Hughes or a man purporting to be Hughes. The reason for suspicion about the identity of the man making the call is the fact that he couldn't answer several of the identifying questions put to him by reporters who supposedly had known him. In the four-hour conversation, the voice rambled disjointedly, going into extended discourses on such topics as the way in which he trimmed his fingernails and the advantages of a clipper over a scissors. At one point, the voice said, Maheu "robbed me blind," sending Maheu into a rage that ended in a \$17,300,000 defamation suit against Summa. In the course of this action, a very angry Maheu began telling even more about the internal workings of the organization as they related to Nixon and the CIA:

- He presented a tape recording of a phone call from Hughes, who told him in reference to a possible move to the Bahamas, "If I were to make this move, I would expect you to wrap up that government down there to a point where it will be, well, a captive entity in every way."

- July 4, 1972, Maheu gave the first detailed account of the famous \$100,000 gift to Nixon—in a sworn deposition. While there had been some question before, Maheu now stated conclusively that the money was unquestionably meant for Nixon.

- He revealed that approval for Hughes's purchase of additional casinos was a favor granted by Nixon implying that Hughes had bought Nixon off.

- He described showing Hughes executive Ray Holliday the Hughes memo asking Maheu to give Lyndon Johnson the \$1,000,000 bribe to stop atomic tests. "Mr. Holliday," Maheu said under oath, "dropped the yellow sheet of paper to the floor and requested of me whether or not his fingerprints could be taken off the piece of paper."

Although some of this was to take place after the Watergate break-in, its general impact gives an idea of how far Maheu was willing to go. He had apparently decided to pull out all the stops and blast the organization.

In some ways, Meier represented even more of a threat, especially to the White House. His close friendship with Don Nixon, as mentioned before, had long been a source of concern for the President. Although Donald and Meier were told at various points to keep away from each other, Don wanted to maintain his

Hughes' connection and Meier had a job to do. Meier, after all, was charged by Hughes with handling business dealings with Don. Don later testified to the Watergate Committee that he viewed Meier as "the number-two man with Hughes." The Secret Service had already tapped Don's telephone because of his connections with Hughes, and as early as July 1969, the Secret Service had, as mentioned, photographed Meier and Don at the Orange County Airport, prompting an angry call to Don from Rebozo. But Don persisted in seeing Meier, which led to yet another embarrassing column by Anderson. Meier was going to have lunch with George Clifford, an Anderson investigator, and Don joined them, only to start bragging about his international wheeling-dealing. A February 11, 1972, Anderson column reads, "Suddenly he fixed his gaze on a visitor [Meier] connected with the airline Air West. 'How do I get Air West?' Donald demanded. 'We ought to do their catering. They owe me that.'" The story "upset the entire Nixon family," according to Meier, who was told that by Don.

Just the seamier aspects of the Air West story were enough to threaten Nixon's chances of re-election. Nixon hadn't forgotten the disasters of 1960 and 1962, caused by the Nixon family's relationship with Hughes, and in early 1972, his old nightmare was showing signs of repeating itself, and all because of the fallout from the internal Hughes explosion. On February third, *The New York Times* added a new dimension by carrying a story saying that Las Vegas Sun publisher Hank Greenspun had a safe full of Hughes memos. One day later, Mitchell met with Liddy and the result was Liddy's belief that he had the go-ahead for two missions: the burglary of Greenspun's safe and a mission into O'Brien's office at the Watergate.

Friends throughout the Hughes organization had warned Meier not to get into politics after the 1970 blowup. He was told the organization would "ruin" him if he did. Meier ignored them, determined to get to the bottom of what he regarded as the mysterious disappearance of Hughes and to get on with his own career, now that he'd lost his position with Hughes. He decided to run for the U. S. Senate from New Mexico against an old friend of Nixon's, Pete Domenici. Meier announced his candidacy on January 11, 1972, and as the election year started, the White House had cause for alarm at Meier's conversations not only with Jack Anderson but with high-level McGovern supporters as well.

"I was telling them," Meier says. "that my feeling was that McGovern stood a chance of winning the election only if he exposed Nixon in areas such as his relationship with Hughes, such as the fact that I was told directly by Hughes to lay

off the AEC because he had a deal with the President that he would get approval for the acquisition of Air West. And I was sitting there in Don Nixon's house, listening to him talk to Nixon in the White House about Air West and Hughes. Now, where are those tapes between Don and Richard Nixon? Nixon had Don's phone tapped. Why didn't those tapes come out?"

Left alone, Meier stood a good chance of winning over Domenici, who was thought to be a weak opponent. But in the next five months, before Meier lost in his campaign for the Democratic nomination, he experienced a series of disasters. According to an affidavit by Harry Evans, Meier's campaign coordinator, Tom Benavidez, then a New Mexico senator, was managing the campaign and had his real-estate offices burglarized of Meier's papers, including tax records. Benavidez found a transmitting device on his office phone. The campaign was being directed from that office. Evans' report to Meier on the state's political structure was stolen when someone broke into the Downtowner Motel room in which Evans was staying. (The wire tapping and burglaries by that time were nothing new to Meier. As early as January 27, 1970, he was at the Fontainebleau in Miami with his wife and their room was broken into. Meier's files were taken and he reported the incident to the police.)

Telephone threats on Meier's life became so common that he had to get a police monitor on his phones in an attempt to trace the calls. Although Meier had never met Clifford Irving—and so testified—he was dragged before a Federal grand jury in New York investigating the hoax and subjected to heavy publicity about his possible involvement.

As soon as Meier was cleared of the Irving matter, Summa sued him and others, claiming \$9,000,000 had been swindled from Hughes in mining deals.

Then, in May, someone leaked the story to the press that Meier was under investigation by the IRS. Meier had initially come under IRS scrutiny as a result of a massive investigation of the Hughes empire. At the end of 1971, the IRS and the Justice Department—presumably unaware of the depth of the CIA connections to Hughes—sent teams of dozens of volunteer agents into Las Vegas to investigate Hughes-Nevada Operations. The heat was on in Vegas, considering that Intertel, Hughes, IRS, Justice, the CIA and who knew who else were all there spying on one another. According to Hunt's own Watergate testimony, "It was Mr. Bennett who told me that if I ever got out to Las Vegas, to be very careful even of using a telephone booth there; there was so much electronic surveillance out there that he for one would not even trust a coin phone in Las Vegas."

It wasn't surprising. The IRS was un-

covering what *The Wall Street Journal* called the largest skimming operation the IRS had ever seen. In its July 31, 1972, report, the *Journal* said, "The Billionaire was roundly fleeced . . . the noise is beginning to tighten." It quoted a "seasoned" Federal agent as saying the situation involved "some of the most incredible swindles I've ever seen" and described the "massive investigative force that is combing Las Vegas, several other U. S. cities and such remote points as the Netherlands and the Dominican Republic."

A minimum of \$50,000,000 could not be accounted for right at the outset and all indications were that there were more mysteries where that came from. Spokesmen for the IRS admitted to total bafflement about how business had been conducted in Vegas since Hughes arrived.

Nixon's problem was that some money was intentionally moved in circuitous ways because at least \$100,000 had been taken from casinos and passed to Rebozo, earmarked for the White House. The IRS was beginning to turn up bits and pieces of evidence pointing to a Hughes-Nixon relationship and the investigation was immediately flagged "sensitive." In May 1972, less than a month before the Watergate break-in, Roger Barth, assistant to the commissioner of the IRS, reported to Ehrlichman at the White House. He said the IRS had developed information that might embarrass the President (meaning ruin his chances for re-election). The IRS further told Ehrlichman that Donald Nixon's name kept coming up in the Hughes investigation.

The sequence of events leading up to Watergate reads like an invasion plan.

- During January, Meier's Albuquerque home was broken into and bugged.

- During February, there was a break-in at Meier's room at the Marriott Hotel in New York.

- During March, two additional Albuquerque break-ins were made at Meier's campaign offices.

- Meier's Senate campaign ran from January 11 to June 6, 1972. Less than two weeks before the break-in at Watergate, he lost the primary, his campaign in a shambles.

The situation was beginning to get out of hand for Hughes, the CIA and the White House. Even for them, it was an awfully active schedule of larceny.

The three groups had many worries in common. They also had in common E. Howard Hunt, inasmuch as he was employed by Bennett, had been one of the CIA's top clandestine talents and was in 1971 on a daily retainer of \$100 from the White House to do special projects. Liddy had worked with Hunt before. By late 1971, he was doing "law-enforcement" work for the White House. He had a flair for wild schemes, guns, fast cars and planes. It was Liddy who originally proposed to Mitchell the brutal tactics

or sabotaging the Democratic campaign (such as hiring a yacht full of prostitutes to lure Democrats into compromising situation).

Hunt and Liddy had planned to drug Anderson to make him incoherent during a public appearance and thereby discredit him. Every time someone got close to the Hughes connection, he was bugged or burglarized or discredited.

By the spring of 1972, militaristic security actions had become almost a day-to-day business for Hunt, Liddy and their associates. There were at least two failed attempts to break into Watergate (Liddy, in his typical style, had even suggested shooting out a streetlight to give the break-in team the cover of darkness for a job aimed at McGovern's headquarters). Then in late May, the plumbers, under the direction of Hunt and Liddy, entered the Democratic National Headquarters in Watergate for the first time. They placed electronic bugging devices, which were monitored from the Howard Johnson's across the street and reduced to memo form.

In the process of scrambling to re-establish some semblance of security, the White House, the agency and the Hughes organization also found O'Brien worrisome. His old relationship with Maheu and his friends' conversations with Meier could be providing the Democrats with some unbeatable ammunition for the election. Maheu and Meier could also threaten the integrity of America's largest covert-operations front. The plumbers had already been in the Watergate once in May. There were so many taps in place already, it was probably not even considered a very important job to place a couple of eavesdropping devices on the phones of O'Brien and one of his assistants, R. Spencer Oliver, Jr. (whose

father worked for Bennett at Mullen & Company), and to photograph some documents at the same time.

Liddy, Hunt, the agency, the Hughes organization, the White House all regarded it by that time as just part of business as usual. And the June 17 Watergate break-in would have been just another small job—a repeat performance, in fact—in the process of finding out just what was going on with Meier, Maheu, O'Brien, Greenspun, Anderson—the entire nexus of the Hughes connection and the mass of information swirling around it. It would have been just another step if the burglars hadn't been caught. That opened the floodgates. During the next year, the only thing to do was to head for high ground. But someone had to go down. Someone had to take the blame. The only thing certain at that point was that it wasn't going to be the world's largest CIA cover organization or the CIA itself.

In the following months, different versions of the motive for the burglary would be rolled out: First, it was a group of anti-Castroites who had pulled off the job, believing McGovern to be pro-Castro; then it was a band of overzealous campaign workers pulling a dirty trick on the opposition; and finally, of course, it was a group of plumbers hired directly by the White House. Supposedly, as the drama unfolded, the public would be getting closer and closer to the truth.

But of the three interested parties—the White House, the CIA and the Hughes organization—two of them had the power to ensure that the whole truth never emerge. As the White House portion of the cover-up began to crumble, it would become clear that Nixon could not be saved and would have to be thrown overboard to keep the CIA and Hughes

afloat. The attention of the news media would have to be focused on the White House alone—surely a large enough target for tenacious journalists. Robert Bennett, Hughes public-relations man and director of a CIA front, would play a fascinating, complex and mysterious role. He would supply information to a number of newsmen; notably, Bob Woodward. In the following year, Woodward and his partner, Carl Bernstein, would write the stories credited with bringing down the President, stories that would make journalistic history without ever mentioning Hughes or the CIA in any substantive relationship to the motive for the Watergate break-in. In Woodward and Bernstein's two books, which are the most popularly accepted accounts of the Watergate scandal, Howard Hughes's name is mentioned only in passing.

Clearly, Hughes and the CIA were more important than a mere President. They were the magic box in which the country's most sensitive secrets were kept. It had almost come open and those in charge of its security were determined not to let it happen again. The magic box had to be closed once and for all and whoever wasn't inside—God help him.

This is the first of a two-part series. In November, the conclusion: Bennett secretly provides stories to Woodward; Nixon falls, but the CIA succeeds in covering its own tracks; Hughes's death, under circumstances even more suspicious than previously reported, causes Summa and the CIA drastic problems requiring drastic action, including a tentative peace feeler to their old foe, Meier; the scramble behind the scenes for a Hughes will.



Detailed Sta

REGISTERED ARTICLE NO. 5011 Date 11/15/68

Value \$ Special delivery fee

Fee \$ 75 Return receipt fee 10

Handling charge \$ Restricted delivery fee

Postage \$ 18 Airmail

From Gerald R. Ford Wash. D.C.

Addressed to Clerk, Kent County

41 Pearl St. Grand Rapids, Mich.

Postmaster: By 440
GPO:1966-O-219-121

In accordance with the p

*I, _____

to the office of _____

*I, GERALD R. FORD

and party of candidate) FOR

hereby submit the following detailed statement of receipts, disbursements and unpaid debts or obligations incurred at the

GENERAL ELECTION

(Primary Election, Caucus, Convention or General Election) held on the fifth day

of NOVEMBER 68, in the FIFTH CONGRESSIONAL DISTRICT

(State, County, City Municipality, Township or District)

State of Michigan.

DISBURSEMENTS

DATE	TO WHOM PAID	PURPOSE	AMOUNT	
			Dollars	Cents
8/13/68	Grand Rapids Press	advertisement	67	20
8/14	5th District Republican Committee	reimburse freight charges	12	48
8/15	Grand Rapids Press	advertisements	100	80
8/19	LaClaire	glossies-brochure	30	00
8/21	Rooks Transfer Lines, Inc.	freight charges	7	72
8/21	Al Heemstra Associates	lettering	25	00
8/23	Row Motor Sales	car rental	150	00
8/23	L. Coykendall	trailer haul service	150	00
8/23	D. Carlson	mobile office rental	150	00
8/23	Pantlind Hotel	room	105	40
8/23	Petty Cash	postage; distribution services	51	00
8/29	W. Kendrick Co.	freight charges	10	19
8/29	Western Union	telegrams	44	24
9/6	Petty Cash	postage	1	00
9/12	C. Daughn	services, personal	30	00
10/1	Cities Service Oil Co.	gas	6	50
10/4	Cedar Springs Clipper	ads	79	52
10/5	Lowell Ledger & Suburban Life	ads	70	56
10/5	Sun & News	ads	33	60
10/5	Southkent News & Wyoming Advocate	ads	78	40
10/5	Western Michigan Catholic Weekly	Ads	116	48
10/5	Sentinel Leader/West Mich. Farm Bur.	Ads	88	48
10/5	Grand Rapids News	ads	84	00
10/5	Grand Rapids Times	ads	140	00
10/5	The Almanac	ads	175	28
10/5	Ionia County News	ads	47	04
10/5	Ionia Sentinel-Standard	ads	62	72
10/5	Belding Banner News	ads	49	96
10/5	Saranac Advertiser	ads	43	12
10/5	Portland Review & Observer	ads	39	20
10/5	Lake Odessa Wave	ads	47	04
10/5	Greenville Daily News	ads	78	40
10/5	Sparta Reminder	ads	176	40
10/8	Rockford Register	ads	123	20
10/8	Almanac Publishing Co.	ads	48	72
10/8	The Interpreter	ads	196	00
10/8	Capital City Postcards	ads	4.54	
10/10	S. Barbour	UNPAID DEBTS OR OBLIGATIONS--none	110.00	
10/10	Modern Litho Plate Service	plates	125.00	
DATE	OBLIGEE	PURPOSE	AMOUNT	
10/10	To Whom Owed		Dollars	Cents
10/10	Spartan Lithograph Corporation	layout, etc.	588	06
10/11	WOOD-AM/FM/TV	studio use	50	00
10/11	T. Lankford	mailing & printing services	227	39
10/15	Western Michigan Catholic Weekly	ads	338	84
10/15	Cedar Springs Clipper	ads	187	04
10/15	Ionia Daily Sentinel Standard	ads	337	12
10/15	Lake Odessa Wave	ads	144	48
10/15	Portland Review & Observer	ads	120	40
10/15	Rockford Register	ads	164	30
10/15	Saranac Advertiser&Ionia ShopGuide	ads	337	64
10/15	Sentinel Leader	ads	116	96
10/15	Sun & News	ads	103	20
TOTAL			44	94
10/18	Michigan Bell Telephone	Eastbrook service		

*Strike one not applicable.

10/18	House Recording Studios	services		
10/18	Gerald R. Ford	airline ticket	100.00	
10/13	Internat'l Business Machines	typewriter rental	30.00	
10/18	C. Smith	glossy photos	5.00	
10/18	Harty Gilman, Inc.	freight charges	5.24	
10/18	G. Ford	airline tickets	342.30	
10/21	Postmaster	postage	40.00	
10/22	Capitol Airlines Ticket Office	air passage	97.65	
10/22	Time-Life Broadcast	prepare film, art work, etc.	619.00	
10/22	B. Suchowolec	art work	10.00	
10/23	H. Ackerman	services	165.00	
10/24	G. Ford	travel expense	15.75	
10/24	United Airlines	travel expense	87.15	
10/25	Petty Cash	postage	1.00	
11/1	United Airlines	travel expenses	147.00	
11/2	K. Doyer	services	50.00	
11/4	Petty Cash	postage	3.96	
11/4	G. Ford	out-of-pocket expenses	100.00	

TOTAL \$ 7,499.41

RECEIPTS

DATE	FROM WHOM RECEIVED	STREET ADDRESS AND P. O.	AMOUNT	
			Dollars	Cents
	Credit Balance - Primary Campaign		1301	41
8/12/68	P. Henderson	Fairfield, Connecticut	100	00
8/7	F. Christensen	Kent City, Michigan	25	00
8/20	M. Cartier	Ludington, Michigan	100	00
8/14	B. Walker	Grand Rapids, Michigan	40	00
8/15	D. Shine	Wyoming, Michigan	10	00
8/16	S. Moxom	Grand Rapids, Michigan	1	00
8/9	R. Champion	Santa Monica, Calif.	200	00
8/9	R. Purcell	Los Angeles, Calif.	200	00
8/9	J. Brooks	Santa Monica, Calif.	200	00
8/12	J. Bitner	Grand Rapids, Michigan	200	00
8/14	E. DeWinter	Grand Rapids, Michigan	25	00
8/1	E. Clarke	Grand Rapids, Michigan	10	00
8/14	E. Griswold	Cedar Springs, Michigan	5	00
8/16	H. Ford II	Detroit, Michigan	200	00
8/14	E. Lightfoot	Washington, D.C.	200	00
8/23	D. Byers	Grand Rapids, Michigan	25	00
8/7	R. Coolhardt	Grand Rapids, Michigan	200	00
8/8	D. Weisenstein	Pittsburgh, Pa.	200	00
8/12	Carpenters Legislative Improvement Committee	Washington, D.C.	1000	00
8/21	C. Gardner	Rocky River, Ohio	50	00
8/21	J. McBride	St. Louis, Missouri	50	00
8/21	L. Wright	Cleveland, Ohio	50	00
8/21	W. Merkel	Youngstown, Ohio	50	00
8/21	H. Eisengrein	Chagrin Falls, Ohio	50	00
8/21	J. Higginbotham	Buffalo, New York	50	00
8/21	A. Broholm	Evanston, Illinois	50	00
8/21	H. Terrell	Massillon, Ohio	50	00
8/21	G. Stults	Buffalo, New York	100	00
8/26	N. Felt, Jr.	Baltimore, Maryland	100	00
8/21	K. Geng	Rockton, Illinois	100	00
8/21	J. Gingerich	Cleveland, Ohio	100	00
8/21	H. Grossman	Orlando, Florida	100	00
8/21	F. Hinds	Cleveland, Ohio	100	00
8/21	J. Luck	Rockton, Illinois	100.00	
8/21	R. Newman	New York, N.Y.	100.00	
8/21	J. Stevenson	Orlando, Florida	100.00	
8/21	R. Swope	Denver, Colorado	100.00	
8/21	E. Uhlig	Baltimore, Maryland	100.00	
8/10	K. Boekeloo	Birmingham, Michigan	85.00	
8/10	K. Thompson	Lansing, Michigan	75.00	
8/10	G. Harrington	Birmingham, Michigan	85.00	
8/10	N. Slack	Birmingham, Michigan	85.00	
8/10	J. North	Grosse Pointe, Michigan	85.00	
8/10	K. Moore	Birmingham, Michigan	85.00	
8/23	P. Hampers	Grand Rapids, Michigan	50.00	
9/6	D. Gebensleben	Grand Rapids, Michigan	20.00	
9/6	D. Jelsema	Grand Rapids, Michigan	1.00	
9/16	G. Pardee	Spring Lake, Michigan	25.00	
9/25	J. Campbell	Jackson, Michigan	100.00	
9/27	J. Foshee	Ada, Michigan	50.00	
9/30	S. Albert	Grand Rapids	200.00	
9/30	Republican State Central Committee	Lansing, Michigan	500.00	
10/4	R. Stevens	Grand Rapids, Michigan	25.00	
10/9	G. Stone	Grand Rapids, Michigan	10.00	
10/11	R. Smith	Grand Rapids, Michigan	100.00	
10/14	R. Chaney	Belton, South Carolina	10.00	
10/18	H. Homan	Grand Rapids, Michigan	25.00	
10/18	E. Quigley	Grand Rapids, Michigan	10.00	
10/18	C. Miller	Cleveland, Ohio	25.00	
10/18	O. Meyer	Grand Rapids, Michigan	5.00	
10/18	C. Caldwell	Grand Rapids, Michigan	4.40	
10/18	W. Sundheimer	Grand Rapids, Michigan	4.40	
10/18	G. Essenburgh	Grand Rapids, Michigan	4.40	
10/18	R. Nimphie	Grand Rapids, Michigan	4.40	
10/18	D. Pickering	Grand Rapids, Michigan	4.40	
10/18	F. Bauhof	Grand Rapids, Michigan	4.40	
10/18	D. Harper	Grand Rapids, Michigan	4.40	
10/18	L. Storer	Grand Rapids, Michigan	4.40	
10/18	J. Betchkal	Cleveland Heights, Ohio	4.40	
10/18	W. Machamer	Grand Rapids, Michigan	4.40	
10/18	J. Gallagher	East Lansing, Michigan	4.40	
10/18	C. Pitzen	Grand Rapids, Michigan	4.40	
10/18	M. Classic	Woodland, Michigan	4.40	
10/18	B. Hartough	Grand Rapids, Michigan	4.40	
10/18	R. Winner	West Dearborn, Michigan	4.40	
10/18	H. Handorf	Detroit, Michigan	4.40	
10/18	H. Humphrey	Oak Park, Michigan	4.40	
10/18	H. Mellem	Birmingham, Michigan	4.40	
10/18	C. Elledge	Birmingham, Michigan	4.40	
10/18	E. Turner	Grosse Pointe Woods, Michigan	4.40	
10/22	D. Hart	Grand Rapids, Michigan	10.00	
Sub - Total			\$7496.41	
10/23	H. Hazlewood	Grand Rapids, Michigan	1.00	
10/24	A. Hendrickson	Grand Rapids, Michigan	2.00	
TOTAL			\$7499.41	

Detailed Statement of Nomination and Election Expenses

To the County Clerk of the County of _____ **KENT**

In accordance with the provisions of the Michigan Election Law.

*I, CHARLES H. FORD, who was a REPUBLICAN candidate for GOVERNOR,
(Political Party) (Nomination or Election)
to the office of GOVERNOR OF THE STATE OF TEXAS

*I, Gerald R. Ford, treasurer of the Ford for Congress Committee
(State, County, City, Municipal, Etc.)
committee for the Republican party.

hereby submit the following detailed statement of receipts, disbursements and unpaid debts or obligations incurred at the

PRIMARY ELECTION

SIXTH

AUGUST

(Primary Election, Caucus, Convention or General Election)

held on the SIXTH day of AUGUST

19.....68, in the **FIFTH CONGRESSIONAL DISTRICT**....., State of Michigan.
(State, County, City, Municipality, Township or District)

DISBURSEMENTS

DATE	TO WHOM PAID	PURPOSE	AMOUNT	
			Dollars	Cents
6/10	Pantlind Hotel	press breakfasts	68	97
6/10	V. Bullen	advertising	60	00
7/3	VanderSys & Co.	carpeting	243	88
6/25	Al Heemstra Associates	overhead sign	100	00
7/18	Lowell Showboat Inc.	advertising	175	00
7/24	T. Lankford	bunger stickers	145	00
7/24	W. Kendrick	emery boards	222	30
7/24	Koster Film Facilities	TV spot film	10	00
7/24	Pontana Lithographers	cook books	777	25
7/24	W. Kendrick Co.	rain bonnets	403	75
7/24	G.R. Calendar Co.	book matches	129	84
7/24	Marty Gilman, Inc.	potholders	587	50
7/24	W. Kendrick Co.	shopping bags	685	50
7/24	Capital City Postcards	postcards	197	00
7/29	Petty Cash	postage, mailings	20	00
7/30	Ford Paint & Varnish	suburban directory	70	20
8/1	Capitol Airlines Ticket Office	transportation	197	40
8/5	Dennis Kane	campaign services	800	00
8/6	Gerald R. Ford	out-of-pocket expenses	100	00
	Gerald R. Ford, Stationary Account	key chains and bands	520	00
TOTAL	.	.	5513	59

UNPAID DEBTS OR OBLIGATIONS

DATE	OBLIGEE To Whom Owng	PURPOSE	AMOUNT		
			Dollars	Cents	
	NONE				
TOTAL	NONE		

•Strike one not applicable.

RECEIPTS

[illegible]

STATE OF MICHIGAN
KENT
County of _____ ss.

I, GERALD R. FORD

being duly

sworn, deposes and says that the foregoing is a full, true and detailed account and statement of the disbursements, receipts, and unpaid debts or obligations, made, received and incurred in connection with the campaign for the nomination aforesaid.

(Nomination or Election)

(Signature of ~~Candidate~~ or Treasurer)

Subscribed and sworn to before me this August 68
17th day of August, 1968

Name of Notary

County

Comm.
Expires

(Type, print or stamp)

DETAILED STATEMENT OF (Nomination or Election) Expenses

CONRAD R. FORD

Name of Candidate or Treasurer

AS A {
*CANDIDATE FOR THE OFFICE OF
*TREASURER FOR

Ford for Congress Committee

Received and filed this.....day

of 19.....

County Clerk.

***Strike one not applicable.**