

The Troubled 'Friends of the FBI'

By Nick Kotz

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At a leisurely breakfast meeting in the Statler Hilton Hotel last year, three men agreed to a partnership that one later described as "having produced a Niagara of dollars." They named their venture "Friends of the FBI." Their plan was to solicit the public by direct mail advertising for funds that would be used to support and study the FBI.

A year has now passed since that breakfast and it has been a stormy one for "Friends of the FBI." One partner has withdrawn, accusing the other two of improperly enriching themselves from the project. A Hollywood television star claims he was "used" by the partners. The Internal Revenue Service and U.S. Postal Service are conducting investigations, questioning possible violation of tax and postal laws.

And "Friends of the FBI," now reorganized, is preparing its study and conference to be presented in Washington late this month.

Viewed from its inception, the development of "Friends of the FBI" illustrates how many "public campaigns" are initiated today, with the skilled use of highly selective mailing lists, computerized letters and nationally known personalities who agree to become sponsors. Many of the campaigns are conducted with the highest idealism. Their causes range across the political



EFREM ZIMBALIST JR.
... was honorary chairman

spectrum from far left to far right. But many causes have two important characteristics in common. The public seldom knows who is really running the campaign, and how the funds are spent.

Such is the case with Friends of the

FBI. Of \$380,000 collected in the first four months of the campaign, at least \$256,000 has been paid out in fees and expenses to the partners and their lawyers. About \$80,000 has been paid to other organizations to study the FBI. There has been no public accounting to the contributors.

The story begins with the breakfast meeting last year. Lee Edwards, a public relations man who specializes in conservative causes, says he thought up the original idea. The first partner he recruited was Patrick J. Gorman, a professional fund raiser who operates as Patrick J. Gorman Consultants, Inc., a Washington D.C. firm. The third man at the breakfast table was Luis Kutner, a Chicago lawyer who has built an international reputation with 40 years' trying to free political prisoners around the world.

Edwards and Gorman had worked together before on similar campaigns. Their association extended back to raising funds in 1963 for Sen. Barry Goldwater's early presidential bid. Using fund-raising lists compiled over the years, Gorman and Edwards later collaborated on a variety of conservative-oriented projects as the "Committee of One Million to Keep Communist China out of the U.N.," "Americans for Agnew," "Save our Symbol," and others.

See FBI, A14, Col. 1

'Friends of the FBI' Promotion-

FBI, From A1

But Kutner was a new associate. Edwards said he approached Kutner because he wanted "political balance" and Kutner was a liberal Democrat. Kutner also was useful because a commission he runs already possessed an IRS tax exemption that would be used in the project.

The men agreed that Gorman would run the direct mail solicitation of funds and would put in the "seed money" to send out the initial mailings. Edwards would handle public relations and administration. Kutner would provide the services of his Commission for International Due Process of Law, which would sponsor the project under its tax-exempt auspices, and would conduct the proposed study of the FBI.

The men agreed such a project would serve a worthwhile purpose, namely, to counteract a liberally-oriented FBI study commission centered at Princeton University, and a spate of criticism of the FBI and its chief, the late J. Edgar Hoover. They cited verbal "attacks" by House Majority Leader Hale Boggs (D-La.) and an article in Life Magazine, which featured Hoover on the cover, dressed in emperor's clothes.

Later that same April day, in a memorandum to Gorman and Kutner, Edwards summarized the plans and concluded: "As you know, I have been trying to come up with a solid project which would involve all three of us for some time now. I think 'Friends of the FBI' is it—and a natural."

According to the memo, Edwards proposed that his firm, Lee Edwards and Associates, would be paid \$750 monthly for receiving and receipting the contributions, and \$6,000 in fees for publicity work and for writing and editing the study. Gorman was to receive \$1,500 a month during the direct mail campaign, plus a rental commission for use of his invaluable lists of persons who were likely to contribute to this kind of cause.

The project now had all the ingredients for success, said Edwards, except for "a name" sponsor whose appeal would spur contributions to "Friends of the FBI."

On May 21, 1971, Edwards found his sponsor on a Warner Brothers movie lot at Burbank, Calif. By recalling that they had worked together for one day during the Goldwater campaign, Edwards was able to get an appointment

with Efreim Zimbalist, Jr., who stars as Inspector Erskine on the television series, "The FBI."

Zimbalist agreed to help the project by serving as honorary chairman. He also agreed to sign a fund-raising letter, says Edwards, and gave him "two specimens of his signature for use in the fund-raising letter."

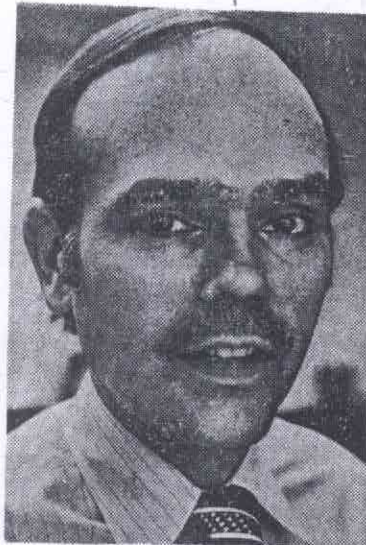
In early June, "Friends of the FBI" was launched by Gorman with an avalanche of fund solicitations that went throughout the country on stationery with the heading "Efreim Zimbalist, Jr., Hollywood, Calif." Zimbalist asked "Dear Concerned Americans" to counter vicious attacks against Hoover and the FBI by signing a "Declaration of Support" and contributing money for a study report "to counter the powerfully backed campaign . . . with an objective, scholarly study. Your gift of \$100, \$50, \$25, \$10 or whatever you can possibly afford is tax deductible, so I ask you to please be generous." He signed the letter, "Yours for the preservation of law and order in America."

The money rolled in with each sackful of mail delivered to Suite 800, 919 18th St. N.W., which turned out to be what Kutner later called "a mail drop," that is a secretarial service that accepts mail and then turns it over to its owner.

The effort was so successful that Edwards moved quickly to add luster to the cause. He wrote Zimbalist on June 26 asking him to sign another letter which would carry our "our next step . . . to put together a top-flight national board of sponsors." Adding another request, Edwards wrote: "There are a number of people in Hollywood whom we want very much to bring on board, particularly James Stewart and Jack Webb. Would it be possible for you to contact them personally . . . ?"

Zimbalist turned down the request and, in a telephone call to Edwards, expressed concern that critics had begun to question whether "Friends of the FBI" legally qualified as a tax-exempt organization.

As criticism mounted in the following months, Zimbalist grew increasingly worried and then angry. Edwards sought to reassure him with a July 26 letter in which he said: "I took the precaution to inform a good friend, Deputy Attorney General Richard Kleindienst about 'Friends of the FBI.'" Edwards enclosed a July 12 "Dear Dick" letter to Kleindienst which he described as "the memorandum I promised you (Kleindienst) regarding" the project. After explaining the origins



LEE EDWARDS

. . . it was his idea

and purposes of the project, Edwards ended his letter to the Justice Department official by writing ". . . I would like to know someone here in Washington on whom I could call if the need and occasion arose."

Zimbalist, however, was not mollified. He turned the issue over to his Hollywood lawyers, who in an Aug. 9, 1971 telegram to Gorman, Edwards, and Kutner, accused them of "fraud and misrepresentation," and improper management and directed them to stop using Zimbalist's name in connection with the project.

Although Friends of the FBI drew enormous support in its mail solicitation, it also attracted critics, who initiated government investigations of its operation.

Attorney Kutner was sharply questioned by several liberal members of his board of directors, who critically asked what an organization devoted to protecting human rights by establishing habeas corpus as an international right, was doing in a project promoting the FBI. Sen. George McGovern asked IRS to investigate whether Kutner's commission was making proper use of its tax-exempt status in sponsoring the FBI project. This status is given to organizations that meet requirements for education, religious or charitable purposes.

-Three Raised \$400,000

The IRS launched an investigation which is still continuing, and warned the public in July and again in August that contributions to the FBI project were not necessarily tax-exempt. The late J. Edgar Hoover wrote inquiring friends that the FBI emphatically was not connected with the project.

As the IRS, FBI, and Postal Service began questioning Kutner, the three partners began quarrelling over operation of their project, which had grown by leaps and bounds, before they had ever agreed on a contract.

By July 9, Gorman was proposing a new contract in which his monthly fee would increase to \$2,000 starting the fourth month, and Edwards' fee would be almost triple his original \$750 monthly suggestion. On July 16, Gorman asked \$3,000 monthly as a fee starting in the fourth month.

And Kutner began writing Edwards and Gorman that they were endangering his organization's tax-exempt status by failure to keep proper records and to account for income and expenses.

Kutner protested that Gorman had submitted charges for use of his mailing lists that could be looked upon "as a cloneable dilution of contributors' funds..."

Gorman had billed the project nearly \$50,000 for use of his mailing lists during the first four months of the campaign. Questioned in an interview about Kutner's accusation, Gorman said: "That's a charge like any other charge." Asked the basis of charges for use of his mailing list in this and similar projects, he replied: "No comment."

"I've already given all the information to the FBI, the IRS, and the Postal Service," Gorman said, in declining to make public financial records of the projects. "We've gotten a fee of \$2,500 or \$3,000 a month and that's no big deal."

Edwards said the direct mail cost of the initial fund-raising drive was only 37½ per cent of receipts, "which is incredibly low." However, the percentage of total funds paid to Gorman has risen since then as he has been paid a monthly fee and subsequent mailings have produced far less response.

Kutner finally said he wanted out

of the agreement because finances were improperly handled and the promised impartial study was in danger. Edwards, however, says "Kutner blew his cool" when his board members criticized the project and the government started investigating it.

The three partners and their lawyers ultimately reached a termination agreement, determining what each would be paid out of the first four months' receipts of \$380,000. Gorman was paid \$138,000, which include \$50,000 for use of his mailing lists, \$10,000 in fees, and whatever he might have made in markups on preparation of advertising material. Edwards received \$7,500 in fees.

Kutner, whose commission retired from the project, received \$15,000 as a personal consultant fee, \$30,000 for his commission on international law, and more than \$2,000 in expenses. His proposed study of the FBI was never carried beyond a two-page outline, which he submitted to Edwards. The payment represented a bonanza to his tax-exempt commission, which, according to IRS records, had \$700 income the previous four years.

Asked what he and the commission had done to earn \$45,000, Kutner replied in an interview: "We were paid for the time involved. If I were to charge my regular fees, I would be grossly underpaid. It was a diversion of my time. The commission was committed to the study and we still have a legal, moral, and factual obligation."

Of the three partners, only Kutner was willing to document finances of the project. He made available to The Washington Post all of his records, including an audit of the first four months' finances and complaints he filed with the IRS and the Postal Service against Gorman and Edwards. Records for the last eight months have not been made public.

The project is still very much in business. When Kutner refused to sign their checks and challenged their procedures, Edwards and Gorman created a new entity, "Friends of the FBI, Inc." As president at a \$1,000 monthly salary, Edwards installed J. A. (Jay) Parker, 36, one of the few blacks who has been active as a leader in Young

Americans for Freedom and other conservative causes.

The group also now lists a "national advisory board" of academics, of whom Parker said: "Their real role is the weight of their endorsement. They are busy men."

The new entity applied on its own to IRS last September for tax-exempt status as a non-profit, educational corporation, but has gotten no ruling. IRS still warns contributors their gifts may not be tax-exempt. Edwards and Parker acknowledged that IRS in December challenged the \$138,000 in payments to Gorman and other payments to Edwards. Both Edwards and Parker say IRS had been mistaken and now is satisfied.

Late last year the project finally spent some money to fulfill its intended purposes. It gave a \$75,000 grant to Americans for Effective Law Enforcement, a Chicago-based group, to conduct the proposed study of the FBI. This organization was founded several years ago as a conservative response on law and order issues to the American Civil Liberties Union. A \$5,000 grant was made to Gilbert Youth Surveys to study how young people regard the FBI.

And the "Friends" started raising money for new purposes. One fund solicitation early this year called for contributions of \$80,000 to print and distribute the study in book form. The study is still incomplete.

Another fund-raising appeal asked for \$80,000 to launch "Media Probe," to "stand up for you against the powerful forces of biased journalism." It proposed to hold a public inquiry in which "citizen indictments" would be sought against the news media, and the media would "be offered their day in court to answer the charges and refute the evidence, if they can."

Edwards said this project has been dropped, or modified into a new format for a three-day Washington conference to be held at the Mayflower Hotel. From May 30 to June 1. It is to be called "Law Enforcement and the Media." Edwards said he is proud of the program, which will present well known law enforcement officers, media critics, and representatives from the news media.