

Columnist To Quit Role With Bank

Jack Anderson Seeks to Avoid Interest Conflict

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By Scott Armstrong
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Nationally syndicated columnist Jack Anderson announced yesterday that he will resign from the board of directors of the Diplomat National Bank of Washington and liquidate certain other financial interests to remove any appearance of conflict of interest between his business affairs and his work as an investigative journalist.

Anderson, a founding director of Diplomat National Bank, became chairman of its executive committee last summer in an attempt, he said, to restore confidence in the bank following reports that a substantial portion of its stock was controlled by associates of South Korean evangelist Sun Myung Moon.

The Washington Post reported Nov. 14 that, when the bank opened here in December, 1975, the largest single block of bank stock actually was held by South Korean businessman Tongsun Park, who secretly bought 10 per cent of the bank's shares through three front men. The Post also reported that most of the followers of Sun Myung Moon who had bought stock were brought into the bank by Moon's chief aide, Pak Bo Hi. In this way, some officials of the bank believed, Tongsun Park and Pak Bo Hi controlled at least 46 per cent of the bank's initial stock.

Tongsun Park and Pak Bo Hi are two of the principal figures in the continuing federal investigation of the spending by agents of the South Korean government of between \$500,000 and \$1 million a year since 1970 in cash, gifts and campaign contributions to U.S. congressmen.

The Nov. 14 Post article also reported that when a House subcommittee headed by Rep. Donald M. Fraser (D-Minn.) began investigating Diplomat National Bank earlier this year and first revealed the involvement of Moon followers in the bank, Anderson complained to Fraser about the inves-

tigation. Fraser charged, and Anderson has denied, that Anderson threatened to use his column to try to curb the investigation.

Anderson's announcement yesterday that he would quit the bank came, according to Anderson's secretary and spokeswoman, Opal Ginn, in response to an editorial in yesterday's editions of The Miami Herald, which criticized Anderson for his bank role. The editorial, written by Herald executive editor John McMullan, said the newspaper decided to delete half of Anderson's column yesterday because it dealt "with Moon followers and South Korea, a subject on which we feel he is now disqualified."

According to Ginn, Anderson and his wife, Olivia, also will liquidate their investments in the four Empress Chinese restaurants here, now run under two separate managements. Anderson's wife is treasurer and a director of Sir Boyce's Pub Inc., the corporation that operates two of the Em-

See ANDERSON, A14, Col. 3

ANDERSON, From A14

press restaurants. The Andersons hold interests in the other two Empress restaurants through other corporations.

The Anderson family interest in the Empress Restaurants came up in a series of three interviews The Washington Post conducted this month with Anderson to discuss Diplomat National Bank. When asked if he had any other investments involving South Koreans, Anderson said that a South Korean he would not name holds stock in the Empress restaurants through a real estate holding company, Olivia, Inc., owned by Anderson's wife and children. Olivia, Inc., also holds Mrs. Anderson's interest in the restaurants, according to Anderson.

Anderson declined to identify the South Korean until the South Korean's attorney, who is also an investor in the restaurants, returns from a business trip in the Far East. Anderson said he also holds an interest in the Empress restaurants in his own name.

"The lawyer assured us that it is totally legal," Anderson said. The South Korean involved, according to Anderson, has never held any post in the South Korean government.

Anderson also is an incorporator of the World Blackbelt League with Jhoon Rhee, the Washington-based karate school entrepreneur who is also a founding director of the Diplomat National Bank.

The World Blackbelt League is an attempt to create a professional league of karate teams across the country. In a recent interview, Rhee said unfavorable publicity about his role in the Diplomat National Bank

and his ties to other South Koreans under federal investigation has severely damaged his business and would postpone the beginning of operation of the league.

In earlier interviews, Rhee told reporters that he anticipated selling league franchises in four major cities for \$50,000 each. He said at the time that he would act as commissioner of the league and that Jack Anderson owned the Washington franchise.

"I have not signed any papers," Anderson said. "And so it is technically correct that I am not in business with him. But we have discussed the formation of a World Blackbelt League. And I've expressed an interest in it. Goerge Allen has expressed an interest in it. Muhammad Ali has expressed an interest in it."

At the time Anderson said, "unless out of this (the Diplomat National Bank matter) there is some reason to discredit Jhoon Rhee, if it turns out that he's an agent of the South Korean Government, I will not go through with our discussions. He tells me he is not an agent of the (South Korean) government and that his only interest is karate. If that turns out to

be the case, I will very likely go ahead with this."

Anderson said that he had held one conversation with Rhee and a lawyer about incorporation. "It is conceivable that he filed some kind of papers and used my name. But if he did so, I'm not aware of it."

According to the certificate of incorporation of the World Blackbelt League, however, Anderson signed the incorporation papers on Oct. 9, 1975.

On Aug. 3, 1975, Parade Magazine, the largest circulation Sunday newspaper supplement, published an article by Anderson about Rhee's Capitol Hill karate classes for a number of senators and representatives. The article helped increase Rhee's business, according to Rhee.

In addition to Anderson, Rhee is expected to resign at tonight's meeting of the Diplomat Bank board. Anderson suggested two weeks ago that Rhee resign.

Rhee has been subpoenaed to appear before the U.S. grand jury here investigating corruption of U.S. congressmen by South Korean agents.

In his statement yesterday, Anderson indicated that he has no financial interest in Diplomat bank and that he considered his "affiliation as a service to the Asian-American minority."

However, Anderson said in previous interviews with the Post that he held \$2,000 worth of Diplomat stock, the minimum for a founding director. He has shown The Post a letter to the bank in which he indicates he will donate the stock to an Asian-American charity when he

leaves the board of directors.

Anderson said in earlier interviews that he became personally convinced that the Fraser subcommittee's principal staff member, Richard Mauzy, was leaking false information to the press on the amount of holdings of associates of Moon.

Anderson attacked Mauzy in what Anderson acknowledges were two "intemperate" letters to Fraser. In the second letter, Anderson threatened, "we will also want to take Mauzy's deposition. You should advise him that we will press perjury charges against him if he fails to tell the truth (about leaks to the press) under oath."

In the letter, Anderson compared Mauzy to the late Sen. Joseph McCarthy. Anderson said later he was trying to point out to Fraser that Mauzy, in discussing the holdings in the bank of Moon's associates, used McCarthy's tactics of overestimating the threat and continually changing figures and names of those involved.

Anderson also attacked the subcommittee for singling out Pak Bo Hi as having been cooperative with the KCIA and compared it to McCarthy's attack on "the Army as Communist-tainted because it once promoted an obscure dentist named Dr. Irving Peress, whom McCarthy regarded as pro-Communist."

Pak Bo Hi has since been reported by Justice and State Department sources with access to intelligence reports as taking part in a meeting with Toungsam Park and South Korean President Park Chung Hee in late 1970 in Seoul to plan the effort to influence congressmen here.

In The Post's first two interviews with Anderson, he insisted on having his lawyer and a court stenographer present. He explained that after suing various government agencies, including the FBI and the Central Intelligence Agency, for keeping a regular surveillance on him and his staff and for hugging his office, he had "received information that these government agencies have retaliated . . . by circulating false information about me around Washington, and Washington Post reporters had asked some questions that indicated that they might have gotten information . . . from government agencies." He said he wanted a record of the interview for possible use in the lawsuit.

Anderson expressed concern about two areas of questioning. When asked if he had any business relationship with Park Chong Kuy, the former South Korean presidential security chief and official who allegedly gave a White House aide \$10,000 in cash, Anderson suggested that the question had come from the CIA. He said that one of his staff members had been told by a source that the CIA had provided information to the Washington Post that Anderson had accepted a bribe or payment from Park. Anderson said he had never

received any payment from Park.

The second area of concern was a separate Post request for copies of Anderson's income tax returns. Anderson refused and suggested that the Post was in possession of information relating to his taxes that was obtained from the U.S. government sources.

The Post request was based on an Anderson column in which Anderson called the bluff of a business executive who had refused to give Anderson his tax returns until Anderson made his own public. In the column Anderson said his returns were available to reporters.

Anderson recently told The Post however, that he would not make his records available until the editors and publishers of The Washington Post made their public.

The statement Anderson issued yesterday was read to The Post by Ginn, his spokesman and secretary. Anderson was not available for further comment.

His associate, Les Whitten said: "The story by Scott Armstrong and The Washington Post on Nov. 14 was the single sleaziest story I've seen in the paper since I began reading it carefully in 1957. It charged Jack with pressure on Congressman Fraser concerning the Diplomat National Bank

without a single word about Jack's request that Fraser hold open hearings on the matter. Yet Armstrong had a copy of a letter with Jack's bid for open hearings in it."

Before Jack Anderson inherited the "Washington Merry-Go-Round" from its originator, Drew Pearson, after Pearson's death in 1969, he worked for two decades as Pearson's principal investigative reporter. Anderson's legwork helped produce many of Pearson's exposes of wrongdoing by congressmen, including the columns that discredited the late powerful Democratic Senator Thomas Dodd of Connecticut.

Anderson established his own independent reputation in 1972 when he won the Pulitzer Prize for publishing documentation of Nixon administration duplicity concerning the U.S. role in the India-Pakistan War. That same year, Anderson's column published the memo by International Telephone & Telegraph lobbyist Dita Beard that suggested that a \$100,000 contribution to the Republican Party for its national convention was being exchanged for a favorable settlement of a federal antitrust case involving ITT.

Through vigorous promotion of himself and the column, Anderson has increased the number of newspapers subscribing to the column from 650 at the time of Pearson's death in 1969 to nearly 1,000 papers with perhaps 60 to

70 million readers. Subscription rates for the column range from \$5 a week for a small weekly paper to \$200 and up for large dailies.

Nightly and weekly Jack Anderson radio shows are syndicated to more than 100 stations, and Anderson appears regularly on television. He also delivers an average of one in-person lectures a week anywhere in the country at a reported \$2,500 per appearance, plus expenses.

All this material is produced by a cottage industry of paid and volunteer investigative reporters operating out of an entire floor of a large, red-brick restored town house at 1401 16th St. NW. Anderson owns that floor, or one-third, of the three-story building.

Anderson's staff includes eight full-time reporters and a constantly shifting number of unpaid "interns" who work from a few weeks to several months each, just for the experience, with Anderson. The paid staffers reportedly earn from \$13,000 a year to the more than \$30,000 paid to Les Whitten, who now shares the column by-line with Anderson.

Anderson has often said that all income from the column and associated radio and television revenues is used to pay overhead expenses and the salaries of his staff. His own income, Anderson has said, has been confined to his speaking fees and outside investments.

Contributing to this story were Washington Post staff writers John Barry and Martin Weil.