

FBI Probing Vesco Georgia

9/17/78
By Charles R. Babcock
Washington Post Staff Writer

The Justice Department has been investigating whether a group of Georgians violated federal law when they were paid by fugitive financier Robert Vesco to approach Carter administration officials about his legal problems, a spokesman said yesterday.

White House aides Hamilton Jordan, President Carter's closest adviser, and Richard Harden were interviewed by FBI agents about a month ago, other officials said. They were questioned about reports that they had been approached by Spencer Lee IV, an Albany, Ga., lawyer friend, on Vesco's behalf.

A column released over the weekend by Jack Anderson said both Jordan and another Carter confidant, Atlanta lawyer Charles Kirbo, were involved in what was first termed a "\$10 million political fix."

Both vigorously disputed the allegations.

But Lee has acknowledged that he accepted money for representing Vesco for trying to arrange meetings with administration officials.

Vesco fled the United States after being indicted on charges that he plundered a publicly held corporation and then tried to buy his way out of legal problems with a \$200,000 gift to the Nixon campaign in 1972. Efforts to extradite him from Costa Rica and the Bahamas, where he is living now, failed.

A likely focus of the Justice Department inquiries would be whether Lee or his associates tried to obstruct justice in their attempts to help Vesco with his current legal problems.

Justice spokesman Terry Adamson said in answer to a query that "certain aspects of the matters alleged by Mr. Anderson have been for several months, and are, the subject of Department of Justice investigation." He said it would be "inappropriate" to furnish additional details on the case.

The department's usual policy is not even to comment on the existence of investigations. Adamson said a departure was made in this instance because the public interest is served "by assuring that matters of this sort can be handled in the regular channels of the department's responsibilities."

He added that he hoped Anderson would turn over his documentation about the alleged political fix to the department for referral to the Criminal Division.

Anderson said in a phone interview

that he showed his evidence to Attorney General Griffin B. Bell, Deputy Attorney General Benjamin R. Civiletti, and other Justice Department aides in a lengthy meeting Sunday night.

"They made comments that they would proceed with a grand jury investigation, and call the FBI in," Anderson said. He said he was unable to turn over the documentation, however, until he delivered it to a member of Congress at the request of his sources on the story.

Anderson also said he asked the of-

ficials why White House aide Harden had not reported Lee's approach to authorities. Harden has told reporters that Lee met with him in February 1977, and said "this group had offered him a large sum of money to represent Vesco and to arrange meetings."

Harden added that he warned Lee then that the association with Vesco would hurt him. He could not be reached yesterday to explain why he did not report the contact to others.

In a telephone interview yesterday from the Camp David summit, Jordan said he had been questioned by the FBI several weeks ago about the Vesco matter. On Sunday, however, he had told reporters at a White

Associates

House briefing that he had not been so questioned by bureau agents.

"I was thinking in contemporaneous terms, since all this broke out about myself," he said. "I certainly gave the wrong impression. I didn't mean to."

Jordan said he was questioned by FBI agents for "about five minutes" four or five weeks ago. "They asked if I'd ever been approached (about Vesco) and I said no," he said.

He added that he had read about Lee's approach to Harden in a July article in the Atlanta Constitution and assumes that led the agents to question Harden too.

The Constitution story said that Lee had been hired by R.L. Herring, a

Georgia businessman with ties to Vesco. Herring has since been indicted on federal fraud and bribery charges in an unrelated case, the FBI has been combing his records for months. Thus it is possible they turned up information about the Vesco dealings during that inquiry.

Jordan has hired well-known Washington attorney Edward Bennett Williams and hinted at libel action against Anderson. Williams represents The Washington Post—a possible defendant in any suit. He also has represented Vesco. He could not be reached yesterday for comment about the possible conflict of interest.

Washington Post staff writer Fred Barbash contributed to this article.

Jack Anderson

White House Version Raises Questions

The White House brought top aide Hamilton Jordan and press secretary Jody Powell down from the Camp David summit last weekend to respond to our columns about the alleged attempt to fix fugitive financier Robert Vesco's legal problems.

Apparently, the two aides gave reporters a high-powered White House briefing, complete with witnesses and documents, to refute our columns. We must rely on The Washington Post's account of all this, because we were excluded from the briefing despite a request to attend.

We also offered to go over our documentation, point by point, with the White House staff and the Justice Department. The White House ignored our offer, preferring to give its own version of events to reporters. But Attorney General Griffin B. Bell, Deputy Attorney General Benjamin Civiletti and other Justice Department officials spent more than two hours reviewing our evidence.

The White House account, as nearly as we can discern from The Washington Post, raises more questions than it answers. For example, The Post carries a statement from Jordan's longtime hometown friend, Spencer Lee IV. He admitted to us accepting a \$10,000 retainer to use his influence with Jordan to help Vesco.

According to The Post, Lee said he had come to Washington with the idea of talking to his friend Hamilton Jordan about "getting someone in the Carter administration to sit down and talk to Vesco about his problems." Lee

said he dropped the idea on the advice of another White House aide, Richard Harden, who cautioned him about Vesco's reputation.

This meeting occurred on Feb. 8, 1977, at the Washington Hilton Hotel. Not only Lee but Harden also admitted to us that they had discussed the Vesco matter. Recalled Harden: "Spencer said he would get a large sum of money if the thing got worked out."

Yet Harden failed to report to the Justice Department that an international swindler, who was on the lam, had offered money to get his legal problems settled. Harden's failure to disclose this, Justice Department officials acknowledge, could itself be a crime.

On the day of Lee's return to his hometown in Albany, Ga., a telephone message was left for Gerolyn Hobbs, the former secretary to Lee's alleged partner, business man R.L. Herring. "Spencer wants to dictate letter to Hamilton," the message states. "Get letter off today w/rest of mail."

Several other telephone slips in the same message book appear to have been authenticated. No less than the attorney general provided us with information which appears to authenticate one of them. Hobbs has also given us an affidavit, attesting that she typed a letter from Spencer Lee and personally put the letter in the mail to the White House.

It's a "Dear Hamilton" letter from Spencer Lee IV. It reads, in part: "Regarding our conversation, it looks as the PRL matter will take eight to 12 months to complete. The time frame is

well within our agreement with Mr. Herring and the Costa Rican gentleman. I forgot to mention to you when we talked that the necessary arrangements have been made to protect our interest in Nassau."

PRL was the name of the stock that Vesco had promised. R.L. Herring was the ringleader of the alleged fix attempt. Vesco then resided in Costa Rica. A few days earlier, Lee had helped to set up a corporation in Nassau allegedly intended to launder the money from the sale of the Vesco stock.

Both Jordan and Lee vehemently deny any knowledge of the letter. There is no evidence that Jordan ever intervened to help Vesco. The White House aide swears that he was never even approached about aiding Vesco.

The attorney general told us that his former law partner, Charles Kirbo, had checked his records and had discovered that Albany, Ga., businessman Jerry Dorminey set up a meeting with Kirbo in his office in January 1977. The Herring telephone record book contains this message from Dorminey to Herring dated Jan. 4, 1977: "Meeting has been set up with Kirbo."

Kirbo says he has no recollection of the meeting. Both Lee and Herring remember meeting with Kirbo in his Atlanta law office. The office records show the meeting took place on Jan. 13, 1977, Bell told us. Lee claims that Kirbo refused to become involved in the Vesco project. Herring says that Kirbo agreed to review the deal.

Jack Anderson's Washington Merry-go-round

EPub 9/12/79

Letter questioned in Vesco 'fix'

WASHINGTON — An incriminating letter which, if valid, would implicate White House aide Hamilton Jordan in a \$10 million payoff that was supposed to be laundered through a Bahamian corporation, has turned up in our investigation of the Robert Vesco fix.

The letter allegedly was written by Jordan's hometown buddy, Spencer Lee IV, the scion of a fine Old South Georgia family. He vehemently denies writing the letter, and Jordan denies receiving it.

Their alleged partner in the fix, R.L. Herring, a bankrupt businessman now awaiting trial on unrelated fraud charges, has sworn that he was present when Lee drafted the letter. Herring's former secretary, Gerolyn Hobbs, a housewife with two children, has attested that she typed and mailed the letter.

The astonishing letter is merely one jigsaw piece in an enormously complex puzzle that we have been fitting together for months. The search for the missing pieces has taken us from Costa Rica to Nassau, with half-a-dozen side trips to Georgia.

The pieces began falling into place immediately after Jimmy Carter won the 1976 election. Herring was in touch with Vesco, the corporate freebooter who allegedly plundered a mutual fund of a fortune estimated as high as \$500 million.

Vesco wanted the U.S. government, as Herring put it, "to get off his back." Herring looked around Georgia for someone who might be able to accomplish this. The quest brought him to the offices of Spencer Lee.

The man who put them together, Norman Gay, a former congressional aide who was then Lee's partner in some rental properties, explained the purpose in

an enlightening affidavit. As Gay recalled it, Herring and Lee plotted "to secretly bring money of Robert L. Vesco into the United States for the purpose of paying various parties to fix the legal problems Mr. Vesco had with the United States government."

Herring paid Lee a \$10,000 retainer, which Lee admitted he accepted for the purpose of using his influence with Hamilton Jordan in Vesco's behalf. Lee also acknowledged that Vesco "wanted the United States to leave him alone." But Lee swore to us, his voice rising sharply at times, that he had second thoughts and "never discussed Robert Vesco with Hamilton Jordan one time."

According to Herring's sworn account, Lee always came to his office to work on the Vesco deal. Lee wanted to conceal from his own office what he was doing, Herring explained. Added Herring's secretary: "I remember placing calls and receiving calls in the office from and to Hamilton Jordan."

Her recollection is supported by an office file, which contains carbon copies of telephone messages. On Jan. 5, 1977, for example, she recorded his message to Herring from Lee: "Talked to Hamilton. Everything okay."

Flight records show that Herring and Lee flew in a private jet to Costa Rica on Jan. 14, 1977, for a meeting the following day with Vesco. Two witnesses say that Vesco outlined the quid pro quos at this meeting. He listed specific steps that he wanted the U.S. government to take to end its "harassment" of him. In return, he offered to transfer some of his prime stock to the Georgians through some tortuous financial maneuvers.

He promised them stock in his \$120 million corporate flagship, Property Resources Limited, which is better known in international financial circles

simply as PRL. They would be able to sell their stock, he assured them, for no less than \$10 million.

On Jan. 27, 1977, Lee flew to Nassau to set up a Bahamian corporation, which was given the code name the conspirators had been using for the Vesco deal — Southern Ventures Limited. Herring says the company was supposed to be used to launder the \$10 million from the sale of the PRL stock. Lee insists he never knew its purpose but was merely following Herring's instructions. Gay's affidavit supports Herring's version.

On Feb. 7, 1977, Herring and Lee joined up in Washington. Lee was supposed to outline the whole Vesco deal to Jordan at the White House, Herring says. Lee swears he never did it.

Both agree that they flew back to Albany, Ga., together on Herring's plane on Feb. 9, 1977. Herring said he phoned his secretary from the airport. The telephone slips contain this Feb. 9, 1977, message to the secretary: "Wait at office. Spencer wants to dictate letter to Hamilton. Also get letter off today w/rest of mail."

Here is the controversial letter, which the secretary said Lee signed and she mailed to the White House on Feb. 9:

"Dear Hamilton: Regarding our conversation, it looks as the PRL matter will take eight to 12 months to complete. The time frame is well within our agreement with Mr. Herring and the Costa Rican gentleman.

"I forgot to mention to you when we talked that the necessary arrangements have been made to protect our interests in Nassau."

Both Jordan and Lee deny any knowledge of this incriminating letter. Either they are stonewalling a la Watergate, or someone has contrived an elaborate hoax. Already, conflicting statements have been made under oath.

Jack Anderson

A Disputed Letter in Vesco Saga

A letter, which, if valid, would implicate White House aide Hamilton Jordan in a \$10 million payoff that was supposed to be laundered through a Bahamian corporation, has turned up in our investigation of the alleged Robert Vesco fix.

The letter allegedly was written by Jordan's hometown buddy, Spencer Lee IV, the scion of a fine old Georgia family. He vehemently denies writing the letter. Jordan denies receiving it.

Their alleged partner in the reported fix, R.L. Herring, a bankrupt businessman now awaiting trial on unrelated fraud charges, has sworn that he was present when Lee drafted the letter. Herring's former secretary, Gerolyn Hobbs, has attested to us that she typed and mailed the letter.

The letter is merely one jigsaw piece in an complex puzzle that we have been fitting together for months.

The pieces began falling into place immediately after Jimmy Carter won the 1976 election. Herring was in touch with Vesco, who allegedly plundered a mutual fund of a fortune estimated as high as \$500 million, and wanted the U.S. government, as Herring put it, "to get off his back." Herring looked around Georgia for someone who might be able to accomplish this. The quest brought him to the offices of Spencer Lee.

The man who put them together, Norman Gay, a former congressional aide who was then Lee's partner in some rental properties, explained the purpose in an affidavit. As Gay recalled it, Herring and Lee plotted "to secretly bring money of Robert L.

Vesco into the United States for the purpose of paying various parties to fix the legal problems Mr. Vesco had with the United States government."

Herring paid Lee a \$10,000 retainer, which Lee admitted he accepted for the purpose of using his influence with Hamilton Jordan in Vesco's behalf. Lee also acknowledged that Vesco "wanted the United States to leave him alone." But Lee swore to us, his voice rising sharply at times, that he had second thoughts and "never discussed Robert Vesco with Hamilton Jordan one time."

According to Herring's sworn account, Lee always came to his office to work on the Vesco deal. Lee wanted to conceal from his own office what he was doing, Herring explained. Added Herring's secretary: "I remember placing calls and receiving calls in the office from and to Hamilton Jordan."

Her recollection is supported by an office file, which contains carbon copies of telephone messages. On Jan. 5, 1977, according to one note, she recorded this message to Herring from Lee: "Talked to Hamilton. Everything okay."

Flight records show that Herring and Lee flew in a private jet to Costa Rica on Jan. 14, 1977, for a meeting the following day with Vesco. Two witnesses say that Vesco outlined the quid pro quos at this meeting. He listed specific steps that he wanted the U.S. government to take to end its "harassment" of him. In return, they say, he offered to transfer some of his prime stock to the Georgians through some tortuous financial maneuvers.

He promised them stock in his \$120

million corporate flagship, Property Resources Ltd., better known as PRL. They would be able to sell their stock, he assured them, for no less than \$10 million.

On Jan. 27, 1977, Lee flew to Nassau to set up a Bahamian corporation, which was given the code name the alleged conspirators had been using for the Vesco deal—Southern Ventures Ltd. Herring says the company was supposed to be used to launder the \$10 million from the sale of the PRL stock. Lee insists he never knew its purpose, but was merely following Herring's instructions. Gay's affidavit supports Herring's version.

On Feb. 7, 1977, Herring and Lee joined up in Washington. Lee was supposed to outline the whole Vesco deal to Jordan at the White House. Herring says Lee swears he never did it.

Here is the letter, which the secretary said Lee signed and she mailed to the White House on Feb. 9:

"Dear Hamilton: Regarding our conversation, it looks as the PRL matter will take eight to 12 months to complete. The time frame is well within our agreement with Mr. Herring and the Costa Rican gentleman.

"I forgot to mention to you when we talked that the necessary arrangements have been made to protect our interests in Nassau."

Both Jordan and Lee deny any knowledge of this letter. Either they are stonewalling a la Watergate, or someone has contrived an elaborate hoax. Already, conflicting statements have been made under oath.