

Proceeds of Fund-Raising Dinners

Sen. Dodd Tells Ethics Committee Of \$100,000 in Tax-Free 'Gifts'

By Richard Harwood
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Sen. Thomas J. Dodd (D-Conn.) has informed the Senate Ethics Committee that he has received since 1961 roughly \$100,000 in tax-free cash gifts from constituents and political associates.

The money represented the net proceeds of two fund-raising dinners held in Connecticut—one in 1961 and one in 1963—for the express purpose of repairing the Senator's sagging personal financial situation, the Committee has been informed. On both occasions, the principal speaker was Lyndon B. Johnson, then the Vice President.

The Senator offered this explanation to the Committee, according to his associates, to refute allegations by columnists Drew Pearson and Jack Anderson that he had improperly diverted "campaign funds" to his personal use.

Dodd's position is that there is a legal distinction between a dinner designed to raise political campaign funds and a dinner designed to raise funds for a public official's personal use.

In the case of a campaign dinner, any funds retained for the personal use of a political candidate would be taxable as income, Dodd's associates say. But in the case of the two Dodd testimonial dinners,

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Photo by Maurice Manson

SEN. THOMAS J. DODD

aides defend \$100,000 kitty

the net proceeds had the status of a tax-free gift and produced no income-tax liability on Dodd's part.

The 1961 dinner, held in Hartford, yielded net proceeds of \$54,555.58. The net from the 1963 "Dodd Day" testimonial was \$47,000.

These figures have been reported by Pearson and Anderson and are not challenged by the Senator's associates.

Their quarrel with the columnists involves the purposes for which the money was raised—whether it was to finance a political campaign or was intended as a gift to the Senator.

"There is nothing unusual in testimonial dinners of this kind," according to the Senator's associates. "It is well known that a Senator's salary (\$30,000 a year) is inadequate and that for most men in Washington the 'break-even' point on expenses is about \$50,000 a year. This is especially true if he has had heavy campaign expenses.

"Unless a Senator has outside income, he is in financial difficulty. Sen. Dodd's outside income is limited to a few thousand dollars a year from lecture fees and a small amount of residual fees from his former law firm. Testimonial dinners enable a poor man to remain in office. They are part of the American way of life."

The Senator's position, it was explained, is that while gifts of \$100,000 might appear large, they had the effect of redressing the financial strain of several years in the Senate. (Dodd first came to the Senate in 1958.)

"Someone might also raise ethical questions about testimonial dinners," Dodd's friends said, "but there is no question about the legality of such gifts and no question about tax liability. That is why no taxes were paid on this money."

Other Benefactions

A similar defense has been offered in connection with other benefactions accepted by Dodd—the free use of a 1964 Oldsmobile automobile provided by Dunbar Asso-

ciates of Newington, Conn., a firm with Government contracts; also "courtesy" flights on aircraft owned by United Aircraft Company of Hartford.

The Senate Ethics Committee, headed by Sen. John Stennis (D-Miss.), is exploring—at Dodd's request—not only financial questions but also questions raised by Pearson and Anderson about Dodd's relationship with two foreign lobbyists—Julius Klein, who represents clients in West Germany, and Michael Struelens, who in the early 1930s represented the government of Moise Tshome in the Congolese state of Katanga.

Dodd has flatly denied to the Ethics Committee the columnists' charge that he has delivered "speeches" written by Klein. Of six German "policy" speeches by Dodd since 1959, "not a single paragraph or for that matter a single sentence" was ghost-written by Klein, Dodd told the Committee.

It is true, according to the Senator's associates, that Dodd and Klein have been friends for a long time and that on occasion the Senator has inserted into the Congressional Record, at Klein's request, reprints of articles or speeches dealing with West German affairs.

Routine Courtesy

But this is considered nothing more than a routine courtesy which is extended, almost universally, by Senators and Representatives to constituents and lobbyists.

Pearson and Anderson have charged that the Klein-Dodd relationship is unusual, however, in that Dodd has accepted "expensive gifts" from Klein and has interceded for him with his West German clients.

The Senator's associates say that Dodd has, on perhaps a half-dozen occasions, occupied free a suite at the Essex House in New York which Klein maintains on a permanent basis.

"It has been used," it was

explained, "only in Klein's absence and at no added cost to him. This is quite different, it seems to us, from letting someone pay your hotel bill."

It was also recalled that Klein on one occasion bought a \$1000 table at a dinner for Dodd. Whether this was a testimonial dinner that produced cash for Dodd's personal use or a campaign fund-raising dinner was unclear.

Dodd's only tangible reciprocation, according to the Senator's friends, was to engage in a two-minute conversation dealing with Klein's reputation in the course of a visit to West Germany by the Senator in 1964.

Klein, at that time, was in difficulty with his West German clients as a result of an investigation into his activities by the Senate Foreign Relations Committee in 1962 and 1963.

Testimonials for Klein

"There was a false impression in Germany," the Senator's associates say, "that General Klein had been on trial and had been found guilty of something. This question came up only once in the course of a four-day trip and the Senator merely clarified the matter and expressed his esteem for Klein. It all took only two minutes."

Klein himself has collected testimonials, used in his public relations business, from many members of the Senate,

including Dodd, Vice President Hubert Humphrey, Sen. Jacob Javits (R-N.Y.), Sen. Everett Dirksen (R-Ill.) and Sen. Wayne Morse (D-Ore.).

Several of these Senators—Humphrey, Dodd, and Dirksen, along with Sen. Maurine Neuberger (D-Ore.) — sponsored Klein (unsuccessfully) for appointment to the American Battle Monuments Commission a few years ago.

Dodd's relationship with Katanga lobbyist, Struelens, were far less personal, the Ethics Committee has been informed.

"He has never even accepted a dinner from Struelens," according to Dodd's friends.

In reply to the Pearson-Anderson charge that Dodd, in supporting the secession of Katanga from the Congo, had "subverted" U.S. foreign policy, the Ethics Committee has been given a letter from Secretary of State Dean Rusk praising Dodd's role in the conciliation between Tshombe and the Congolese government.