

McFall Says He Got \$4,000

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House Majority Whip John J. McFall (D-Calif.) said yesterday that \$4,000 he received from South Korean businessman Tongsun Park was deposited with cash from other Washington lobbyists in an "office account" used for interest-free loans to McFall and members of his staff.

McFall admitted at a Capitol Hill press conference that he had received \$1,000 in cash from Tongsun Park in November, 1972, in addition to \$3,000 he had already acknowledged receiving in hundred-dollar bills from a messenger for Park in October, 1974.

The Washington Post also has learned that a former associate of Park has told the FBI that an aide to Mc-

Fall received a third delivery of cash from Park in late 1974 or early 1975. In an interview with the Post after yesterday's press conference, McFall denied that he or any member of his staff received a third payment from Park.

The \$1,000 and \$3,000 "contributions" from Park were put into the "office account" along with several thousand dollars from eight Washington lobbyists from the air transportation industry, the California wine institute and other interests, according to McFall and one of his aides.

McFall, the third-ranking House Democrat, said the fund was used to pay office and political expenses, as well as to make interest-free loans to himself and his staff members. McFall said the loans to himself, which he

said were repaid to the fund, helped pay his California income tax, his children's college tuition and the cost of a car for his daughter.

At his press conference, McFall, who is a candidate for majority leader, the number two post in the House, presented an extensive accounting of his office finances to support his statement that the money from Park and the lobbyists was used properly. However, in his interview with the Post, McFall acknowledged that there is actually no documentary evidence to prove that the cash deposited in his "office account" at the National Bank of Washington is the same money that Park gave him.

He has "only the testimony of the fellow (McFall's administrative assistant Raymond F. Barnes) . . . that he made a particular notation at the time

From Park

and that this is actually Park's money," McFall said, "How do you corroborate a bank account?"

Barnes said he deposited \$2,400 of the \$3,000 in hundred-dollar bills received from Park in 1974 in the office account in five separate deposits of \$500 or less spread over the next seven months, because "I didn't really want to call too much attention to the office account . . ." for fear a bank employee might think it improper.

Barnes said he had no explanation for why he had not made other large deposits—the account's original deposit of \$5,045.89 or five subsequent deposits of \$1,000 or more—in similar lesser amounts.

"We were going to hire a big shot accountant to reconcile the account," McFall said, "but he couldn't certify to anything (because the records were

too poor), so we decided we can do it ourselves."

Barnes said the only record he kept of the transaction was a scrap of paper without any mention of Park on which he noted each of the deposits plus the diversion of \$600 to two petty cash accounts.

According to McFall, the question of what became of the money from Park first arose when a Post reporter called Barnes about it last month. At the time, Barnes denied that McFall received any money from Park at any time or that any deliveries of cash had ever been made in either McFall's congressional office or his majority whip office.

On the day following his re-election to his 11th term in Congress in November, McFall told a reporter for his

See McFALL, A4, Col. 3

McFALL, From A1

local California newspaper, the Modesto (Calif.) Bee, about the \$3,000 payment from Park and then discussed it further with the Post.

At least 22 present and former congressmen are currently under federal investigation of allegations that they and other U.S. officials were given cash, campaign contributions, jewelry, furniture, vacations and other gifts by Tongsun Park and other South Korean agents to influence U.S. policy toward the regime of South Korean President Park Chung Hee.

Tongsun Park allegedly has spent between \$500,000 and \$1 million a year since 1970 carrying out his part of the influence-peddling scheme, which was first discussed, according to U.S. intelligence sources, in a meeting between Park Chung Hee, Tongsun Park and others in the "Blue House" presidential mansion in Seoul in late 1970.

McFall said three weeks ago that he received the \$3,000 in cash from Tongsun Park in October, 1974, when an aide to Tongsun Park brought a sealed envelope to Barnes at McFall's congressional office in the Rayburn House Office Building. According to McFall, Barnes called the congressman and said, "We got a contribution."

McFall said he did not "know what the money was for. It came down about campaign time. I was under the impression that it was illegal to accept a contribution from a foreign national, so I put it in my office account."

McFall said he did not send Tongsun Park a Thank You—note, as he normally would have done in return for a campaign contribution. But he

said he thanked Tongsun Park personally for the money at a December, 1974, birthday party. Tongsun Park gave Rep. Thomas P. (Tip) O'Neill (D-Mass.), the House majority leader and leading candidate for House speaker. McFall said he did not discuss with Tongsun Park at any time why he sent McFall the money.

Another "alternative was to give (the cash) back to Tongsun Park," McFall said.

"Ray (Barnes) had checked and found that it was against the law as a campaign contribution," McFall said. "This guy Tongsun Park has made lots of money on rice from my district and I said I can use this money in my office account. It's clearly permissible."

According to McFall, he first met

Tongsun Park through Curt Rocca, president of Stockton Elevator Co., a large California rice supplier. McFall said he has seen Park about 10 times over the past six years, usually about the sale of California rice to South Korea through the federally subsidized Food for Peace program. Tongsun Park reportedly received a \$1 per ton commission for millions of tons of rice sold by U.S. suppliers to South Korea. Federal sources have said the U.S. Justice Department is investigating Park's use of these commissions in his alleged influence-buying here.

The second contribution of \$1,000 from Tongsun Park to McFall was not discovered until McFall's staff attempted to reconstruct McFall's office account from scraps of paper and limited records, according to McFall and his aides. One deposit, dated Nov. 14, 1972, is accompanied by a single-word notation: "Park."

Both McFall and Barnes said that they had no other recollection of the second Tongsun Park contribution or its purpose. However, they said they decided to acknowledge publicly after they discovered the notation.

The question of a third contribution from Tongsun Park to McFall arose when a former Tongsun Park associate told The Washington Post, and later the FBI, that he had delivered an envelope filled with cash to an aide in McFall's office sometime in late 1974 or early 1975. He placed the time as very late in December, 1974 or early in January, 1975.

Barnes first said that he received the October, 1974, contribution from "an Oriental who worked for Park." The former Tongsun Park associate is a Caucasian.

McFall revalued yesterday a silver-plated tea service he acknowledged receiving from Tongsun Park at a party held in McFall's honor when McFall became House whip in January, 1973. Three weeks ago McFall said he estimated its worth at \$100 to \$150. Yesterday, he said his staff

had checked and found it would have been worth "about \$500."

Congressional office accounts are not official government accounts, according to a deputy House clerk, and therefore can contain money from any source. If a congressman uses any of the money for personal purposes, he must report it on his income tax return.

McFall said he has borrowed a total of more than \$5,000 in varying amounts at various times, from his



TONGSUN PARK
... gifts of \$100 bills

office account for personal purposes. He has repaid all the borrowed money, he said, with the most recent payment coming three days after McFall first acknowledged the account's existence.

"I probably should have borrowed from the sergeant of arms" (the House of Representatives bank that

will advance congressmen their salaries), McFall said. A loan covering a salary advance would have cost him interest at a rate of between 6 and 10 per cent, according to McFall.

McFall is represented by a Washington lawyer, J. D. Williams, who is also one of Washington's most active lobbyists. Williams gave McFall \$1,100 in cash, which also was deposited in the office account, according to records McFall made available. Williams is representing McFall without a fee in McFall's dealings with the FBI in its investigation of South Korean influence-buying, McFall said.

Other lobbyists identified by McFall's staff as contributing cash to the office account include James Reinke, Jeff Peyser, John Ranc, Les Barnes, Dick Tribbe, and the wife of lobbyist Charles Botsford.

McFall's leadership role in the House has been jeopardized by his acknowledged involvement with Tongsun Park, according to knowledgeable sources on Capitol Hill. Once considered a long shot for majority leader in the next Congress, McFall said yesterday that he felt his admissions had not hurt his chances.

He is reportedly running fourth out of four candidates—behind Reps. Phillip Burton (D-Calif.), Richard Bolling (D-Mo.), and James C. Wright, Jr. (D-Tex.). The party whip is normally chosen by the majority leader and the speaker of the House, and McFall is considered unlikely to retain even that position.