

Debts Not Listed By Nixon Donor Of \$305,000 IOU

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A principal donor to President Nixon's campaign distributed personal financial statements omitting millions of dollars in debts before he gave his campaign contribution in the form of a \$305,000 IOU.

The Nixon fund-raising committee, to get cash for the note, from Walter T. Duncan of Bryan and San Antonio, Tex., sold it to a Washington bank at a small discount.

The bank won't talk about the deal. The Committee for the Re-election of the President, asked about the financial statement it received from Duncan, said: "We cannot be responsible for responding to the questions you ask. They should be directed to Mr. Duncan."

The Associated Press reported last month that Duncan, a land speculator who has declined attempts to interview him, had given the Nixon campaign \$305,000 despite financial, legal and governmental difficulties which included a \$2.2 million lawsuit against him partly on behalf of a government corporation.

Got Financial Statement

This report prompted the General Accounting Office and the House Banking Committee to send investigators to Texas. House investigators had a brief telephone conversation with Duncan, but they obtained from other sources a Duncan financial statement which he had given as recently as June to a Houston bank.

That statement covered his affairs through March 31, 1971. But it did not include a \$2.6-million debt on a property loan. The debt ultimately led to a land foreclosure this past June at almost exactly the same time Duncan was donating \$300,000 to the Hubert H. Humphrey presidential bid. The foreclosure, in turn, led to

the \$2.2-million lawsuit.

The House Banking Committee said the Nixon committee supplied a Duncan financial statement when it sold the Texan's note to the First National Bank of Washington, its regular bank, for \$294,799. House investigators could not learn whether the statement was the one he was using as recently as June or was an updated version.

"If the \$2.6-million debt, however, was missing from the financial statement," the House investigators report said, "then the Finance Committee to Re-elect the President is in the position of having submitted a false statement to the First National Bank to induce it to accept and discount the Duncan note."

Could Violate Law

The report said such a false statement could well be in violation of U.S. law prohibiting false financial statements to banks. And, it added, regardless of the transactions with the Nixon committee, Duncan already may have violated the law when he used the 1971

statement for previous transactions in Texas.

If Duncan did supply a new statement and included the \$2.6-million debt, the House investigators' report said, then other questions are raised:

Why would the bank buy the note at a discount of less than 4 per cent and why did a Nixon spokesman respond to press queries last month by saying the President's fund-raisers were unaware of Dun-

can's financial troubles when they received the \$305,000 note?

Although House investigators found only one omission from the financial statement Duncan was using, examination of that statement shows he failed to include three other debts uncovered by The AP:

- \$1.2 million to The Travelers Insurance Co. for a loan on 54,491 acres of land in Presidio County, Tex., initiated Dec. 31, 1970.

- The balance of \$200,000 owed to a Milwaukee investor resulting from out-of-court settlement in July 1970 of a lawsuit. The investor said recently Duncan owes him other money as well.

- \$1.3 million to Community Savings and Loan Association of Fredericksburg, Tex., secured by 98 acres of land on the outskirts of Austin, Tex. The land in the latter deal is next to 220 acres of land involved in the \$2.2-million lawsuit against Duncan.

He originally obtained loans on the two properties in 1969 from National Bankers Life Insurance Co. A half-interest in the larger of the two loans was sold by the insurance company to Sharpstown State Bank of Houston.

The bank, and the insurance firm both collapsed in early 1971 in a major financial scandal that rocked Texas financial and political circles.

In June, 1972, after Duncan had failed to keep up with payments on the \$2.6-million loan, the 220-acre tract was foreclosed. The land was sold at auction for \$500,000. In August, just as he was donating to Mr. Nixon, Duncan was sued for the balance of the debt. The Federal Deposit Insurance Corp. is involved in the suit in its role as receiver for the Sharpstown bank, trying to collect money owed the bank.

The Banking Committee's report said that from a moral, if not legal, standpoint, the FDIC ought to demand that the Nixon committee turn over Duncan's \$305,000 to help pay off depositors, who suffered in the collapse of the bank.