

Text of GAO Report on Nixon Fund

Here is the text of the Office of Federal Elections report to the Comptroller General on its audit of the Finance Committee to Re-elect the President.

This report covers an audit undertaken by the Office of Federal Elections to determine whether there has been compliance by the Finance Committee to Re-Elect the President on June 10, 1972, under the Act.

should have been reported in the reports filed and its affiliated committees, with the provisions of the Federal Election Campaign Act of 1971, particularly with respect to matters which raised questions which could not be answered without a detailed examination of the Committee's records.

The Comptroller General, therefore, directed the Office of Federal Elections to undertake an audit of the Committee's accounts. Subsequently, requests were received from Senator Howard Cannon, chairman of the Subcommittee on Privileges and Elections of the Senate Committee on Rules and Administration, and Senator William Proxmire, requesting that an audit be undertaken and reports with respect to the results of the audit be made available to them.

The audit was conducted pursuant to Section 308(a)(11) of the Act which directs the Comptroller General to make audits and field investigations with respect to reports and statements filed under the Act and allegations of failures to file. The Act further directs the Comptroller General to report apparent violations of law to the appropriate law enforcement authorities (Section 308(a)(12)).

The Act does not give the Comptroller General the power to subpoena witnesses or records. This fact, together with the fact that a Federal Grand Jury investigation related in some respects to the transactions covered by this audit is in progress, makes it impossible to close certain gaps in the information we have been able to obtain.

Our auditors have been able to obtain very little information on transactions prior to April 7, 1972, the effective date of the Act. Also, some individuals who may have knowledge of the matters involved have not been available to discuss the subject with us. Others were not available to us until late in the audit; for instance, Hugh W. Sloan, Jr., former Treasurer of the Committee, was not available until August 23.

The following sections of this report are organized under general topical headings in order to present related evidence and transactions in a coherent pattern.

FINDINGS AND CONCLUSIONS

THE \$25,000 DAHLBERG CHECK

The following are the essential facts surrounding this matter, based on our examination of relevant documents available to us and interviews with individuals involved who were willing to talk with us.

Mr. Kenneth H. Dahlberg, chairman of the Minnesota Finance Committee to Re-Elect the President, stated that he received a telephone call on April 5, 1972, from a person who wished to make a gift of \$25,000 in currency in support of President Nixon's re-election campaign. He indicated that the donor wished to remain anonymous and for that reason stated that he was making the gift on Wednesday, April 5, before the effective date of the Act, and placing it in the custody of a third party in a Miami area hotel. Mr. Dahlberg said he called Mr. Maurice Stans, chairman of the Finance Committee to Re-Elect the President, and the proceeds of the four checks totaling \$350,000 were included in a bank deposit of \$350,000 in

currency made on May 25, 1972, to the credit of the Media Committee to Re-Elect the President. Mr. Dahlberg agreed to pick up the currency since he had planned to be in Florida that weekend (he maintains a home in Boca Raton, Florida) and was to be in Washington, D.C., on April 11 for a meeting of the Committee. Mr. William Nor-

conversations and confirmed Mr. Dahlberg's statements. Mr. Stans, an employee of Mr. Dahlberg's company and treasurer of the Minnesota Committee, has stated to us that he was present during the

Mr. Dahlberg further stated that after arriving in the Miami area, he picked up the currency on April 9 and, for security, had a cashier's check made out to himself on April 10 at the First Bank and Trust Company of Boca Raton. On April 11, Mr. Dahlberg flew to Washington, D.C., endorsed the check in blank, and personally delivered it to Mr. Stans. Mr. Dahlberg would not disclose to us the identity of the donor or the third party, at our initial interview with him.

Mr. Stans stated that he received the \$25,000 check on April 11 from Mr. Dahlberg and promptly handed it over to Mr. Hugh W. Sloan, Jr., the treasurer of the Committee. Mr. Sloan stated that either the same day or the following day he conferred with Mr. G. Gordon Liddy, counsel for the Committee, who advised him that the check represented a pre-April 7 contribution and suggested that it be reconverted to cash. Mr. Sloan said he turned the check over to Mr. Liddy to do this. Mr. Stans' affidavit states that he was advised of this several weeks later by Mr. Sloan.

We were unable to find any documentation of these actions or of the subsequent handling of the check by Mr. Sloan, Mr. Liddy, or other committee personnel. However, bank records show it was credited on April 20, 1972, to "Barker Associates, Inc., Trust Account" in the Republic National Bank of Miami.

Mr. Sloan stated that Mr. Liddy did return currency to him in exchange for the check, but not until sometime in the middle of May and not in the exact amount of the check. The amount received will be discussed in more detail below. We have been unable to find documentation of the amount or the handling of this currency in the records of the Committee, nor have we been able to obtain any explanation for the delay between the delivery of the check to Mr. Liddy and his return of cash to Mr. Sloan.

Mr. Liddy has declined to discuss any matter involved in this report with us.

A copy of the \$25,000 check obtained from the First Bank and Trust Company of Boca Raton shows the endorsement of Mr. Dahlberg and a notary certification, apparently of Mr. Dahlberg's signature, by Mr. Bernard L. Barker. It also bears a stamped endorsement for deposit to the trust account of Barker Associates, Inc. Both Mr. Barker's notary certificate and the stamped endorsement of Barker Associates apparently were affixed to the check after it left the hands of the committee. Both Stans and Sloan stated that they have never met Mr. Barker.

It is undisputed that Mr. Dahlberg received the \$25,000 cash on April 9, 1972, and that neither the chairman nor the treasurer of the committee received the cashier's check from Mr. Dahlberg until April 11, 1972. The committee's position, however, as reflected in a memorandum from the special counsel to the committee dated August 25, 1972, is that the contribution was completed on April 5, 1972, when the cash was placed by the donor in a safe deposit box at a hotel in Miami Beach in Mr. Dahlberg's name, and therefore, the contribution is not subject to the provisions of the Act. The

committee, however, has not furnished proof that the contribution was effectively released from the donor's control to the exclusive control of an agent for the committee prior to April 7, 1972.

Subsequent to our initial interview with him, Mr. Dahlberg stated to us that the name of the donor of the \$25,000 cash is Mr. Dwayne Andreas of Minneapolis, Minnesota, and that he (Mr. Dahlberg) was handed the money by Mr. Andreas on April 9, 1972, when the two met at a golf course in the Miami area.

Based on the facts stated above, we have concluded that the donor retained control over the contribution until April 9, 1972, when he delivered the cash to Mr. Dahlberg as agent for the committee. Therefore, the \$25,000 contribution was not completed until after the effective date of the act and is subject to the recording and reporting requirements of Title III of the act.

FOUR CHECKS TOTALING \$89,000

Four bank checks drawn on the Banco Internacional of Mexico City to the order of Sr. Manuel Ogarrro in the amounts of \$15,000, \$18,000, \$24,000 and \$32,000, respectively, were deposited in the Barker Associates, Inc., Trust Account, on April 20, 1972, the same day the \$25,000 Dahlberg check was also deposited in that account. We have obtained copies of the four checks and verified the fact of their deposit in Barker Associates' account on April 20. The four Banco Internacional checks are dated April 4, 1972, three days prior to the effective date of the Federal Election Campaign Act of 1971.

Mr. Sloan stated to us that the four checks were pre-April 7 contributions from donors in Texas who wished to remain anonymous, and therefore would not reveal their names.

Mr. Sloan stated to us that the four checks were delivered to him by an agent for the donors on April 5, 1972; that because he was unsure of their negotiability he gave them to Mr. Liddy; and that Mr. Liddy said he would take care of cashing them. Mr. Sloan added that Mr. Liddy did not deliver the cash to him until sometime in the middle of May. Further, he said, that the total amount of currency which Mr. Liddy returned to him for these four checks and the \$25,000 check referred to the above was significantly less than the five checks' combined face value of \$114,000. Mr. Sloan was unable to recall the amount of the difference although he thought it was about \$2500. He said he was told by Mr. Liddy that the shortage represented charges related to reconverting the checks to cash.

The currency was returned to Mr. Sloan by Mr. Liddy in two parts. The first amount was less than \$89,000 and approximated \$80,000, although Mr. Sloan could not recall the exact amount and had no records of the amount. The second amount was more than \$25,000, but again Mr. Sloan could not recall the exact amount and had no records of it.

We conclude that, in the absence of any evidence that the checks were delivered to Mr. Sloan after April 6, 1972, the four checks totaling \$89,000 did represent pre-April 7 contributions and, therefore, details of the contributions were not required to be recorded or reported by the committee. However, we were unable to find any documentation of the actions surrounding the post April 7 handling of the four checks by Mr. Sloan, Mr. Liddy, or other committee personnel or of the receipt of the currency received in exchange for the four checks.

THE \$350,000 BANK DEPOSIT OF MAY 25

Committee officials stated that the cash proceeds of the \$25,000 check and the cash deposit, an affiliated committee, Mr. Sloan said

that he and Mr. Liddy made the currency deposit. We have confirmed the fact of this deposit by the committee and identified a duplicate deposit slip on which there is the notation: "Cash on hand prior to 4-7-72 from 1968 campaign per Hugh Sloan." Mr. Paul Barrick, then comptroller and now treasurer of the committee, informed us that he had made the above notation when Mr. Sloan gave him the deposit slip and told him what the currency represented. Mr. Barrick added that he had not previously been aware of the \$350,000 fund.

Mr. Sloan stated that before the \$350,000 currency was deposited it was kept in a safe in the office of Mr. Stans' secretary and that only he and Mr. Stans had access to the safe. Mr. Sloan added that any records pertaining to the currency were left with the committee when he resigned as treasurer. We have been unable to find any record of the source and makeup of this currency or any documentary evidence, other than the deposit slip notation, as to whether it consisted of pre-April 7 or post-April 7 funds or both or any indication of the handling of these funds between April 7 and May 25. However, Mr. Stans has indicated his willingness to sign an affidavit that the funds were collected before April 7.

In the records made available to us, the \$350,000 amount was added to the April 7 bank account balances of the Media Committee to Re-Elect the President, and the resulting total was reported as the opening cash-balance of the Media Committee on its June 10, 1972, report. Mr. Stans has stated his belief that any records which may have existed with respect to this \$350,000 were destroyed after the April 7 date passed.

The only documentation we have obtained regarding this matter is the deposit slip referred to above. In the absence of documentary evidence, other than the deposit slip notation, that the \$350,000 in currency was received before April 7, 1972, we conclude that part of it, in addition to the \$25,000 contribution referred to above, may have been received April 7, 1972, or thereafter.

APPARENT VIOLATIONS

We have concluded that there were the following apparent violations of Title III of the Federal Election Campaign Act of 1971 by the Finance Committee to Re-Elect the President or its affiliated committees which I recommend you refer to the Attorney General:

1. The committee's failure to keep a detailed and exact account of the \$25,000 contribution received by Mr. Dahlberg on April 9, 1972, constituted an apparent violation of Section 302(c) of the Act, and the committee's failure to disclose the details of the expenditure in its violation of sections 304(b) (9) and 304(b) (10) June 10, 1972, report constituted an apparent off he Act.

2. The committee's failure to keep a detailed and exact account of the amount expended from the proceeds of the \$25,000 Dahlberg check and the four Mexican Bank checks totaling \$89,000 constituted an apparent violation of the committee's failure to disclose the details of sections 302(c) and 302(d) of the Act, and the Committee's failure to disclose the details of the expenditure in its June 10, 1972, report constituted an apparent violation of sections 304(b)(9) and 304 (b)(10) of the Act.

3. The committee's failure to keep and maintain adequate books and records on a current basis with respect to the \$25,000 check and its proceeds, the proceeds of the four checks totaling \$89,000, and the balance of the \$350,000 in currency constituted an apparent violation of Section 207(c) of the Comptroller General's Rules and Regulations (11 CFRV 207(c)) issued under the authority of section 308(a) (13) of the Act and implementing Section 308(a) (11) of the Act.

In addition, I recommend the following possible violations of Title III of the Act be referred to the Attorney General for further investigation:

1. The committee's failure to keep a detailed and exact account of the \$350,000 currency fund and the contributions that may have been received therein on or after April 7, 1972, possibly constituted a violation of Section 302(c) of the Act, and the committee's failure to disclose the details of such contributions in its June 10, 1972, report possibly constituted a violation of Section 304(b)(2) of the Act.
2. The committee's lack of accounting control over the funds referred to in this report indicates the possibility that expenditures may have been made for or on behalf of the committee without the authorization of its chairman or treasurer or their designated agents in violation of Section 302(a) of the Act. Similarly, the possibility exists that every person who received contributions for the committee may not have rendered a detailed account thereof to the treasurer and that committee funds may have been commingled with personal funds of the officers, members or associates of the committee in violation of Section 302(b) of the Act.