

## Duncan's \$605,000 for Humphrey, Nixon Fizzled

# A Political Switch-Hitter Strikes Out

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Walter Thomas Duncan was described last year as the prototype of a new breed of "political switch hitter," the relatively unknown, self-made man who suddenly lavished money on Republican and Democratic candidates alike with the hope of gaining influence or at least recognition.

At least that was Duncan's image when he apparently gave \$300,000 to the 1972 presidential primary bid of Hubert Humphrey, and two months later, after Humphrey was out of contention, gave \$305,000 to the re-election campaign of President Nixon. Earlier, he participated in a \$100,000 investment in the brief 1972 presidential fling of Sen. Vance Hartke (D-Ind.).

Now General Accounting Office investigators are considering other possibilities about the alleged campaign gen-

erosity of Duncan, a Texas real estate speculator, whose personal financial empire is troubled amidst lawsuits and criminal indictments against him.

The GAO's questions:

- Was Duncan merely a Pied Piper who convinced Humphrey's desperate backers he was their salvation and then left them with \$300,000 worth of worthless IOU's which they had guaranteed to banks?

- Or was Duncan, in his gifts to Hartke, Humphrey and Nixon, operating as a front man for someone else? The GAO is investigating whether Duncan was a stand-in for gifts from others, including Minneapolis millionaire Dwayne Andreas, another "switch hitter," whose \$25,000 initial secret and laundered cash gift to Mr. Nixon found its way into the bank account of Watergate burglar Bernard Barker.

Even if Duncan was acting only for

himself, the behind-the-scenes story of his political contributions shows the financial recklessness and desperation of some national candidates when it comes to securing big money.

The GAO also is concerned that the Duncan case reveals the reliance of candidates on "friendly banks," to make political loans, which conservative, traditional banks would never consider. Duncan's \$605,000 in gifts to Humphrey and Nixon would not have been possible if it were not for the willingness of three Washington banks to lend him money.

The story, as so far pieced together by federal investigators, or told by Humphrey's backers, began in March, 1972, when Sen. Hartke came to Humphrey's aid, as his national co-chairman.

Hartke, whose own presidential bid

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ran out of gas in the New Hampshire primary, suggested that the Humphrey people could get help from Walter Dilbeck, an Evansville, Ind., businessman who had given more than \$100,000 to the Hartke campaign.

And so Humphrey supporter S. Harrison Dogole, chief executive officer of Globe Security Systems in Philadelphia, contacted Dilbeck, who in Evansville is known as a town eccentric — the founder of the ill-fated Global Baseball League, a sometime candidate for mayor, a man who seemingly couldn't do anything successfully except make money.

Dilbeck told Dogole that he and his Texas friend Duncan had contributed heavily to Hartke's campaign, regarding him as "a stalking horse for Humphrey" in the New Hampshire primary, in which Humphrey didn't compete. The Humphrey people say they were told that Duncan had guaranteed a \$100,000 Dilbeck loan from the National Bank of Washington to put money into the Hartke campaign.

Now, said Dilbeck, Duncan was prepared to back

Humphrey with up to \$500,000.

Dilbeck told Dogole and Paul Thatcher, treasurer of the Humphrey finance committee, that Duncan was presently "cash poor." If the Humphrey committee could get some short-term credit, Dilbeck said, Duncan would give IOUs and pay off the loans in the fall. Dilbeck gave them five blank IOUs signed by Duncan.

Humphrey's financiers say they then checked out Duncan's credit rating, which showed he was very wealthy, but couldn't find any banks willing to make political loans to him.

That is, until they were steered by attorney Max Kampelman to the District of Columbia National Bank, of which Kampelman was a founder. Kampelman, a longtime Humphrey adviser, also served on his 1972 finance committee.

Humphrey's backers say the following then occurred:

The bank refused to loan money to Duncan but agreed to loan \$100,000 for Humphrey's campaign to Joseph E. Cole, chief executive officer of the Cole National Corp. of Cleveland, a key Humphrey backer who personally loaned the campaign

\$335,000 and gave it \$45,000.

The idea was that the bank would loan \$100,000 to Cole, who would loan the money to Duncan, who would give it to Humphrey. Cole's loan from the bank would be secured by Duncan's IOU.

The transaction was then completed by simply filling in one of Duncan's blank IOUs, making it payable to Cole for \$100,000.

However, the bank's loan committee said it wouldn't approve the loan to Cole unless Kampelman endorsed it, which Kampelman did.

The bank then simply transferred \$100,000 of its money to Humphrey's account at the bank.

Cole says he was worried about a default from Duncan, so Kampelman, Dogole, Thatcher and John Morrison, a Minneapolis businessman, agreed to each accept \$20,000 of the loan if Duncan defaulted.

If this account from the Humphrey campaign is accurate, the public certainly knew nothing about it. Records at the General Accounting Office show only that a Walter T. Duncan

gave Humphrey \$100,000 on May 9, 1972.

The GAO's records don't show that Duncan never repaid Cole, and that \$80,000 of the loan is still outstanding at the D.C. National Bank. It has been renewed three times; interest has been paid by Cole, and the five Humphrey backers finally were forced by the bank to pay off a total of \$20,000 from the loan.

Despite their difficulty in arranging for the first \$100,000 "gift" from Duncan, Humphrey's backers say they were so desperate for money for the California primary that they were paying their hotel bills on a day-by-day basis—and so they returned late in May to seek further support from Dilbeck and Duncan.

Dilbeck said Duncan was willing to give another \$200,000 but someone again would have to provide the cash, which Duncan would pay off in the fall.

Cole and Thatcher said they then went to Andreas, board chairman of the Archer Daniels Midland Co., a Humphrey supporter for many years, and a business partner of Thatcher's.

Andreas already had

given a secret \$25,000 to Nixon in April about the same time he and his associates, including Thatcher, were receiving in record time a federal bank charter. Later he gave another \$121,000 in publicly recorded gifts to Nixon and \$75,000 to Humphrey.

Andreas agreed to back a \$200,000 Duncan loan, and this time the Humphrey committee sought help from another banker friend, True Davis, then board chairman of the National Bank of Washington, and a contributor to the Humphrey campaign. The Humphrey committee told the GAO it went to this bank because committee funds were kept there and because the bank already had made a \$100,000 loan to Dilbeck-Duncan.

The transaction was completed June 5, the day before the California primary. The National Bank of Washington took Duncan's IOU for \$200,000 and transferred that amount of money into the Humphrey committee's account at the bank.

The loan was secured by 10,000 shares of Archer Daniels Midland Co. stock owned by Andreas and worth \$400,000. The Humphrey finance committee says it got a favorable interest rate of 5½ per cent because of the large collateral posted by Andreas.

Again the public was in the dark. The GAO records show only that Duncan gave Humphrey \$200,000 early in June.

The public also does not know that after Duncan went in default, on this \$200,000 loan, the bank early this year worked out another agreement with Duncan, the Humphrey committee, and Andreas.

An April 4 agreement provided that Duncan pay \$7,500 in the bank's attorney fees and \$9,411 in interest—the amount that Humphrey's \$200,000 in campaign funds had cost anyone to that date.

Duncan was given a new one-year note at 6½ per cent interest, but this time Andreas agreed to purchase Duncan's \$200,000 note within 30 days, thus eliminating Duncan from the picture. Andreas was to receive a \$120,000 Texas property from Duncan if he couldn't repay him.

As of last week, Duncan

and Andreas were in default on the new agreement, and the bank was proceeding to sell Andreas' stock to collect its money. (An Andreas associate said he paid off the \$200,000 loan yesterday morning.)

Humphrey finance committee members have told the GAO that the Duncan gifts were legitimate and not "fronts" for Andreas and Cole, which would constitute a violation of the campaign spending law. They point out that Andreas "publicly" gave Humphrey \$75,000 and Cole gave him \$45,000 so neither man would have a motive to disguise gifts to Humphrey.

The General Accounting Office has not accepted the Humphrey story, without reservation, probably be-

cause of the bizarre events that followed in which Duncan became a Nixon contributor.

After Humphrey was defeated for the Democratic nomination Dilbeck says that Andreas asked him "to get on the Nixon team."

A phone call from chief Nixon fund-raiser Maurice Stans followed, and Dilbeck said he was soon in Washington, arranging with Stans for his friend Duncan to give the Nixon campaign \$305,000.

Once again a friendly bank supplied the money. Duncan, according to the Nixon finance committee, gave only his IOU for \$305,000 (supported by a financial statement) which the Nixon committee discounted at the First National Bank

of Washington for \$294,000. The bank simply transferred \$294,000 of its own funds into the large Nixon campaign bank account kept at the bank.

When Duncan's financial problems began getting publicity and he couldn't pay off his loan to the bank, Stans late last year after the election simply washed out the whole affair by dipping into his \$5 million campaign surplus and giving the First National Bank its money back.

Dilbeck says Stans told him the Duncan "gift" loan would be forgiven "because we shouldn't embarrass Tom (Duncan)."

Federal investigators say they are puzzled by the bank's willingness to take over Duncan's IOU at only a

4 per cent discount, on the basis of a financial statement, especially one that could have easily been discovered to be inaccurate. Duncan had failed to list \$2.6 million of debts on the statement.

Duncan has not gotten any rewards for his supposed participation in the Humphrey and Nixon campaigns. He has been indicted for making false statements on a \$3.1 million loan application and is being pursued by creditors and federal investigators.

His friend Dilbeck has done better, even though he ostensibly didn't put a dime into the Nixon campaign. On March 8, Dilbeck and his wife were among the Nixon supporters rewarded with a dinner at the White House.