

Political Donors Used Committees To Hide Direct Campaign Gifts

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Special interests and persons associated with them frequently "laundered" campaign contributions earmarked for particular candidates so that voters could not detect them in financial reports the candidates filed in the recent elections, a survey of public records shows.

Usually, business, labor and other interests seeking to hide a connection with candidates passed earmarked gifts through one or more intermediaries, especially the Democratic and Republican campaign committees on Capitol Hill. The candidates then listed these committees rather than the original contributors.

How much earmarked money was contributed by sources that effectively bleached out

a relationship with candidates is unknown and probably unknowable, but it is believed to be millions of dollars.

The National Committee for the Re-election of a Democratic Congress filed reports showing that it alone transmitted \$415,753 in earmarked money through two conduits, the Democratic Congressional and Senatorial Campaign Committees, between Sept. 1 and Oct. 26.

The money, much of it given by persons opposing or cool to presidential candidate George McGovern, was funneled out to 133 House and 23 Senate candidates pre-selected by donors who preferred not to donate to them directly. Many—but not all—of the recipients were elected, helping the Democratic Party to retain control of the House and to

gain two seats in the Senate.

In one case cited by Common Cause, a citizens' lobby, the National Committee listed a \$1,000 contribution from Robert L. Boyle, publisher of The Hudson Dispatch in Union City, N.J. An attachment on "encumbered" funds said that \$500 from Boyle was intended for Rep. James J. Howard (D-N.J.) and would be passed to him through the Congressional Campaign Committee.

But Howard's own reports—the only ones most likely to be examined by the public in the office of the New Jersey Secretary of State—show \$2,500 in contributions from the Campaign Committee but do not mention the name of newspaper publisher Boyle.

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FUNDS, From A1

The director of Common Cause's Campaign Finance Monitoring Project, Frederic M. Wertheimer, charges that earmarking violates the new Federal Election Campaign Act and makes a "charade" out of it. The organization, Wertheimer disclosed, out of it, is considering filing a suit based on Seciton 310 of the law, which says:

"No person (defined as any individual, partnership, committee, association, corporation, labor organization or group of persons" shall make a contribution in the name of another person, and no person shall knowingly accept a contribution made by one person in the name of another person."

Further examples discovered by the monitoring project of how actual contributors failed to be identified in candidates' financial reports filed in Washington and state capitols under the new law, which took effect April 7:

• On May 5, the Machinists Nonpartisan Political League gave \$2,887 to the Arkansas branch of the Committee on Political Education (COPE), another affiliate of the AFL-CIO. Three days later, COPE passed the identical sum to Rep. David Pryor (D-Ark.), who was seeking to unseat Sen. John L. McClellan (D). The Pryor Campaign Committee, in a report on May 15, reflected a contribution from Arkansas COPE, but in no way identified the actual donor, the Machinists unit. Similar transactions took place involving Pryor, the political arm of the Communications Workers of America (AFL-CIO) and Arkansas COPE.

• The Builders Political Campaign Committee (BPCC), an affiliate of the National Association of Home Builders, explicitly acknowledged on registering with the House Clerk that it expected to receive and transmit earmarked contributions. On May 28 and June 2, BPCC, without naming the actual donors, said it had

received contributions totaling \$3,600 for transfer to Sens. John J. Sparkman (D-Ala.) and Mark O. Hatfield (R-Ore.); and Reps. Walter S. Baring (D-Nev.), William Anderson (D-Tenn.) and Frank Annunzio (D-Ill.).

Each of the candidates reported gifts from BPCC (or its predecessor, the Builders Political Action Committee); none disclosed the actual contributor or the earmarking.

• The General Telephone Employees' Good Government Club contributed \$1,000 to the Republican Congressional Boosters Club, but told the House Clerk, in a letter, that \$500 each was to go to two House candidates in California, William Ketchum and Carlos Moorhead, if they survived the June 6 primary. On Sept. 10, the Boosters Club listed transfers to Ketchum of \$5,000 and of \$7,500 to Moorhead; but the candidates' own reports do not name the Good Government Club as contributors.

The executive committee of the Banking Profession Political "will decide which candidates it would like to help," The American Banker, an industry newspaper, said last June 2 in a story on a speech by William A. Glassford, BANKPAC's executive director.

Then, "each candidate will be approached and asked whether he would like a BANKPAC contribution, and how he would like the payments made," the story said.

"Mr. Glassford also said that BANKPAC was more likely this year to route checks through Republican and Democratic party campaign committees rather than sending them directly to the candidates," reporter Joseph Hutnyan continued. "This is a device used by many lobbies to disguise the source of campaign contributions . . ."

BANKPAC reported contributions between Aug. 31 and Oct. 16 of \$18,000 to the Republican Senatorial Campaign Committee, \$8,500 to the Republican Congressional Campaign Committee, \$5,000 to the Democratic Congressional Campaign Committee and \$2,500 to the Ohio Republican Finance Committee. During the same period BANKPAC gave \$35,050 to specified incumbents on the Senate and House Banking Committees and the House Ways and Means Committee.

Simultaneously, the political arm of the National Association of Real Estate Boards (REPEC) gave \$56,250 to incumbents, most of them on committees dealing with real

estate matters. Then on Oct. 19, H. Jackson Pontius, executive vice president of the association, gave \$5,000 on behalf of REPEC to the National Committee for the Re-election of a Democratic Congress; six days later, REPEC gave \$25,000 to the National Republican Senatorial Campaign Committee.

Between Sept. 28 and Oct. 13, the Mortgage Bankers Political Action Committee gave \$4,000 to the Democratic Senatorial Campaign Committee and separate gifts of \$1,200, \$500 and \$300 to the Democratic Congressional Campaign Committee.

Four political arms of three milk producers' organizations that seek to increase public subsidies for dairy products gave President Nixon's re-election drives more than \$300,000 in 1971 and \$50,300 since last April.

In the period Sept. 1 through Oct. 16 the dairy interests reported contributions of \$188,050 to 90 incumbent and 19 non-incumbent House and Senate candidates. Of the total, \$130,600 went to 6 Democrats and \$57,450 to 44 Republicans.

Since April 7, approximately \$700,000 has flowed into the four dairy committees. Yet, Common Cause pointed out, none of them "has specified where the money . . . has come from," although he new law requires identification of every person donating more than \$100. A spokesman for the General Accounting Office told a reporter that the GAO plans to look into this.

The spigot was opened wide in the 10 days starting Oct. 27, when the Committee for Thorough Agricultural Political Education (C-TAPE), an arm of the Associated Milk Producers, Inc., in San Antonio, not only gave an additional \$96,000 to 60 named House and Senate candidates, but \$175,000 to the Republican Congressional Campaign Committee, \$177,500 to the GOP Senatorial Campaign Committee, \$72,000 to the Democratic Senatorial Campaign Committee and \$62,500 to the Democratic Congressional Campaign Committee.

A spokesman for the Republican Congressional Campaign Committee said the \$175,000 it received on Oct. 27 was not earmarked. However, spokesmen for the other committees could not be reached. C-TAPE's secretary, Bob A. Lilly, did not return a reporter's phone call.

The National Committee for Re-election of a Democratic

Congress, whose co-chairman is Robert Strauss, former treasurer of the Democratic National Committee, raised \$711,595 by Oct. 26. All but \$148,075 of the \$563,831 it gave to the Capitol Hill campaign committees had been earmarked by contributors for particular candidates.

The largest contributor was Lawrence Weinberg, a Los Angeles builder who had loaned \$95,000 to McGovern's presidential campaign. He gave \$96,049.

Of the total, \$43,888 was earmarked for 16 Senate candidates, including conservatives such as Sam Nunn of Georgia, and liberals such as Walter F. Mondale of Minnesota. An additional \$43,200 was earmarked for 18 incumbent California congressmen, three congressional candidates in California, and Rep. Jack Brooks (D-Texas.).

Stanley Goldblum, president of Los Angeles investment company, Equity Funding, was listed for a contribution of \$44,948, although his earmarked gifts, possibly because of a book-keeping error, came to \$4,500 more. He distributed \$12,000 to two losing Senate candidates, Frank Kelly of Michigan and Barefoot Sanders of Texas, and \$37,440 to 36 House candidates, of whom 18 were California incumbents.

Howard E. Saft, president of Adlay Jewelry of New York, loaned the committee \$90,000 earmarking \$5,000 for three Senate candidates and \$66,500 for 34 House candidates. Again the gifts ranged over the political spectrum from Rep. Richard H. Ichord (Mo.), chairman of the House Internal Security Committee, who got \$10,000, to Rep. Andy Jacobs, the Indiana liberal, who got \$2,000.

James H. Rowe Jr., treasurer of the National Committee for the Re-election of a Democratic Congress, and Thomas G. (Tommy the Cork) Corcoran, partners in a Washington law firm with numerous big-business clients, each gave \$2,500 to be split evenly among five Senate candidates. A third member of the firm, Edward H. Foley, gave \$1,000 to a House candidate.

Additional earmarked contributions included \$12,500 from persons associated with United Artists, \$12,000 from the president of Music Corp. of America (two other MCA executives together gave \$191,186 to President Nixon), and \$5,000 from the president of Union Bank of California.

On Aug. 1, Common Cause complained of ear marking discovered by its monitoring

project in letters to the administrators of the law on Capitol Hill, Clerk of the House W. Pat Jennings and Secretary of the Senate Francis R. Valeo. The letter inquired if Section 310 applied—a touchy point because of the involvement in earmarking of congressional campaign committees.

Jennings and Valeo each replied, in part, that Common Cause had not supplied specific cases.

Then, on Oct. 20, Common Cause Chairman John W. Gardner filed formal complaints with the two officials.

Earmarking is "widespread" and is "flagrantly undermining the fundamental purpose of the new law—to allow the voting public to determine who the actual financial backers are for each candidate," Gardner charged.

As examples, Gardner cited the Pryor-Arkansas COPE, BANKPAC, Builders, and General Telephone cases.

House Clerk Jennings and Senate Secretary Valeo, in letters to Gardner, denied the Common Cause charge that the examples showed the law had been violated. There was "no evidence... of the deliberate misrepresentation which we take to be the intended target of Section 310," Valeo said.

The Senate official recognized, however, "that earmarking can be used as a means of evading the spirit of the act."

He and Jennings said that together with the administrator of the law for presidential contests, Comptroller General Elmer B. Staats, they are considering tightening the rules on earmarking.

They also mentioned the possibility of referring to congressional committees whether the law should be revised. Common Cause's Wertheimer contends the law as it stands prohibits earmarking, in which candidates' reports do not reveal original contributors.

Eventually, the courts may decide whether Wertheimer's contention is correct. In the meantime, however, Congress could move to legitimize such earmarking. That would seem to be more likely than a move to ban it explicitly.

Eventually, the courts may decide whether Wertheimer's contention is correct. But Congress—many of whose members obviously benefit from such earmarking—could well move to legitimize it. "This would gut the present law that was almost a half-century in the making," Wertheimer said.

Philip S. Hughes, director of

the Office of Federal Elections in the General Accounting Office, said the GAO is concerned that earmarking "may constitute a failure of disclosure" and is considering for presidential regulations a new rule:

To require "the committee of the candidate for whom the contribution is earmarked to be given the identity of the donor by the political committee that initially receives the contribution," and to require, moreover, "the candidate's committee to report that identity to our office in addition to reporting the identity of the transferring committee."

Earmarking was going on long before the Federal Election Campaign Act took effect. Former Sen. Joseph S. Clark (D-Pa.), accusing the Capitol Hill committees of being "to a substantial extent prisoners of the lobbies," said in his 1961 book, "Congress: The Sapless Branch":

"... The conservative oil and gas lobbies, which contribute so heavily to the Democratic Senatorial Campaign Committee, had not the slightest interest in the re-election of Senator Paul Douglas of Illinois in 1960, he having been a staunch advocate of cutting the depletion allowance.

"But they were vitally interested in the re-election of the late Senator Bob Kerr of Oklahoma, who was the most articulate spokesman for the oil interests in the Senate.

"Quite naturally Senator Kerr received a very much larger contribution from the Senatorial Campaign Committee than Senator Douglas. The lobbies quietly earmarked their contribution to the committee for Senator Kerr, and the committee, as an implicit condition for receiving the money, sent it to Oklahoma, where it wasn't needed, rather than to Illinois, where it was."