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U. S. DEPARTMENT OF AGRICULTURE  
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INTERIM REVIEW  
OF THE  
BILLIE SOL ESTES MATTER

June 26, 1962

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Washington 25, D. C.

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AN INTERIM REVIEW OF THE BILLIE SOL ESTES MATTER

Since the arrest of Billie Sol Estes in Texas on March 29 and his subsequent indictment, the Department of Agriculture, in addition to its own inquiries, has cooperated fully with investigations being conducted by the FBI, Congressional Committees and State authorities into the tangled web of circumstances now known as the Estes case.

These investigations are continuing, and the Department will act promptly on any evidence of wrong-doing that may be disclosed and for which any of its personnel may be responsible.

As of this date, however, the evidence known to the Department shows the following:

1. No actions or decisions of the Department have favored Estes over competitors or other citizens.
2. No Department personnel known or reasonably believed to have improperly accepted gifts from Estes remain in the employ of the Government.
3. The Department has lost no money through its business with Estes.
4. In retaining Estes as a member of the National Advisory Committee on Cotton, the Department shared with his private creditors, business associates, and many other people a much higher regard for his business operations and personal attributes than was warranted in the light of present knowledge; but no action or decision of the Department relating to the cotton program or any other matter, was affected or influenced by Estes membership on the Committee.

The facts supporting each of these conclusions are examined in the sections to follow. First, however, it is necessary to review what is meant by "the Billie Sol Estes matter." From the viewpoint of the Department of Agriculture, this matter has five specific parts. But an understanding of them depends upon knowledge of the brief background that follows.

Billie Sol Estes, 37, Pecos, Texas, was indicted April 5, 1962, on Federal charges of fraud in connection with transportation of allegedly fraudulent mortgages across State lines. He had been arrested by the FBI after an investigation apparently sparked by local newspaper stories about mortgages signed by various citizens for non-existent fertilizer tanks. Civil suits filed by mortgagors and finance companies charged that mortgages on non-existent property were being executed and sold at discounts to raise cash for Estes.



Estes had become widely known through his meteoric rise in the business world. He had been honored in 1953 by the U. S. Junior Chamber of Commerce as one of the 10 outstanding young men of the year. He was prominent in church work. He was engaged in a wide variety of business activities, including large-scale farming, aggressive marketing of anhydrous ammonia fertilizer in a wide area, grain elevators at several locations including a very large terminal warehouse at Plainview, Texas, a mortuary, a newspaper in Pecos, and other enterprises.

His growth in the grain storage business had been spectacular. Recent reports indicate that this was financed by Commercial Solvents Corporation, the company from which he purchased the anhydrous ammonia fertilizer he marketed. His payments for storage of government grain in his United Elevators were all assigned to Commercial Solvents.

Coleman D. McSpadden, who was indicted on April 5 along with Estes, also stored grain under contract with the Department of Agriculture but apparently was not associated with Estes in the grain storage business.

Soon after the federal indictment of Estes, the Texas State Attorney General, Will Wilson, began a series of so-called Court of Inquiry sessions--public hearings involving sworn testimony--inquiring into possible violations of State anti-trust laws or other statutes by those involved in the mortgage cases.

At this stage the Department of Agriculture suddenly found itself in the headlines over one of the most dramatic and fast-moving news stories of recent times.

Witnesses in the public hearings testified that persons they believed to be Department of Agriculture employees had visited a Dallas department store with Estes and that they (the witnesses) believed Estes had purchased expensive items of clothing for them.

These charges would have been shocking under any circumstances. They acquired even higher voltage from the dynamo of Texas politics. The Texas primary election campaign was in progress when the Estes case broke. The attorney general was a candidate for nomination as governor. The first public notice of the Department's interest in the Estes case came in this unpropitious setting. The Department was then and had long been concerned with Estes operations in cotton and prior to his arrest had, on its own initiative, undertaken a check of the Government grain in his warehouses.

April 12, 1962, was the date of the first testimony about the gift clothing. But on April 11, on the basis of a rumor reported by a Department employee in Texas, the Secretary's office had dispatched an investigator to Dallas to check on the suggested improprieties.



Before the arrest of Estes by the FBI on March 29, 1962, acting on the basis of reports that Estes' creditors were meeting to exchange information, the Department sent teams of examiners to his warehouses to check the quantity and quality of grain inventories against warehouse receipts. The inventories were found to be in good order.

On the day of Estes' arrest (March 29, 1962), the Department took action to stop payments to Estes under the grain storage contract pending further developments.

On April 1 the Department accepted the resignation of Estes from the cotton advisory committee.

On April 3 a public announcement by the Department was made in Texas to the effect that the government would not make loans on any additional grain taken to Estes warehouses by farmers and action was taken to avoid adding to the government-owned stocks in those warehouses.

Three months earlier--on December 31, 1961--the present administration of the Department had officially notified Estes that it had ruled against him in a controversy involving his acquisition of more than 3,000 acres of cotton acreage allotments. The effective date for this decision was later postponed to permit Estes and others with similar contentions to attempt to establish the legality of their positions, but the decision was not changed and marketing quota penalties of \$554,162 were assessed against him. The Department's final rulings against Estes in regard to the transferred cotton allotments were based on instructions issued in February 1961, and on a comprehensive field investigation initiated on July 5 and completed on October 27, 1961.

So much for the general background.

The Billie Sol Estes matter--from the viewpoint of the Department of Agriculture--involves these subjects:

. . . Estes as a grain warehouseman operating under federal license and bonded according to requirements of federal licensing;

. . . Estes as a contractor under the Department's Uniform Grain Storage Agreement storing government-owned grain in both Federally-licensed and State-licensed warehouses;

. . . Estes as a member of the National Advisory Committee on Cotton;

. . . Estes as a cotton producer who sought to obtain additional cotton acreage allotments through means now held to be illegal;

. . . Estes as an influence seeker who tried, through petty gifts, to ingratiate himself with certain Department employees; and as a name-dropper who tried to impress or intimidate other employees by claiming connections with important persons.

In the pages that follow these several aspects of the matter are reviewed separately.



ESTES AS FEDERALLY-LICENSED WAREHOUSEMAN

Repeated suggestions that Estes received favored treatment from the Department include the charge that he was required to put up a lower bond on his warehouses than were required of others.

The fact is that he, like many others, was required to put up a far higher bond than the laws and regulations stipulate. It is also true that Department officials considering whether to require an increase in his bond were misled by the report of a Texas Certified Public Accountant on a financial statement Estes had been required to provide. It now appears that the financial statement which showed a net worth of more than \$13.7 million should have reflected little or no net worth.

The questionable professional performance of the CPA, Winn P. Jackson, Lubbock, Texas, was reported by the Secretary of Agriculture on May 6, 1962 to Texas and national authorities on public accountancy; and Jackson's own account of his action, indicating that he was paid \$6,000 by Estes after submitting a balance sheet actually prepared by Estes himself has been published by the House Committee on Government Operations, in an Excerpt from Hearings on May 28, 1962. Jackson's license to practice as a CPA has been suspended by the Texas State Board of Public Accountancy.

On June 4, 1962, John L. Carey, Executive Director of the American Institute of Certified Public Accountants, in reply to the Secretary's letter of May 6, stated as follows:

"In the present case, a reader of Mr. Jackson's report would be reasonably entitled to assume that the auditor had done the necessary work with respect to all important items in the balance-sheet so far as they were in no way connected with the inventory -- for example, cash securities, receivables, fixed assets, and liabilities. If he had not checked any of these items he should have said so.

"Mr. Jackson said he could not express any opinion as to whether the balance-sheet fairly presented the financial position. The only reason he gave was his inability to examine the inventory. If there were other reasons he should have stated them."

Background of the Bonding Controversy

At the time of his arrest and indictment, Estes had the largest grain warehouse capacity in Texas. Starting in 1959 his growth had been phenomenal. It was based in large measure on the burgeoning demand for space to hold mounting surpluses of farmers' grain under government loans and inventories taken over by government as the loans came due. Yet Estes himself received no payments for storage of government grain in his United Elevators. He assigned them from the beginning to Commercial Solvents Corporation, his source of supply in his fertilizer business and the source of credit for his grain warehouse start and expansion. He was doing business as United Elevators with five elevators (grain warehouses) and as the South Plains Grain Co., Inc., all under supervision of a headquarters office at Plainview, Texas.

He is also believed to have had interests in the Palo Duro Grain Co., Tulia, Texas; Allied Elevators, Hereford, Texas; and the Hale County Grain Co., Plainview, Texas.

Three of these are equipped as "terminal" elevators--the United Elevators warehouse at Plainview, the Palo Duro at Tulia, and the Allied Elevators at Hereford. The others are so-called "country houses."

Four of the six warehouses listed under his ownership operated on Federal licenses, the others on Texas State licenses. Two of the others with which he is believed to have been associated had Federal licenses, one had a State license. The State bond required under each State license is \$5000. In addition the Commodity Credit Corporation required an additional bond on CCC grain stored in State licensed warehouses.



The warehouses (all in Texas):

<u>Name and Location</u>	<u>Capacity</u>	<u>Bond</u>	<u>License</u>
United Elevators			
Plainview	40,840,000 )		Federal
Kress	5,521,000 )		Federal
Silverton	3,673,000 )	\$700,000	Federal
South Plains	915,000 )		Federal
Lamesa	666,279	85,000*	State
Subtotal	51,615,279	785,000	-
South Plains Grain Co.			
Levelland	2,463,225	564,000*	State
Total, Estes houses	54,078,404	\$1,349,000	-
Other warehouses in which Estes is believed to have interest:			
Hale County Grain Co.	4,488,620	505,000*	State
Plainview			
Palo Duro Grain Co.	18,790,000	602,000	Federal
Tulia			
Allied Elevators	9,730,000	600,000	Federal
Hereford			

\*Includes State bond of \$5000

All of these warehouses were on the "approved list" to store grain for farmers as collateral for price support loans and to store grain owned by the Commodity Credit Corporation, a financial arm of the U. S. Department of Agriculture.

Being on the "approved list" means that these elevators were among 10,893 in the country which qualified under the Uniform Grain Storage Agreement. This agreement sets the price the government will pay for storage of its grain inventories (currently about 13½ cents a bushel per year) and prescribes the conditions to be met. In fact, when signed by the warehouseman and the CCC, it is a contract.

Any well-run warehouse with proper equipment and adequate financial responsibility can qualify for such a contract, but being on the approved list does not guarantee the warehouseman that he will receive grain to store.



### The Bond Formula

As a warehouseman, Estes was required to meet the bond requirements of at least three agencies:

1. On State-licensed houses, there are State government requirements. In Texas the requirement is a minimum of \$5,000 and a maximum of \$50,000.

2. On Federally-licensed warehouses, the U. S. Warehouse Act regulations provide for a bond in an amount equal to 6% of the total value of the maximum bushels of wheat (or higher valued commodity if a higher valued commodity is the predominant commodity stored) that the warehouse can accommodate provided that the amount of bond "shall not be less than \$5,000 nor more than \$200,000." The bond may be increased above \$200,000 if "conditions exist which warrant requiring additional bond." The warehouseman must have a net worth of at least 4% of the total value of the maximum number of bushels of wheat (or higher valued commodity, as explained above) that the warehouse can accommodate, but any deficiency in net worth above the \$10,000 minimum can be overcome by means of an additional bond. These provisions of law and the regulations promulgated under them are administered by the U. S. Warehouse Act Branch, Agricultural Marketing Service, U.S.D.A.

3. The Commodity Credit Corporation as custodian of government grain inventories also establishes bond requirements. In practice, it accepts for Federally-licensed houses the bond set by the U. S. Warehouse Act Branch of AMS. On State-licensed houses--and where a State does not require either a State or a Federal license--CCC determines what is necessary to protect the U. S. interest. The starting point is the same formula used by AMS. However, the CCC in the southwest has been requiring double the figure computed by formula--mainly because of rapid expansion of "flat" storage, which was considered to be less dependable than conventional upright elevators.

Estes first applied for a Federal license under the U. S. Warehouse Act on November 20, 1958. The license was granted February 24, 1959. The warehouse--to be operated by Billie Sol Estes doing business as United Elevators--had a capacity of 2,960,000 bushels. The bond was set at \$200,000. The amount indicated as the net worth on his financial statement was well above the minimum net worth requirement under the formula.

### Estes' Bond Increases

On May 11, 1960, Mr. C. H. Moseley, Director, Dallas Commodity Office, sent a memorandum to his superiors in Washington enclosing Dun and Bradstreet reports with respect to Estes and suggesting that the material be forwarded to the officials who fixed the amount of the bond under the U. S. Warehouse Act. As a result of the memorandum and a conference with the Washington CSS (now ASCS) office, Mr. Carl Miller, then Chief of the U. S. Warehouse Act Branch, directed that Estes' bond should be increased by 10 cents per



bushel on any additional capacity. As a result of Mr. Miller's direction, Estes' bond was increased on several occasions and by November 1, 1960, the bond had reached \$578,000.

The next application for expansion would have required a bond increase of \$403,000 for a total of \$981,000 if Miller's 10-cent rate had been applied. The bonding company stated that it wished to limit its obligation to \$700,000, and it was determined that a \$700,000 bond would afford adequate protection. The company raised no suspicion of Estes' financial position and continued to bond his warehouses annually at the \$700,000 level.

With additional space under construction for Estes, the U. S. Warehouse Act Branch decided to fix the renewal bond due on February 23, 1961, at \$1,000,000 and notified Estes that it would require an independent audit of his financial condition by a Certified Public Accountant. Shortly thereafter, on or about January 25, Estes called on the chief of the Branch and questioned the necessity of increasing the bond, stating his net worth to be between \$5,000,000 and \$6,000,000. He agreed to furnish the required financial statement and independent audit.

#### The Jackson Certification

The financial statement, ostensibly prepared by the Lubbock, Texas firm of Jackson and Rodgers and certified by Winn P. Jackson, CPA, showed the net worth of Estes to be, as of December 31, 1960, approximately \$13.7 million. Jackson, in his certification, said that his examination "was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances; except that our examination did not include the generally accepted auditing procedure of observing and testing the methods used in determining inventory quantities, prices and amounts." He concluded that by "reason of the limitation of the scope of our examination as to inventories, no opinion may be expressed as to the fairness of presentation in the accompanying balance sheet of the financial position of Billie Sol Estes as of December 31, 1960."

The only item on the statement labeled "inventories" was an item amounting to \$942,701.13, and the limitation in the CPA's statement was interpreted to apply only to that item. However, Mr. Miller further discounted the CPA report because information on file disclosed that certain properties included in the financial statement were not insured. Estes net worth as discounted was approximately \$7 million. Only \$2.25 million net worth was required under the regulations. In the circumstances, the bond was allowed to remain at \$700,000.

#### Checks Made on Estes Warehouses

On September 13, 1961, Mr. Moseley again supplied his Washington office with Dun and Bradstreet reports showing Estes' heavy indebtedness and these reports were forwarded to Mr. Miller of the U. S. Warehouse Act Branch. Mr. Miller turned the matter over to the Internal Audit Division



of AMS for a thorough audit of Estes' financial condition but because of competing work load, this audit was not completed prior to Estes' arrest. Mr. Moseley's letter of September 13 also referred to rumors as to shortages in Estes' Plainview warehouse. An immediate investigation requested by Mr. Miller revealed that these rumors were false; and subsequently, in January of 1962 an investigation of all of Estes' warehouses revealed that conditions were satisfactory. Estes' bond was renewed on February 24, 1962, in the amount of \$700,000.

The investigation and arrest of Estes by the FBI dealt with allegedly fraudulent mortgages on fertilizer tanks, not with his grain storage business, but one result was to demolish the foundation of financial responsibility on which he had built his case for storage licenses and bonds.

On the basis of talk in grain trade and financial circles, just before the arrest of Estes and Coleman McSpadden on March 29, 1962, the Department decided to re-check its inventories of grain in the Estes and McSpadden warehouses. Twenty warehouse examiners were at work before the indictments were returned on April 5 and had the job completed by April 11. No shortage or other irregularity was found--the grain was there and in good condition. Immediately after the arrests, "stop orders" were placed so that no further storage payments would be made to the Estes and McSpadden establishments until further notice. On April 2, the Estes warehouses, three others believed to be partly owned by him, and the McSpadden warehouses were suspended from the "approved list" of the Uniform Grain Storage Agreement.

#### \$10 Million Bond Required

When the Federal court of jurisdiction appointed a receiver to prepare and present if possible a financial rehabilitation plan (a step short of bankruptcy) the Department requested the receiver to provide a bond or legal liability insurance policy of \$10 million on the Estes grain warehouses in recognition of a possible less-than-zero net worth and the fact that Estes may have been engaged in dishonest practices.

In lieu of bond, the receiver obtained a legal liability insurance policy underwritten by Lloyd's of London in the amount of \$10 million. This was approved by the Federal court concerned.

In addition, legal liability insurance totaling \$6 million was provided for the elevators in which Estes is believed to have interests--Hale County Grain Co., Palo Duro Grain Co., and Allied Elevators.

Effective April 6, 1962, the Federal licenses for warehouses owned by Estes or those in which he is believed to have an interest were suspended. The performance bonds applicable to such warehouses remain in effect indefinitely with respect to any transactions entered into during the periods covered by such bonds. This means that all of the bonds issued during the last several years are still in effect with respect to transactions entered into during the periods covered by the respective bonds.



On May 15, 1962, the CCC was given 90-day notice that the bond of \$559,000 on the South Plains Grain Co. will be terminated. Other CCC bonds on the houses discussed in these pages are scheduled to expire at various times in the next several months.

The Texas State Commissioner of Agriculture has acted to withdraw the State licenses from the Estes State-licensed elevators.

#### Load-out of Estes Houses

The Department announced on May 22 that it will remove CCC-owned grain from warehouses owned wholly or in part by Estes. This will be done on an orderly basis in order to avoid needless expense. The plan is to meet export and other demands from these warehouses and to avoid merely moving and storing them elsewhere for government account. (Statement by Secretary Freeman, May 28, 1962.)

Between April 1 and June 22, more than 6.4 million of the 40-odd million bushels of grain in Estes' elevators had been ordered out.

What happens next to these warehouses is a matter to be determined by the receiver, the creditors and the courts.

The Department has added a qualified CPA to the Staff of the U.S. Warehouse Act Branch, AMS, with responsibility for review and evaluation of all financed statements submitted by owners of federally licensed warehouses.



ESTES AS CONTRACTOR WITH CCC FOR GRAIN STORAGE

Was Estes given favored treatment as a grain storage contractor? Newspapers have repeatedly printed the charge that Estes' elevators were filled while his competitors' were empty; or that he received more than his "share" of grain moved into West Texas elevators from other localities.

The fact is that most of the grain stored by CCC in Estes' warehouses was placed there by farmers, while they owned it, and was taken over by the government in settlement of price support loans that had been made to them. Only a small percentage of the government grain stored by Estes was placed there by the government, and Estes received less of it in relation to the space offered than did many other Texas warehousemen--in fact, less than the average of other warehouses in West Texas. This statement is based on a quarter-by-quarter analysis of offerings of space and the CCC acceptance of such space in each of the 41 terminals west of the 100th meridian in Texas.

Storage Payments to Estes

The question has been raised publicly on a number of occasions as to how much of the payment made to Estes for grain storage was paid during the present Administration. We know that \$777,000 was paid to Estes in 1959, and \$2.4 million in 1960. Since the grain stored in his houses in 1959 and 1960 was still there in 1961, it may be assumed that at least \$2.4 million was paid in 1961 for the grain placed there prior to that time. Therefore, a simple addition of \$2.4 million plus \$2.4 million and \$777,000 gives more than \$5 million in storage charges on grain stored in Estes houses during the previous Administration.

Actually, it could be said, after a complete breakdown of payments made, that of the \$7,648,474 paid to Estes or his assignee, all except \$328,000 was paid for grain stored in his elevators during the previous Administration. The \$328,000 chargeable directly to the present Administration covers a year's storage of the net in-shipment of 222,044 bushels by CCC plus a year's storage of grain acquired by CCC through "exchanges." 1/

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1/ This plan provides for trading grain with rail billing in terminal warehouses for nontransit grain in country warehouses, with appropriate settlement made for the value of the rail billing. Under this arrangement CCC recovers its investment in freight, stops interest charges on CCC borrowings, stops annual renewal charges under published tariffs, and places the grain in a more favorable merchandising position.



Commercial Solvents, Berger and McConnell

Further, it has been noted in the press, and subsequently in hearings before the Fountain Subcommittee that two former administrators of the agency responsible for grain storage (then called Commodity Stabilization Service) have had close relationships with Commercial Solvents Corporation to which Estes assigned all of the government storage payments to his United Elevators from the beginning. The checks totaling more than \$7.3 million went directly to Commercial Solvents, the company that supplied fertilizer to Estes and reportedly backed his entry into the grain storage business. (See testimony of Maynard C. Wheeler, President, Commercial Solvents Corporation before Fountain Committee, June 14-15, 1962.)

The two former administrators--neither of whom is here accused of any wrongdoing--are James A. McConnell and Walter C. Berger. McConnell was Administrator of CSS and Executive Vice President of the Commodity Credit Corporation from February 12, 1954, until he became Assistant Secretary of Agriculture in January 1955. Berger became Associate Administrator of CSS under McConnell in March 1954 and served as Administrator from November 1956 to January 1961. McConnell resigned from the Department in December 1955 but had an appointment as consultant to the Department afterward. He was on the board of directors of Commercial Solvents from sometime in 1957 until April 1959. Berger became a member of the board of that company in May 1961, is currently a member, and has represented the company in meetings with other creditors, the court-appointed receiver, and the Department on rights to the grain storage payments. (See testimony of James A. McConnell before Fountain Committee, June 25, 1962)

Grain Storage Background

Any understanding of the situation requires some knowledge of the farm price support program and ordinary day-to-day practices of grain producers and elevator men.

To get price support on grains--in West Texas, these are mainly wheat and grain sorghums (milo)--a farmer takes out a loan through the county ASC committee, putting up the grain as collateral and storing it in an approved bin or warehouse of his choice. During the life of the loan, the farmer is responsible for storage costs. If the price goes up or if he wants to use the grain, he pays off the loan and keeps the grain. Otherwise, he turns the grain over to the government (actually to the Commodity Credit Corporation). Normally, the CCC leaves grain where it is at "takeover time"--that is, when the loan period expires and the farmer turns over his warehouse receipts in payment of the loan--until some demand appears.

The Department is now obligated to lay out nearly \$1 billion a year for storage, and carrying charges on grain that accumulated during the years of price support without effective limits on production. A single company in 1961 received \$24.9 million in grain storage payments and had received \$28.3 million the year before.



In 1961 under the emergency feed grain program, the stock of surplus feed grains was reduced--for the first time in years. Yet warehousemen were increasing their capacity. Even in 1961 while the feed grain program was cutting the surplus--apparently to the surprise of many grain trade people--commercial storage capacity increased 400 million bushels.

Commercial warehouse space approved under the Uniform Grain Storage Agreement has grown from 1.1 billion bushels in 1950 to 4.8 billion in 1961. And in 1960 with more than 4.4 billion bushels of space available, the CCC was using more than 62 percent of it. Last year it was down to 53 percent.

In addition to commercial space, the government has space for about 39 million bushels of grain in 173 ships of the mothball fleet--161 of them now loaded--and more than 981 million bushels of capacity in government-owned bins.

It should be noted, however, that government-owned facilities are strictly limited by law and merely supplement commercial warehouses. The CCC charter, undergirded by many other expressions of Congress through the years, states that it is the "duty of the corporation, to the maximum extent practicable ..., to utilize the usual and customary channels, facilities and arrangements of trade and commerce in the warehousing of commodities."

It was during the great expansion period that Estes went into grain storage business and began the drive which in only three years made him the biggest grain warehouseman in Texas. Counting the elevators with which his connection was then unknown, he probably controlled more than twice as much space as anyone else in Texas.

Texas grain men have talked a lot about the aggressive competition practiced by Estes to get grain into his warehouses.

Some reports indicate he offered farmers bargain fertilizer, but the main inducement seems to have been free storage. At the time of his indictment, he was apparently launching a program to build pickup stations at short intervals on highways from which free trucking would be offered, past his competitors, to his own warehouses.

Free storage during part or all of the period during which the farmer owned the grain would assure it would be there at "takeover time" when the price support loan expired and the government had to take possession and start paying for the storage.

"Reconcentration" of grain by the government also accounted for a small part of the inventory in Estes elevators.

Reconcentration is sometimes necessary, due to the fact that elevators have to do something besides provide storage. The country houses and the terminals are vital links between the producer and the processors and exporters. So they have to make room for a new crop each year. If they are too nearly full to handle the new grain, they have to build more space or else ask CCC to move out some of its grain (at the latest possible moment, of course).



When CCC moves grain from one storage location to another, this is "reconcentration," and it is done in accordance with firm policy guides. The policy and practice are to move it from country houses to terminals (occasionally impossible), toward port, into space that has been offered to CCC, under the most economical freight billing.

#### Did Estes Get More Than His Share?

Suspensions have been expressed about Estes storage of grain moved from Kansas by CCC in 1959-60-61. The determination as to which warehouses in the Dallas area would receive the grain reconcentrated from the Kansas area was made by an intra-office Grain Allocation Committee in the Dallas Commodity Office. The Committee consists of a grain marketing specialist, a storage management specialist, a traffic specialist, and an allocation and shipping specialist.

Charges of favoritism in the storage of government-owned grain in the Billie Sol Estes' grain terminals are completely refuted by figures showing the allocations of Commodity Credit Corporation-owned grain for shipment into 41 West Texas terminals compared to storage space offered CCC by these terminals during the three years from April 1959 through March 1962.

During the three-year period, CCC shipment allocations covered only 37.6 percent of the storage space offered by United Elevators at Plainview, Texas, the Billie Sol Estes terminal, while shipment allocations covered 77.3 percent of the space offered by the remaining storage terminals, exclusive of three houses which are believed to be directly or indirectly associated with the Estes operation.

Shipment allocations in relation to space offered were much heavier to the Estes terminals during the April 1959-December 1960 period than during the January 1961-March 1962 period. During the earlier period, 59.3 percent of the 6,302,718 bushels of space offered by the Estes terminal was covered by CCC shipment allocations and 76.5 percent of the space offered by the Palo Duro Grain Co., Tulia, Texas, believed to be associated with the Estes operation, was covered by CCC shipment allocations. During the same period, shipment allocations covered 80.5 percent of the 31,617,111 bushels of space offered by the remaining terminals.

During the January 1961-March 1962 period, only 31.1 percent of the 20,854,836 bushels of space offered by United Elevators, Plainview, was covered by CCC shipment allocations. Shipment allocations to associated houses covered 30.3 percent of the 13,041,894 bushels offered by the Palo Duro Grain Co.; 47.2 percent of the 1,900,000 bushels offered by the McSpadden Grain Co., Burris; and 13.5 percent of the 8,675,000 bushels offered by Allied Elevators, Hereford.

During this same period, 73.5 percent of the 26,549,886 bushels of space offered by the remaining West Texas terminals was covered by CCC shipment allocations.



To recapitulate:

Name of Terminal and Location	Total - April 1, 1959 thru March 31, 1962::		
	Space	Quantity	Percent of
	Offered	Allocated by	Quantity
	To CCC	CCC for	Allocated to
		Shipment In a/	Space Offered:
			to CCC
	(Bushels)	(Bushels)	
United Elevators, Plainview, Texas	27,157,554	10,211,983	37.6
Palo Duro Grain Co., Tulia, Texas	15,002,764	5,448,335	36.3
McSpadden Grain Co., Burris, Texas	1,900,000	896,636	47.2
Allied Elevators, Hereford, Texas	8,675,000	1,175,000	13.5
Remaining West Texas Terminals	58,166,997	44,982,782	77.3
Total.....	110,902,315	62,714,736	56.5

a/ Shipment allocations include wheat and grain.

These figures reflect wheat and grain sorghum shipment allocations by CCC from the Kansas City area to the Dallas area and from within the Dallas area. CCC movement of grain from country warehouses into terminals within an area and from terminals from one area to another is required to free storage space at the country level. Every effort is made to move grain the shortest possible distance in order to minimize costs.

If terminals in the area do not have space available, the grain is shipped to other areas where terminal space is available. This accounts for the movement of grain from the Kansas City area, where storage has been short, to the Dallas area, where storage has been available.

The storage situation in the Kansas City area is now considerably different than a year ago. This spring, country warehousemen in that area requested the movement of a total of 55 million bushels of CCC grain out of their houses. In contrast to past years, terminals in the Kansas City area have offered CCC 125 million bushels of space. The 55 million bushels will be allocated for shipment to terminals in the Kansas City area.

In response to a press inquiry, C. H. Moseley, Director of the Dallas Commodity Office, ASCS, made the following statement on May 10, 1962:

"It was necessary to move Kansas grain in order to make space available for farmers to store their crops. Since the ultimate disposition of CCC grain is principally for export, the most economical locations for re-storage are those in line of transit to the Gulf of Mexico. Railroad tariffs provide a wide choice of routes at rates which equalize to the Gulf for export. No higher freight rates have been or will be paid as the result of storage in Estes warehouses as compared to storage at other points. The carriers' tariffs authorize circuitous routes at no additional cost to the shipper. CCC did not move grain out of line to Estes warehouses."



The total moved from the Kansas City Commodity Office into space offered to and allocated by the Dallas Commodity Office during the calendar years 1959, 1960, and 1961 was 273 million bushels.

Under the present Administration, CCC has shipped into Estes houses from any location only 222,044 bushels more grain than it has shipped out-- 6,492,390 in and 6,270,346 out since the bookkeeping period that started March 1, 1961.

Total movement of CCC-owned grain into and out of Estes warehouses beginning with March 1959, through the very tight storage period, and on through March 1962, was as follows: In--9,974,036 bushels; out--7,168,108 bushels; net in--2,805,928 bushels.

Equal treatment of warehouses is not even attempted by the Department. Fair dealing, yes, but equality, no.

Speaking to Texas grain men after the Estes case broke, the Dallas Commodity Office director, C. H. Moseley, said, "You have heard me tell you many times we don't promise equal treatment and we didn't promise it to Estes." After stating how much had been shipped into and out of Estes elevators since he started in 1959, he went on: "Remember that during this same period of time we shipped many of you every bushel you would take if you were operating a terminal. Some of my most difficult times with you were when you wanted us to move more grain out not in."

In its storage operations, the Department is safeguarding the public investment in products acquired in the process of supporting farmers' prices as required by law. In deciding where to store, and for how long, the Department is guided by the principle of using normal commercial channels of trade as fully as possible and by straight dollars-and-cents considerations including freight rates between points of origin and destination.

No money has been or will be lost by CCC on grain stored in Estes warehouses.

This assurance is based not only on government examination of the grain but also on the \$10 million legal liability insurance provided by the court-appointed receiver at the Department's request.

Some public debate has occurred on the question:

Should the Department continue to maintain CCC stocks in Estes warehouses? Will Uncle Sam bail out Estes' creditors? Did the creditors "hit a \$4 million jackpot" when the insurance was approved? Which creditors will get the storage money? With plenty of space available from warehousemen not under fraud and anti-trust indictments, why not move out immediately? With the State licenses withdrawn, why should the Federal Government patronize the previously State-licensed houses? Those are some of the issues that have been raised.



The Department's conclusion, announced May 22, is that the public interest will be better served by removing the publicly owned grain than by leaving it in the Estes and McSpadden warehouses. A "crash" load-out would cost an estimated \$2 million--an unnecessary expense in the absence of an emergency. Consequently, the movement is being planned as an orderly procedure by meeting regular export demand and other calls upon CCC stocks out of the Estes elevators first, whenever economically feasible.

The grain to be loaded out is mostly grain sorghum. The total value is more than \$50 million. There are 33,391,471 bushels in the 6 Estes houses, 12,604,757 in the three with which Estes is presumed to have a relationship.\* These will now be emptied of CCC grain under an orderly procedure as rapidly as possible. During the period April 1 - June 7, 1962, some 3.1 million bushels of grain in the Estes warehouses were disposed of by CCC.

Storage space, like grain in recent years, is a surplus commodity now, and becomes surplus in growing degree as the days pass. The signup by farmers for participation in the 1962 feed grain program indicates that the 1961 success in reducing production below the amount consumed will be repeated--maybe surpassed.

\* Figures refined to May 31, 1962



### ESTES AND COTTON ALLOTMENT TRANSFERS

In the hue and cry that followed Estes' indictment on April 5, 1962, charges were made that the Department had acted improperly or too slowly in dealing with his attempts to acquire cotton allotments held by displaced farmers whose land had been taken over by Federal, State or other agencies having the right of eminent domain. These transfers involved allotments from within Texas, and from Oklahoma and Georgia.

Obscured in the verbal and printed barrage of accusation were these pertinent facts:

1. that the Department, ten months before his arrest on unrelated charges of fraud, had initiated an intensive investigation into the question of Estes' purported land sales to displaced farmers who held cotton allotments;
2. that the Department's General Counsel had concluded three months before his arrest that Estes' purported land sales were not bona fide transactions and that the contract terms and "lease-back" arrangements constituted a "scheme and device" to obtain cotton allotments illegally;
3. that Estes and his attorney not only maintained that the purported land sales and allotment transfers were legal and bona fide, but indicated their intention of defending them, if need be, by legal action;
4. that Estes (and others in the Southwest) had been given an opportunity to prove their claim of legality; and,
5. that 1962 allotments which normally would have been issued about Dec. 1, 1961 had been withheld by the Department for all of the acreage involved in Estes' sale-and-lease-back arrangements and were never issued; and that his 1961 allotments had been cancelled by the Department three months before his arrest.

The question of Estes' activities in acquiring cotton allotments was further confused by the complexities and intricacies of his over-all business dealings, by the scope of mechanics of his land transactions, and by the nature and theory of transferred allotments.

#### "Eminent Domain" Allotment Transfers

The federal statute applicable (section 378 of the Agricultural Adjustment Act of 1938, as amended, as enacted August 28, 1958), provides that the acreage allotment for a farm acquired by a federal or other agency having the right to acquire such land by eminent domain shall be placed in a pool in the State where the farm is located. The displaced farmer may apply within three years from the date he is displaced to have the



pooled allotment transferred, along with the applicable history acreage, to "other farms owned by him." Pooled allotments may be transferred across State and county boundaries, but only to land owned by the displaced farmer.

Seemingly, these provisions of the statute were brought to the attention of Estes in 1960 and he and his attorney, John P. Dennison, Pecos, Texas, conceived a plan whereby pooled cotton allotments would be obtained through transfers to Estes' land in Pecos and Reeves Counties. Operating largely through employee-agents, Estes initiated an intensive campaign in Texas, Oklahoma, Alabama, and Georgia to sell tracts of land to displaced farmers, with the pooled allotments to be transferred to the land sold.

As background to Estes' transactions with displaced farmers, the following points are pertinent:

#### The Cotton Allotment System

Upland cotton production is based upon a national marketing quota and acreage allotment for each year's crop as determined in accordance with section 342 of the Agricultural Adjustment Act of 1938, as amended, which provides that " . . . the national marketing quota for cotton shall be no less than a number of bales equal to the estimated domestic consumption and estimated exports (less estimated imports) for the marketing year for which the quota is proclaimed, except that the Secretary shall make such adjustments in the amount of such quotas as he determines necessary . . . to assure the maintenance of adequate but not excessive stocks in the United States."

The national marketing quota is translated into a national acreage allotment. This is apportioned to the States, the State allotments to counties, and the county allotments to farms, according to provisions of law and regulations issued by the Secretary.

Only in the case of those displaced farmers whose land has been taken over by agencies with the right of eminent domain is the farmer permitted to transfer cotton allotments from one farm to another.

#### Estes' Cotton Land

There is a considerable amount of underdeveloped land in the Pecos and Reeves County area. In this area, it is necessary to irrigate from deep wells which cost from \$20,000 to \$30,000 per well. In the subsequent farming operation, extensive use of fertilizer is required, but high yields (an average of more than two bales per acre, with as high as three and one-half bales reported), make the investment appear worthwhile.

Since cotton on this yield basis is a more profitable crop in the area than other crops, allotments became vital.

Estes entered into cotton production in 1951 in Reeves County with 2,358.1 acres of cotton. In 1954, when cotton allotments were first applied following the Korean War he had an allotment of 1749.2 acres, on a farm with 3721.7 acres of declared cropland. In 1961, he had an allotment of 1795.0



acres on a farm with 6971.2 acres of declared cropland. In effect, in seven years of production under allotment programs he nearly doubled his cropland but added only 45.8 acres in cotton allotment for the period.

The Estes farm enterprises in Pecos County got underway in 1958 with a declared cropland of 6646.5 acres and a cotton allotment of 617.9 acres. In 1961 on this particular farming operation, his cropland dropped to 6137 acres and he had a cotton allotment of 608.1 acres.

In a separate cotton farm operation in Pecos County, Bobby Frank Estes, a brother, operated a farm which began cotton production in 1957. An interest in this farm was later acquired by Billie Sol Estes, and 3,000 acres were leased back to Bobby Frank Estes. This farm had a cotton allotment of 319.5 acres in 1961.

Estes and his associates purportedly sold land from his holdings in Pecos and Reeves Counties to 116 displaced farmers in Texas, Oklahoma and Georgia, and through a lease-back arrangement, acquired the use of 3123.1 acres of transferred cotton allotments for the 1961 crop year. A breakdown is as follows:

<u>From</u>	<u>Number Allotments</u>	<u>Acreage</u>
Oklahoma	56	781.3 acres
Texas	51	2,056.4 acres
Georgia	<u>9</u>	<u>285.4 acres</u>
TOTALS	116	3,123.1 acres

#### The First Overplanting Penalty

Estes in 1961 planted 244.0 acres of additional cotton in Pecos County and 40.7 acres in Reeves County. It is apparent that this planting was in anticipation of obtaining approval of the transfers by the 14 displaced owners in Alabama with a total pooled allotment of 253.4 acres. The transfers were not approved and Estes was assessed a total of \$47,968.34 in penalty for exceeding cotton marketing quotas in 1961. The penalty assessed in Pecos County (September 20, 1961), was for \$38,301.69, which he paid on October 12, 1961. The penalty assessed in Reeves County (October 2, 1961) was for \$9,666.65 and was paid on October 11, 1961. Estes filed an appeal to both penalties, and the appeals are pending.

After Estes' indictment (April 5) and the following Court of Inquiry hearings in Texas, from which charges of "favoritism" arose, questions were asked as to how Estes was able to obtain transfers of cotton allotments under the contracts with farmers from Texas, Oklahoma, and Georgia if the Department had already determined in the case of the Alabama farmers that Estes' purported land sale and lease-back arrangements were insufficient to support transfers of pooled allotments.

At this point, for the press and the public, confusion developed, particularly when an attempt to explain the sequence of departmental acts relative to transferred allotments became entangled in the multiple aspects of the Estes case.



An understanding of the whole affair was hampered further by the unfamiliarity of most newsmen and the public with the complexities of cotton statutes and regulations dealing with transfers, with administrative regulations concerned with procedures and investigations, and with operating procedures of State and county ASCS offices.

#### How Much "Eminent Domain" Allotment Acreage is There?

It is not generally recognized, for example, that only 8/100th of one percent of the total national cotton allotment for 1961 is involved in transfers of the kind which figured in the Estes manipulations.

All transfers of upland cotton allotments from the eminent domain pool for 1961 totaled 8,717.8 acres. As of February 15, 1962, there were upland cotton allotments totaling 6,813.6 acres remaining in the eminent domain pool of 1961. The total of these figures is 15,531.4 and, as mentioned above, represents 0.08 percent of the 18,458,424 acre national allotment for upland cotton for 1961, including the national reserve.

#### Who Decides on Cotton Allotment Transfers?

Until a recent change in departmental instructions it was the practice for all transfers of pooled allotments to be handled entirely at the county office level, with final approval at the State level. Individual farm records are not maintained in Washington and only in specific cases, where some question arises, does Washington have information concerning a particular farm. All proposed transfers are now reviewed in Washington.

In essence, the county office in the State to which the cotton allotment was to be transferred passed upon the application--with the decision based upon the validity and the legality of contractual arrangements for the land purchased and allotment transferred. Application by the displaced farmer for transfer of his acreage allotment from the allotment pool was made on a standard form (Form CSS-178) in the county in which the acquired farm is located. Information was supplied by the displaced owner about his "old" farm and current allotments established for that farm. Certification was also made that no side agreement was to be entered into with any person for the purpose of obtaining an allotment from the allotment pool for a person other than the displaced farmer.

The State office of the state in which the farmer was displaced only ascertained that the acreage and the transferred allotment claimed were correct; that the allotment transfer request was made within the required three-year period; and that the allotment could be moved out of the state pool.

A side issue to the transfer of pooled allotments out of a particular State under the eminent domain provision is that many States and counties guard against the loss of allotments just as much as others work zealously to get them. It is difficult to obtain allotments, and it is difficult to garner high acreage. Once gone, the cotton allotment is not only lost to the county and State, but the acreage history also is lost. Both losses would be reflected in subsequent apportionment of the national allotment to the various States.



To understand some of the legal interpretations and factors which entered into the Department's final determination on the transferred allotments, it is important to drop back to 1960 when sale and lease-back type of allotment transfers were first proposed in the Southwest.

#### The New Mexico Case

In April 1960, about seven months prior to the first Estes transaction, there were some proposed transfers of pooled acreage allotments to New Mexico by displaced farmers in Oklahoma. Recipients' transfers were to be accomplished by means of a deed from the New Mexico land owner to the Oklahoma displaced farmer. The Oklahoma farmer would sign a note in payment and then lease the land back to the New Mexico land owner. The proposed lease contained an option permitting the New Mexico land owner to re-purchase the land and, in that event, the note would be canceled. The lease rental was essentially based upon the number of acres of pooled allotments being transferred from Oklahoma to New Mexico.

These documents were sent to Washington, April 6, 1960, where it was concluded that the documents, on their face, appeared to be a device to transfer allotments. A copy of a memorandum from the Office of General Counsel stating this opinion was transmitted to the New Mexico State Committee on April 26, 1960, by the Southwest Area Director, J. Taylor Allen, with a comment that his office agreed with the conclusion indicated. Because the transaction did not concern the Texas State Office, no copy of this memorandum was sent to the Texas office.

The memorandum pointed out that transfers were permissible "only on a farm owned by the displaced owner for the purpose of continued farming operations by the displaced owner himself or through a bona fide land-owner-tenant relationship." It further stated that each case had to be considered on its own facts and in many situations it would be difficult to determine when a displaced owner should be considered as merely selling his pooled allotment to another person.

#### The Williams Inquiry

In May 1960, one Raymond Williams of Cyril, Oklahoma, appears to have called on Rufus Atkinson, manager of the Reeves County ASCS Office, to inquire about the possible transfer of pooled cotton allotments from displaced farmers in Oklahoma to his farm in Texas. Atkinson had no prior experience in such matters. After checking the regulations, he told Williams that there would have to be an actual purchase of the Texas land by the displaced Oklahoma farmer, duly evidenced by a deed. Subsequently, applications were received for such transfers. Atkinson had Williams bring in the deeds and other documents and sent them to the State Office for review, which in turn transmitted them to Washington for an opinion.



### The Bridgforth Memorandum

On October 13, 1960, Washington issued the so-called "Bridgforth" memorandum, signed by Richard Bridgforth, Assistant Deputy Administrator, CSS, for Production and Adjustment. In brief, this stated that the Williams documents had been reviewed and would not warrant denying the transfer applications even though there could be a reversion of the lands to Williams without undue difficulty. The memo stated that county committees should not attempt to read intent into such documents. If the interested parties certified on Application Form CSS-178 that no side agreements existed and the documents submitted did not show or imply an improper sale or transfer of allotment, "the case should be accepted at face value." The memorandum provided that ". . . Before the application is signed by the displaced owner it would be proper to point out to him the certification he is required to sign and to ask him specifically whether he has any agreement to follow the plan outlined above in handling the deed of trust or is a party to any other plan to transfer the land with the allotment to Williams or a third party."

The Bridgforth memorandum was sent to the Texas State Office and then to the Reeves County Office. John Dennison and Richard Naylor, law partners in Pecos, who represented Estes in his sale and lease-back deals, appear to have visited the Reeves County Office at the time and obtained a copy of the Bridgforth memorandum. Estes salesmen later showed copies to displaced farmers and their attorneys to convince them that the Estes contracts were legal and approved by the Department. Dennison has asserted that he relied on this Bridgforth memorandum in concluding that the Estes' transactions were legal.

### Correspondence with Congressman Mahon

On November 1, 1960, Congressman George H. Mahon of Texas wrote the Cotton Division asking for information on transfers of pooled allotments, asking specific questions, pointing out that subterfuge was possible and asking whether County Committees have responsibility to eliminate abuses as far as possible. On November 14, 1960, a reply was sent, signed by Mr. Joseph Moss, Acting Director, Cotton Division. On November 15 a copy of the inquiry and reply was sent to the Texas State office. On November 28, 1960, an instruction memo prepared by Henry Marshall, was sent by Osborn, State Administrative Officer, to County Office managers. Its stated purpose was to call attention of County Office managers and committees to the language in Part II of Form CSS 178 and "to emphasize the importance of having a displaced farmer understand the meaning and significance of the certificate."



This November 28, 1960 instruction followed closely the reply to Congressman Mahon. The final paragraph read as follows:

"It is our view that the law and regulations permit the transfer of pooled allotments only to a farm owned by the displaced owner for the purpose of continued farming operations by the displaced owner himself or through a bona fide landlord-tenant relationship. Each case must, of course, be considered in the light of the pertinent facts. It is extremely difficult to determine at what point the displaced owner who has pooled allotment transferred to another farm which he owns should be considered to be merely selling his pooled allotment to another person. We point out further that each displaced owner who requests transfer of all or part of the pooled allotment is required to file an application form. The certification on such form states that no side agreement is in effect. We believe our ASC State and County Offices are fully aware of the need for making clear to persons wishing to transfer acreage from the pool that the proposed purchase is a bona fide purchase. Discovery of side agreements will subject the person to criminal liability for false statements and cause the cancellation of any transferred pooled allotments to the farm together with its related history acreage."

#### The Manwaring Memorandum

On December 20, 1960, a second memorandum, over the signature of H. L. Manwaring, Deputy Administrator, CSS, was issued by Washington to the Texas State Office. This was in response to an inquiry of December 6, 1960, forwarding a blank printed form of purchase and lease-back contract such as that later found to be used by Estes and others. These forms had been obtained by a USDA employee in Hunt County, Texas. The Texas State Office stated the agreement was being used by persons in Western Texas and New Mexico to obtain pooled allotment transfers for displaced owners to farms supposedly acquired by the displaced owners in other areas. The Manwaring memo ruled that transfer of pooled allotments should not be approved under such a contract because the displaced farmer could not be considered to be a bona fide purchaser within the meaning of the statute and regulations.

The Manwaring memorandum was sent to the Texas State Office, but that office does not seem to have sent copies to the Reeves and Pecos County Offices, possibly because the blank contract forms did not refer to lands in any specific county. The Manwaring memorandum was summarized in a January 12, 1961, bulletin to Farmer-Fieldmen in Texas, who counsel county offices.



### The Regulations are Amended

After questions arose regarding procedural handling of transferred allotments, Departmental regulations were amended on February 17, 1961, to require the county committee (1) to obtain additional information by personal interview with the applicant to further determine whether a proposed purchase of farmland was a bona fide acquisition of a farm for the purpose of re-establishing farm operations of the displaced owner; (2) to put further emphasis on the requirement that the applicant file a certification that he made no side agreement; and (3) to provide for correction of any allotment transferred as a result of misrepresentation by or on behalf of the applicant.

### The Estes Scheme

It was during this period and the following months that Estes entered into large scale operations to sell land to displaced persons. In order to understand subsequent meetings held by USDA personnel and the investigation of Estes' operations, the terms of his contractual sales should be discussed.

The principal question involved is whether the farmers who had cotton allotments transferred were, in fact, bona fide owners of the farms within the meaning of the law and regulations, or whether such farmers in effect sold their cotton allotments to other persons.

In general it is the position of the Department that the transactions in question were not within the scope of the law authorizing transfer of acreage allotments and therefore are invalid. It is the contention of the parties that the transfers were within the scope of the law and, therefore, are valid. It is likely that the matter will eventually be decided by litigation in the courts.

The legal structure which was apparently set up by John Dennison and Richard Naylor, the attorneys for Estes and others, to effectuate the transfer of pool allotments, with minor variations in details, was as follows:

In a typical case, a contract was entered into whereby Estes agreed to sell specified acreage in Reeves or Pecos Counties to the displaced farmer for a stated consideration, usually from \$200 to \$400 an acre for the total acreage purchased, including a substantial proportion of dry land. No down payment was to be paid by the farmer on this transaction. Instead, he would deliver a non-negotiable promissory note and execute a vendor's lien on the property in favor of Estes for the full purchase price, payable in 3 or 4 equal installments over an equal number of years. In return, the



farmer would lease the acreage back to Estes for a 3 or 4-year period at a yearly rental based on the acres of pooled cotton allotments being transferred, at usually about \$50 per acre. This rental was to be payable to the displaced farmer immediately upon approval of the transfer of the cotton allotments. The farmer was in no way obligated to pay any expenses in connection with any of the transactions. The contract further provided that, if the farmer failed to pay the first annual installment due Dec.1, 1961, on the outstanding vendor's lien, he could reconvey title to Estes and thereby extinguish the full indebtedness on the purchase price. However, in such event he would retain the first full year's rental on the lease, which actually represented the total value of cotton allotment at the agreed value per acre.

Following the execution of the contract which contained these provisions, Estes would deliver a deed to the property and the purchaser would execute the vendor's lien and note previously described, including the lease-back to Estes. Estes would pay a percentage of the first year's lease rental immediately on the signing of the contract to an escrow agent in the displaced owner's locality and this amount, together with the balance of the first year's lease rental, was then paid to the displaced owner immediately upon approval of transfer of the pooled allotment.

The deed to the displaced owner subsequently was duly recorded and copies of the deed and lease were made available to the two county committees involved, but the underlying contract was not produced. In each case the displaced owner signed the certificate on Form 178 that no side agreement existed, and the county and State committees approved the transfer on the basis of this documentation.

The net effect of the transaction was that the displaced farmer held a deed to the land transferred by Estes which was subject to a vendor's lien in full amount of the ostensible purchase price and payable in three equal annual installments over a period of three years. Estes never actually lost possession of the land and proceeded to farm it with cotton allotments under the lease.

The displaced owner, under this arrangement, was sure of obtaining at least \$50 an acre for his pooled cotton allotments transferred from the original farm to Estes, and he was under no obligation to complete payment on the farm. In this connection it should be noted that all of the land required irrigation and the deeds to the displaced owner did not include the necessary wells to provide water for the land. These wells were kept under the ownership and control of Estes or his associates. The stated purchase price was far in excess of the value of the land without assured supplies of water and without cotton allotment. In most cases the land was in separated strip tracts a mile in length, with sufficient width to make the area equal to the allotment involved.

In the circumstances it appeared to the Department most unlikely that any of the purchasers would consummate their purchase by paying off the vendor's lien since they could fail to pay without incurring liability.



Instead, they could be assured of receiving as "rental" a sum of money equivalent to about \$50 an acre on the number of acres of allotment transferred from the pool if they permitted the land to revert to Estes with no residual obligation on their part.

These contracts were the same as those ruled to be contrary to regulations by the Manwaring memorandum of December 20, 1960. However, as mentioned before, the contracts were never exhibited to the county committees.

Billie Sol Estes was neither the first nor the only person in the Reeves-Pecos Counties areas to use these particular purchase and lease-back contracts. Such contract arrangements appeared to have been developed for others and were then exploited by Estes on a grand scale, as appears to have been characteristic of his many ventures.

#### The Texas Meetings

To pick up the sequence (after the Bridgforth and Manwaring memorandums) of USDA meeting and actions in connection with transfer of pooled allotments, particularly those of Estes, the next recorded meeting was January 16, 1961, in Dallas, Texas.

This meeting was held to discuss questions relating to transfers of pooled cotton allotments. In attendance were representatives of the Department of Agriculture from Texas, Oklahoma, New Mexico, and DASCO, and Regional Attorneys serving the states involved, and an attorney from the Office of the General Counsel, Washington, D. C. Representatives of the county committees were not present.

Discussed were problems involved in eminent domain transfers, including re-establishing farming operations, the leasing and renting of acquired farm lands for operation by a person other than the displaced owner, and the expected requirement that the displaced owner meet with the local county committee of the county in which the displaced owner was ostensibly relocating, and review his acquisition of the land and his intention with respect to operating it.

The Manwaring ruling on sale and lease-back contracts was discussed. The main thrust of the meeting was to devise a procedure which would cover not only the several old schemes and devices which had already been discovered, but also provide a method of preventing the transfer of pooled allotments under newly devised schemes and devices. It was decided that the most effective way to assure bona fide transfers was to require the displaced person to appear before the county committee or its representative and discuss the real estate transaction in detail at that time. Proposed changes to the regulations to effectuate this personal interview procedure also was discussed. It was agreed that the Regional Attorneys serving the states involved would furnish all legal advice necessary to evaluate written documents thus submitted to the county committees. Henry Marshall, Chief, Production Adjustment Section, Texas State Office, was present at this meeting as a representative of the Texas State Office.



On January 17, 1961, a meeting appears to have been held at the Texas State Office, College Station, Texas, between Henry Marshall, Program Specialist of the Texas State Office, W. P. Mattox, Vice-Chairman of the Reeves County Committee, Rufus Atkinson, Reeves County Office Manager, Taylor Allen, the then Southwest Area Director, and Dennison and Naylor, attorneys for Estes.

Sale and lease-back arrangements were discussed, but there are conflicting reports about what was said about them. Dennison and Naylor assert that Marshall indicated approval of such transactions. Allen disputes this and states that Marshall told them the contract could not be approved.

#### The Fort Stockton Meeting

On January 25, 1961, a meeting was held at Fort Stockton, Texas between Henry Marshall and ASC county representatives from West Texas counties, including the counties of Reeves, Pecos, Culberson, and Hudspeth. (It has previously been reported that this meeting took place on February 2, 1961.) The purpose of the meeting was to inform the county committees and office personnel of the matters covered at the Dallas meeting of January 16.

Various persons who attended this meeting, including Rufus Atkinson, Reeves County Office Manager, J. R. Chenoweth and W. P. Mattox, members of the Reeves County Committee, Mrs. Ruth Minear, Office Manager Pecos County Committee, Charles Harral, member, Pecos County Committee, and Henry Carder, farmer fieldman, have made statements concerning what was said at the Fort Stockton meeting.

According to these statements, Marshall discussed the new requirement that the displaced farmer appear personally before the county committee. He told them that if the documents presented seemed sufficient and after due explanation and warning, the applicant signed the certification as to no side agreement, the committee had no further responsibility of inquiry. Mention also was made of authority to accept affidavits excusing personal appearance of applicants because of age, illness, etc. Some of the statements recall that Marshall told the county people that they were not lawyers and not qualified to pass on contracts. If they examined the deeds, interviewed the applicant, explained the meaning of the certification on form 178 and obtained such certification, the committee would have fully performed their duties. If the certification later was discovered to be false, the allotment would be returned to the pool. At the meeting, Marshall circulated a form of contract which he said was unacceptable. As previously noted, the county committees thereafter did, in fact, act solely upon the documents presented, i.e., deeds and leases, plus the certification on form 178 and a supplementary certification on a form designed locally. In no case was the underlying sales contract presented. The county people contend that this procedure followed Marshall's instructions at the Fort Stockton meeting. These applications all were sent to the State office for approval and apparently neither Marshall nor Williams (who actually signed the approvals) made or requested further inquiry as to the nature or terms of the sales contract.

This failure on the part of county and State committees to ask to examine the underlying contract was not discovered by Washington until the June 1961 memoranda (see below) were received.



Pursuant to the amendment to the regulations dated February 17, 1961 the applicants were required to appear in person before the county committees (unless they were excused because of advanced age, ill health or the like) to show that the transactions were bona fide. Before official written notices of cotton acreage allotments were issued, approval of the transfer by the State ASCS office was also required. Under the regulations, no approval at the Washington level of the Department was required.

During the winter and spring of 1960-61 the increasing number of transfers of pooled cotton allotments across State lines created interest and comment from a number of persons, and occasioned continuous review and analysis within the Department.

#### Numerous Inquiries Received About Allotments

Among the inquiries received by the Department from persons interested in the transfers were the following:

1. On December 22, 1960, the late Speaker Rayburn wrote from Bonham, Texas to G. F. Osborn, State ASCS Administrative Officer, at College Station, inquiring about the transfer of cotton allotments from Hunt County in northeastern Texas. The Speaker commented that "Hunt County does not want to be robbed of its cotton acreage". Mr. Osborn replied on December 27, 1960, pointing out the "eminent domain" provision of the law.

2. The Office of the Vice President, on Jan. 31, 1961, transmitted to the Department, under cover of a routine printed referral slip, a letter from A. B. Foster of Pecos, Texas, manager of the Billie Sol Estes Enterprises, in which Mr. Foster protested the impending change in the regulations which would require the personal appearance of the displaced owner before the county committee. On February 17, as previously noted, this amendment was promulgated; and on February 20, the Secretary of Agriculture advised the Vice President of the action that had been taken.

3. In late February, 1961, Congressman Carl Albert of Oklahoma inquired about transfers of pooled allotments and pointed out that Mr. Walter Arnote, President of the Oklahoma Bar Association, had advised him of certain abuses in the transfers of pooled allotments from Oklahoma to Texas and that he had advised his clients not to enter into sale and lease-back contracts for purchase of land conditioned upon transfers of pooled allotments. Letters from the Secretary of Agriculture dated February 28 and March 22, 1961, were sent to the Congressman pointing out that the regulations had been amended with a view to eliminating the abuses in transfers of pooled allotments and affirming the position of the Department that the purpose and intent of the law and regulations was not to permit sales of allotments but rather to alleviate hardship on displaced owners.

4. Senator Clinton Anderson, New Mexico, inquired on January 12, 1962, with respect to a complaint by G. V. Clayton that a transfer of pooled cotton allotments for 1962 was disapproved whereas Drs. Maddox and Kelley obtained 1961 transfers under similar arrangements. The Department replied that 1962 transfers were subject to revised regulations not in effect for 1961 but that 1961 transfers were under investigation.



Departmental correspondence and reviews on the transfer cotton allotment question continued after the Manwaring memorandum (above) of December 20, 1960, and the meetings of January and February 1961 by Texas State Office personnel.

USDA Memoranda of Spring, 1961

On March 27, 1961, Walter Bieberly, Acting Director Southwest Area, signed a letter to the Texas ASC State Committee outlining the USDA procedures required under the February 17 amendment of the regulations, and pointing out that the October 13, 1960, memorandum from Bridgforth had been supplemented. He advised that the amended regulations and procedures must be used rather than contents of the "Bridgforth" memorandum.

On April 4, 1961, the Alabama ASC State Committee forwarded to Washington for review a copy of a sale and lease-back contract being circulated in Alabama, which was substantially similar to that considered in the Manwaring memorandum of December 20, 1960. The contract was in blank form, but evidently related to transfers to Texas. On April 12, 1961, Emery E. Jacobs, Deputy Administrator State and County Operations, wrote the Chairman of the Alabama State Committee that the contract appeared to be contrary to the regulations and that the application for transfer of pooled allotments under such a sale and lease-back contract should not be approved. A copy of the memorandum was sent to the Chairman of the Texas ASC State Committee (with an enclosed copy of the contract submitted by Alabama), and request made that the Texas State and county offices involved in the problem limit approval of requests to those bona fide transfers provided by law and regulations.

This memorandum was received at the Texas State Office on April 14, 1961, and was handled by Henry Marshall. No formal action was taken and no distribution of the memorandum was made. However, Wilfred M. Hott, Assistant Chief, Production Adjustment Section in the Texas State Office, who worked with Marshall on the cotton allotments, at a later date said he and Marshall considered this information to be of the same nature as instructions previously received, since it did not name specific Alabama producers and they had not at that time received any requests for transfer of allotments from individual Alabama displaced owners. The information contained in the memorandum had already been made available to the County Committees through District Farmer-Fieldmen, and they saw no need for publishing the information contained in Jacobs' memorandum. It was learned subsequently, however, that the instructions received in the two mentioned memoranda (Manwaring's and Jacobs') were never formally transmitted to the County Offices. It appears, however, that the Reeves County Office had been informed in January 1961 by Henry Carder, USDA fieldman for that area, of the substance of the December 20 (Manwaring) memorandum.

On April 17-18, 1961, a meeting of the Alabama State Committee was held in Montgomery, Alabama. Those in attendance included State Office personnel, personnel from the Cotton Division and Office of the General Counsel in Washington, the Cotton Study Group of the Alabama Legislature, the Alabama Commissioner of Agriculture, and various farmers. Among other items discussed, the Department's rulings on sale and lease-back contracts as a scheme or device to sell allotments was discussed and a press release was issued to the wire services by the Alabama State Committee. Articles appeared on April 19, 1961, in the Birmingham Post-Herald; on April 20, 1961, in the Pecos (Texas) Independent, and possibly in other papers.



On May 31, 1961, members of the Cotton Division and the Office of the General Counsel met with Mrs. Verneil G. English of Congressman Albert's (Oklahoma) office to discuss facts provided on the Max Brandt, Jimmy Work, and Imaree Donoho transfers to Pecos and Reeves Counties, which indicated that they were not bona fide purchasers. Henry Marshall in the Texas State Office was reached by phone and asked to provide specific data on these three cases.

On June 2, 1961, Marshall dictated a memorandum to the Acting Director, Southwest Area (Thomas H. Miller), referring to the telephone call of May 31. This memorandum was dictated for signature by W. Lewis David, State Administrative Officer, and was dictated the day before Marshall died under mysterious circumstances. It is stated in the memorandum that:

"In each of the three letters from the Oklahoma State Administrative Officer, statements are made as to the validity of the transactions involved but these letters were not made available to the Pecos and Reeves County Committees. It was felt that the county committees had the responsibility for determining the facts in each case and deciding on whether or not the transaction was valid and bona fide. . . ."

The memorandum continued to point out:

"The affidavit attached to each Form CSS-178 was prepared by the county committee in each county office and each of the three displaced owners was interviewed and required to sign the affidavit. The affidavits are attached to all Form CSS-178 received from Reeves and Pecos Counties."

This memorandum indicates that letters from the Oklahoma State Administrative Officer to the Texas State Committee, which questioned the validity of these transfers, had not been made available to the Reeves and Pecos County Committees.

Seemingly, as a result of this interpretation of the requirements for approval of transfers of pooled allotments, the Reeves and Pecos County Committees approved a large number of transfers for the 1961 crop of cotton without reviewing the contractual arrangements between the parties in sufficient detail.

On June 12, 1961, the Texas State Office was asked/for all contract papers on the Brandt, Work, and Donoho cases. The State Office expressed doubt that they could obtain such papers in these cases.

On June 19, 1961, W. Lewis David, of the Texas State Committee Office, forwarded photostatic copies of warranty deeds, deeds of trust, and leases in the Work, Brandt, and Donoho cases, and stated that the County office managers of Reeves and Pecos Counties were not able to obtain copies of sales contracts for these cases in their counties.



The State Committee was then requested to furnish from each of the County offices information concerning whether an examination was made of a copy of the sales contract when interviewing displaced owners and, if not, whether they had asked to see the sales contract. It was requested that names be forwarded of those purchasers who refused to furnish copies of the sales contracts involved in the cases. It was requested that the State Committee furnish the number of cases and total cotton acreage of the pooled allotments for which the State Committee had approved transfers--including those lands allegedly sold by Billie Sol Estes.

On July 3, 1961, W. Lewis David, of the Texas State Office, wrote Thomas Miller, Acting Director, Southwest Area, enclosing copies of memoranda received from the Pecos and Reeves County Committees indicating that neither Committee had examined a copy of the sales contract when interviewing purchasers of land, and that neither Committee had asked to see a copy of the sales contract.

During this entire period, the question of transferred pool allotments had been under consideration by Departmental officials in Washington. Suggestions and recommendations had been sought from the field offices, and discussions on the validity of various transactions in the Texas and New Mexico area had been held.

#### The Departmental Investigation

On July 5, 1961, the Investigation Division, Agricultural Stabilization and Conservation Service, was instructed to make a general study of transfers of pooled allotments, and to determine if State and County ASC committees' actions on pooled allotments conformed to law and regulations.

The investigation was requested because reports from area representatives of the Department, as well as other sources, indicated that some sales of land to which pooled cotton allotments were being transferred were not in fact bona fide transactions.

Approvals of transfers in Texas were made by county committees which did not have presented to them any contracts such as the sale and lease-back contract which was the subject of the Jacobs memorandum of April 12, 1961, the subject of the meeting in Montgomery, Alabama, of the Alabama State Committee, and the subject of resultant news releases of that meeting.

Even though regulations stated that the county committee establish the facts of bona fide ownership of a farm by the applicant before approving the transfer of pooled allotments, there were a number of transfers for the 1961 crop of cotton based upon the sale and lease-back arrangements, and other similar contractual arrangements, which did not result in bona fide ownership of a farm.



In most, but not all of these instances, a deed was recorded in the name of the displaced owner, but the absence of any personal liability to make payments, the high per acre purchase price, the lack of any water rights except those furnished through the seller during his lease period, the deeding of a narrow strip the size of the cotton allotment in one block and the deeding of the balance of the farm elsewhere, all constituted evidence to county committees that the applicant was not the bona fide owner of the land within the meaning of the law and that the transaction was simply a scheme or device whereby the person purporting to sell the land would acquire the cotton allotment.

The investigation got underway, with personnel of the ASCS Investigation Division fanning out in the Texas, Oklahoma, Georgia, Alabama, and New Mexico area to check State and county office records, and to obtain sworn statements from USDA personnel. Statements were also taken, when possible, from displaced farmers who purchased land and transferred allotments and from the sellers of the land.

The investigation report on Billie Sol Estes, filed October 27, 1961, and received in the Department November 3, 1961, showed that 51 Texas displaced owners transferred 2,056.4 acres of pooled cotton for 1961 to land purchased from Estes in Pecos and Reeves Counties, Texas; 56 Oklahoma displaced owners transferred 781.3 acres of pooled cotton for 1961 to land purchased from Estes in Pecos and Reeves Counties; and 9 Georgia displaced owners transferred 285.4 acres of pooled cotton for 1961 to land purchased from Estes in Pecos and Reeves Counties.

Official notices of farm acreage allotment for 1961 had been issued to Estes and his associates for these transferred pooled cotton allotments.

In the case of 14 Alabama displaced owners who made application to transfer 253.4 acres of pooled cotton for 1961 to land purchased from Estes, the official notices of farm acreage allotments for 1961 were not issued. Estes planted 284.7 acres in 1961 without an official notice of allotment. Marketing quota penalties on the excess acreage were paid, and appeals are pending. (See above)

In addition, there were other investigation reports of transactions by sellers not connected with Billie Sol Estes.

On October 18, 1961, while the investigations were in progress, Estes and Dennison, his attorney, visited an official in the Cotton Division of the Department in his Washington, D. C., office. Estes demanded that the investigation be stopped, made some general statements concerning his participation in the Presidential campaign, and mentioned his close association with important people.

Estes stated that if the investigation were not stopped, before night he would bring a group of about 38 people, including lawyers and accountants to Washington, set up offices, buy space in newspapers and magazines, and go to New York and appear on television to embarrass the Administration and the Department because of their attempted efforts to smear his reputation.



The USDA official explained that this was a matter to be discussed with persons having to do with policy determination at a much higher level, and suggested that Estes leave his hotel telephone number, that the problem would be discussed with others in the Department, and that Estes would be called later.

An appointment was made for Estes AND Dennison to see Emory Jacobs, Deputy Administrator, ASCS, at 11:00 a.m. the following day, (October 19, 1961). Estes AND Dennison kept the appointment.

The investigation continued. It was completed October 27, 1961, and received in the Department on November 3, 1961.

#### USDA Decisions Following the Investigation

Between November 3 and November 14, 1961, several meetings were held involving various units of the Department, and as a result a meeting was scheduled in the ASCS Administrator's office on November 14, 1961. Members present represented the Office of the Deputy Administrator, State and County Operations; the Southwest Area Director's Office; the General Counsel's Office; the Investigation Division, and the Cotton Division.

The investigation report was discussed and a decision was reached that 1962 cotton allotment notifications would be withheld with respect to the questioned allotment transfers.

On November 15, 1961, the Southwest Area Office telephoned the Texas ASCS State Office and instructed that 1962 allotments involving pooled cotton allotments not be mailed to Billie Sol Estes. On that same day, the Texas State Office notified Pecos and Reeves county offices not to mail 1962 cotton acreage allotment notices to Estes for any farms in which eminent domain acreage was involved.

On November 16, 1961, the telephone conversation to the Texas State Office was formally confirmed in writing by the Southwest Area Office in Washington.

On December 4, 1961, a meeting of Department personnel was held to consider the Estes cotton allotment matter, since Estes and his attorney, Dennison were contending that the transfers were legal. They were contending that they had been advised by State and County ASC offices that the transfers were legal and had acted in reliance on that advice--a claim which appeared at the time to be borne out by the fact that the County Committees had issued 1961 allotment notices for most of the acreage (3,123.1 acres).

The issue continued to be studied intensively within the Department, and on December 6, 1961, another memorandum was sent to the Texas State Office, affirming the November 16, 1961 memorandum on withholding 1962 allotment notices, and stating that the Department was studying the farms involved in the transfer of pooled cotton allotments to determine whether the farms would be eligible to retain the allotment for 1961 and subsequent years; or just what action might be necessary in the future.



On December 15, 1961, a memorandum opinion was submitted by the General Counsel, USDA, which, in substance, constituted a rejection of Estes' contentions. The memorandum stated that the Estes transactions described in the investigation report of October 27, 1961, constituted a scheme or device to effectuate a transfer of allotment to a person other than the displaced owner, contrary to law and regulations. It was recommended that all 1961 allotment transfers based on such transactions should be canceled and that 1962 allotments not be issued.

On December 22, 1961, a meeting was called in the Administrator's Office of ASCS to discuss the action to be taken as a result of the December 15, 1961 memorandum from the General Counsel. Estes and Dennison, his attorney, were in Washington at that time and were pressing the Department to reconsider its decision to withhold the issuance of 1962 allotments. A decision was made at the meeting that 1962 pooled cotton allotments for Estes would not be issued and that 1961 allotments transferred from the pool would be canceled. The Cotton Division was instructed to so notify Estes. An official of the Cotton Division telephoned Dennison at his hotel and told him that Estes would not receive 1962 allotment notices involving pooled cotton acreage, and furthermore that the Department was going to request the Texas State Office to cancel 1961 allotments involving pooled cotton allotments.

On December 26, 1961, a telegram was sent to Estes and a memorandum was mailed to the Texas State Office reaffirming the determination of the Department as outlined above concerning the action of December 22.

On January 3 and 4, 1962, the Reeves and Pecos County Committees formally canceled the 1961 pooled allotment transfers involving Estes and his associates.

#### Decision To Give Parties Chance To Prove Claims

On January 6, 1962, a conference was held in the office of the Under Secretary of Agriculture at the request of Congressman Rutherford of Texas. Those present, besides USDA personnel, were Senator Yarborough, Congressman Rutherford, Alex Dickie, Jr., Administrative Assistant to Senator Yarborough, Estes and Dennison, his attorney.

Estes contended that he was innocent in the matter and had acted on the advice of his attorney, and that the manner in which the allotments were transferred was entirely legal. Dennison asserted that the contracts under which the displaced owners obtained deeds from Estes were bona fide, that Estes was bound by the contracts, and that there were no agreements between the parties, other than the written contracts. Dennison stated that he had obtained a copy of the Bridgforth memorandum of October 13, 1960, and believed the transactions to be legal in light of that memorandum; that he was not aware at the time of the transactions that the form of the contract used had been disapproved in the Manwaring memorandum of December 20, 1960; that he did not know the transactions were in question until he learned of the investigation by the Department,



and that the displaced owner could sell the land for the contract price.

The Congressman present stated that there seemed to be a genuine legal dispute, and hoped that the Department would give Estes fair consideration. Mention was made of the importance of any decision on the economy of West Texas.

Estes and Dennison insisted that the displaced owners had made bona fide purchases of farms from Estes and that they felt that they should be given an opportunity to prove it. Dennison also said he would be hard pressed to prepare all the appeals to the notices of cancellation on the 1961 allotments in the 15 days time from the date of notice (January 3 and 4, 1962) and urged that he be given opportunity to prove the transactions were bona fide without first going to the Review Committee.

Following the meeting, Department officials decided that the 1961 allotment cancellation notices would be recalled pending further consideration of the matter, particularly to give the parties involved an opportunity to prove the bona fide nature of the alleged purchases.

Dennison was informed by telephone of this decision, and it was confirmed by telegram on January 8, 1962 to Estes and the Texas State ASC Committee.

Pursuant to a decision made at the meeting on January 6, 1962 Thomas H. Miller, Acting Southwest Area Director, ASCS; Thomas Gachet of the ASCS Cotton Division; and Howard Rooney of the Office of the General Counsel were sent to Texas on January 8, 1962 to obtain further information on how cotton allotment transfers had been handled at the State and county levels. The three officials visited the Texas State Office at College Station, Tex., on January 10 and 11. Rooney and Gachet proceeded to Pecos (Reeves County) on Jan. 12. They forwarded a report to Washington which gave information on the handling of the cotton allotment transfers, but which made no recommendations. Miller remained at College Station and, without consulting Rooney or Gachet, and without their knowledge, prepared a memorandum which he forwarded by air mail to his superior, Emery Jacobs. Miller's memorandum, dated January 12, 1962, concluded with a recommendation "that the allotment acreage transferred be allowed to stand for 1961 and subsequent years."

Miller's memorandum was discovered in a review of the files of the Department's Southwest Area Office in Washington, D. C., and he was asked to comment upon it when he was interviewed by McClellan Committee investigators on June 1, 1962. Miller reported the interview to Horace Godfrey, Administrator of ASCS, that evening. Godfrey reported the matter to Secretary Freeman the following day, and the Secretary immediately ordered a full review of the facts.



Miller advised the Department in an affidavit that Jacobs instructed him to write a memorandum justifying a Departmental decision "to permit Billie Sol Estes to retain all of the cotton allotments he had acquired at that time." He also stated that he had disagreed with Jacobs, but "considered I had no alternative under the circumstances." In his affidavit, Miller also said that Jacobs told him that "Estes would be willing to settle for the allotments he had already received and this was in accordance with the wishes of Under Secretary Murphy."

In neither of two interviews with the FBI (April 19, 1962 and May 29, 1962), held in the course of the Government's investigation of the Estes case, did Miller disclose that he had prepared such a memorandum or that the recommendations contained in that memorandum had been suggested by Jacobs.

Jacobs stated, upon being questioned on June 15, 1962 that he had sent Miller to Texas, but that he had not instructed him to submit a slanted report.

Under Secretary Murphy, in a statement on the Miller memorandum, said ". . . I told Jacobs, as the meeting broke up (January 6, 1962), to make sure that whoever was sent would be objective and open-minded. My instructions did not go beyond that.

"Thomas Miller was one of those mentioned as a possible person to be sent. In this connection, I do not recollect ever having met Miller, never knew that Miller actually went to Texas, never talked to him when he returned, never saw his report and never knew that he had filed a report until the past few days."

Secretary Freeman ordered a formal reprimand for Miller on June 25, 1962, pointing out that Miller was cooperating fully with the Department, the McClellan Committee and the FBI. An investigation of the matter was continued.

On January 31, 1962, a memorandum was sent from the Deputy Administrator, State and County Operations, ASCS, to the Texas State Committee instructing it to furnish to each seller of land to which pooled cotton allotments had been transferred for 1961 a form of "seller's certification of bona fide sale of land." This document was to be executed by the seller before a Notary Public and was designed primarily to afford the seller an opportunity to establish that the sale of land to the displaced owners was in fact a bona fide transaction.



The General Counsel approved this procedure with the admonition that the first year's installment payment required to be certified to by the document would have to be made in cash, and also on those terms set forth in the original contractual arrangements. It was believed that the seller who could honestly execute the certification would thereby help to establish the bona fide nature of the sale of the land. If the seller failed to execute the certification, it would reenforce the position of the Department that the parties used a scheme or device to transfer pooled cotton allotments. If the seller files a false certification, he may become liable to criminal prosecution for violation of 18 U.S.C. 1001.

On April 10, 1962, a telegram was sent to the Chairman of the Texas State Committee, authorizing the establishment of 1962 cotton allotments based on history earned on the farm excluding pooled cotton allotments. Such 1962 allotments thus would exclude any items attributable to the transfers of pooled allotments from displaced owners.

On April 17, 1962, a memorandum was issued from the Administrator, ASCS, to Texas State Committee listing all the sellers affected, including Estes, and stating that the Department had determined that these transfers must be canceled effective with the year for which approved unless seller certifications were received. The deadline was subsequently fixed at May 5, 1962, for Estes, and Estes failed to file the requisite seller's certifications. As a consequence all of the 1961 transfers of allotments were canceled and penalties on the resulting excess marketings of cotton were fixed against Estes on May 8, 1962, in the total sum of \$554,162.71. He appealed on May 21, 1962.

Similar action was taken with respect to the other sellers who had engaged in similar sale and lease-back transactions. Thereafter, appeals were filed from such action on behalf of Estes and most of the other sellers involved in the various transactions, which will be heard before a duly constituted Review Committee for the area.



ESTES AS A MEMBER OF THE NATIONAL ADVISORY COMMITTEE ON COTTON

The informal Cotton Advisory Committee was first formed in the Fall of 1960 under the chairmanship of Dr. Alexander Nunn, of Birmingham, Alabama, to advise Senator John Kennedy.

After Mr. Freeman was designated as Secretary of Agriculture, he told Dr. Nunn that he would like this same group to continue to advise him with respect to cotton.

The group continued as an informal committee. Expenses of its members were not paid by the Government, and members came in at their own expense to advise the Department upon request. Dr. Nunn as chairman maintained the membership lists and actually issued the invitations to serve on the committee, then known as the National Cotton Advisory Committee.

This informal committee met in Washington on February 2, 1961, July 17-18, 1961 and September 19-20, 1961.

Estes was recommended for membership on the committee by Senator Ralph Yarborough on January 27, 1961, when he sent the Secretary a letter of recommendation with an attached endorsement by five farm leaders in the Texas area. Later in 1961, this recommendation was transmitted to Dr. Nunn for his consideration and for further inquiry by him.

On June 8, 1961 Dr. Nunn wrote Secretary Freeman making a number of suggestions about membership on the Committee, including a recommendation for the addition of several persons to give the Committee a broader geographical representation. Among these suggested additions was Estes, of whom Dr. Nunn wrote that "he is highly thought of."

Prior to the July 1961 meeting of the informal committee, Dr. Nunn discussed the need of naming to the group new members to take the place of those who had died, or had resigned for personal reasons. It was important, too, that consideration be given to adequate representation of producers and volume of production, and Dr. Nunn indicated that the Southwest (Texas and Oklahoma) area was not appropriately represented.

The names of several additional persons whom Dr. Nunn might invite to serve on the Committee were discussed, including that of Estes.

Dr. Nunn invited Estes to become a member of the Committee with the concurrence of USDA, and he was added, along with several other new members, as of July 11, 1961. Neither the Secretary, the Under Secretary, nor Dr. Nunn had any derogatory information about Estes at that time.

After passage of the Agricultural Act of 1961, which specifically authorized the appointment of advisory committees, the Department established a regular procedure and pattern for the appointment and



utilization of such committees. This involved investigation of members before appointment, designation of an official USDA representative on the committee, provision of secretariat services, and provision for payment of travel expenses and a per diem for subsistence to committee members.

In the Fall of 1961, it was decided to convert the informal Cotton Advisory Committee into a formal USDA advisory committee under authority established by the Agricultural Act of 1961 (Subtitle A of Title I). It was also decided to retain as members all the members of the prior committees except for a few who wished to terminate their services for various personal reasons. Accordingly, investigative checks of the members were begun.

A meeting of the Committee was called for November 20-22, 1961. In order that the Committee might be formally established under the 1961 Act prior to that meeting, Secretary's Memorandum No. 11481 was signed November 17, 1961, for that purpose. However, since the investigative check on members has not been completed, names of committee members other than Dr. Nunn, as chairman, and USDA representatives were not included.

The Committee was directed to serve for an indefinite period at the Secretary's discretion and meet at his request to advise the Department on legislative proposals and other matters connected with cotton.

Broad questions concerning cotton upon which Committee members were to advise included:

- a. recommendations on development of long-range programs to help assure prosperity and stability for cotton producers;
- b. recommendations on development of programs to assure adequate supplies of cotton products to meet all needs at satisfactory prices to producers and reasonable costs to consumers, and at lower costs to the Government.

Funds were made available for reimbursement of travel and other official expenses of committee members.

The meeting of the Committee was held on November 20-22, 1961, as scheduled, with results of the meeting set forth in a press release, one paragraph of which pointed out that ". . . the formal appointment of Committee members is still in process in the Department."

Public announcement of the names of the Committee members was withheld pending clearance of members and a study of the investigative report on Estes, submitted on November 21, 1961.



Concurrently with question of Estes' continued membership on the advisory committee, the Department was also considering the problem of the transfer of pooled allotments as detailed in a comprehensive investigation report dated October 27 and received by the Department on November 3. Decision on the membership question was withheld pending consideration of the allotment transfer problem. A decision on the allotment transfer matter was reached and is reflected in a memorandum of December 15, 1961, from the General Counsel to the Under Secretary.

It was decided that the cotton allotment transfer controversy, involving other individuals besides Estes, was not a sufficient reason for dropping Estes from the advisory committee. This decision was based on the view that he was involved in a civil legal dispute with the Department in which there was room for an honest difference of opinion. It was understood that Estes had acted in accordance with the advice of reputable legal counsel, who contended that State and county ASCS offices had led Estes and his counsel to believe the transfers were permissible as evidenced by the actual issuance of allotment notices for most of the acreage involved.

The evidence at that time did not suggest any criminal conduct. The penalty for excess planting was a civil penalty for excess marketing. Many growers overplant and pay such a penalty and are then free to market the cotton. In 1961, there were 1,958 such cases in cotton.

Since its formal organization there have been two meetings of the full Committee and two meetings of a legislative subcommittee.

Billie Sol Estes attended both sessions of the full Committee. He was not a member of the legislative subcommittee.

Meetings of the full Committee, held in USDA, Washington, were:

- a. November 20-22, 1961; Estes attended
- b. February 12-13, 1962; Estes attended

Meetings of the legislative subcommittee, of which Estes was not a member, were held in Washington, on December 4-5, 1961, and February 28 - March 1-2, 1962.

Members of the Committee are entitled travel expenses and \$16 per diem. Estes was one of four members of the Committee who did not submit claims for travel and per diem reimbursement.

According to the minutes of the Committee meetings, Estes' only proposal was made at the meeting on February 12-13, 1962. During a discussion of various approaches to the cotton problem, he put forward a "Combination Blended Price -- Trade Incentive Plan" which had been developed by George Pfeifferberger, another committee member. It was moved that the plan be turned over for study and analysis by the special legislative subcommittee and the Department. After consideration by the subcommittee, it was rejected.

Estes resigned from the Advisory Committee on April 1, 1962.



ESTES AS AN INFLUENCE SEEKER

One of the most prominent threads in the tangled web of the Estes affair has been the charge of "favoritism" to Estes because he had influence in higher Washington echelons in and out of the Department of Agriculture.

That Estes sought to create for himself the image of a man of influence cannot be doubted. Statements and testimony made by numerous persons in the Pecos and West Texas area who shared credit arrangements with him indicate his persistent, and not unsuccessful, effort to suggest that he enjoyed political and personal connections with persons in public office.

Insofar as the Department of Agriculture is concerned, no indication of favoritism has been found. To date, none of the investigations--by the FBI, two Congressional committees, and the Department itself--has turned up any instance in which Estes' so-called "influence" availed him of anything.

Several members of the Department's staff, however, permitted themselves to be compromised by Estes' penchant for gift-giving and personal favors. These officials, all of whom have been separated from the Department, were:

Emery E. Jacobs, Deputy Administrator, State and County Operations, Agricultural Stabilization and Conservation Service;

Dr. James T. Ralph, a former Assistant Secretary who had been re-assigned to training for the post of Agricultural Attache in the Philippines before his involvement with Estes became known; and

William E. Morris, assistant to Dr. Ralph while he was Assistant Secretary, prior to that a member of Jacobs' staff, and before that an assistant to Congressman H. Carl Anderson, Minnesota Republican.

Estes  
Evidence of the involvement of Jacobs, Ralph and Morris with/first came to light in April, 1962, during the Courts of Inquiry conducted by Texas State Attorney General Will Wilson following Estes' arrest and indictment.

On April 10, 1962 a rumor was received in the Department that personnel had received clothes, presumably purchased for them by Estes, at a department store in Dallas, Texas. An investigator was immediately dispatched that same day from Washington to Dallas and on the following day, April 11, 1962, he interviewed the salesman at the store. The salesman refused to divulge any information and the store management indicated they would give information only on subpoena.

On April 12, 1962 news stories were carried by the wire services that employees of a Dallas, Texas, department store had testified in the Texas Court of Inquiry that three employees of the Department had visited the store with Estes and were believed to have accepted gifts of expensive clothing from him. Those named were Jacobs, Ralph, and Morris. The events which ensued in each case were as follows:



Emery E. Jacobs

On the day of the Dallas hearing, Jacobs was attending a meeting on official business in Denver, Colorado. On instruction from the Department he flew to Washington and met with Secretary Freeman in the Secretary's office at 10:30 p.m. that night. The following morning, April 13, Jacobs resigned, stating that he wished to face the accusations on his own rather than force his superiors and associates to be exposed "to harrassment and embarrassment in a situation where they are not involved."

On the advice of counsel, Jacobs informed the Texas Attorney General that because of previous commitments he could not testify on the date requested but indicated he would be willing to appear for a Texas Court of Inquiry at a later date. Jacobs has been interviewed by federal investigators and congressional committees.

William E. Morris

On April 16, 1962 it was announced during a press briefing by a Departmental official that William E. Morris had been suspended from the Department for failure to follow official instructions from his superiors. The action was taken because Morris had neither appeared in the Department nor made himself available to answer questions concerning allegations made about his relationship with Estes.

In accordance with regular procedure Morris was granted a personal conference with Departmental officials on April 30, to review his suspension. On May 2, 1962, a decision was mailed to Morris by the Department stating that the charge against him was sustained; that he would be removed from the position effective May 18, 1962, and that he had the right to appeal the decision to the Civil Service Commission under the Veterans' Preference Act, within ten days of the effective date of the action. Such an appeal was filed and is now pending before the Civil Service Commission.

James T. Ralph

At the April 16 news briefing it was announced that Dr. James T. Ralph would appear at the Texas Court of Inquiry hearing to testify relative to the questions raised about clothing gifts from Estes, and that pending his testimony his status in the Department would remain unchanged. He was in training for assignment to the Philippines.

Ralph testified at the Court of Inquiry hearing on the morning of April 20, 1962. A letter from the Attorney General of Texas relative to what he considered "implausible" aspects of Ralph's testimony was received by the Department on April 24, 1962, but in view of Ralph's sworn statements denying the receipt of the alleged gifts from Estes, no action was taken to alter his status in the Department. Subsequently, information supplied by the FBI revealed that personal long-distance phone calls had been made by Ralph and charged to Billie Sol Estes' credit card.



Secretary Freeman announced on May 15, 1962, that he was acting to separate Dr. Ralph from employment in the Department.

On June 7, 1962 Dr. Ralph appeared before the Subcommittee on Inter-Government Relations of the House Committee on Government Operations. In his testimony he reiterated his denial of having accepted gifts from Estes but admitted using Estes' credit card. He further stated that both he and Morris had received money orders in the amount of \$200 from Estes which were endorsed either to the National Democratic Committee or the California Democratic State Committee. Ralph stated that a memorandum reporting this incident had been sent to the Secretary of Agriculture but no record of such a document has been found in the Secretary's office.

In addition to Jacobs, Ralph and Morris, several members of the field service of the Department have been removed. They are:

William P. Mattox

During January of 1962, Mattox traveled from Pecos, Texas, to Washington, D. C. for the purpose, as he stated it, of "talking to Jerry Holleman (Assistant Secretary of Labor) about the problem of bracero labor." Mattox stated at a hearing before the Texas State ASC Committee on May 22, 1962, that Billie Sol Estes, John Dennison, and he traveled from Pecos to Midland, Texas, in a plane owned by Estes, then continued on to Washington by commercial airline. Mattox admitted that he was given expense money for the trip by Marcus Dingler, Pecos, Texas, and that his plane fare and hotel expenses were paid by Estes.

Mattox said that while the purpose of the trip was to discuss bracero labor while in Washington he discussed cotton allotment transfers with Emery E. Jacobs, former Deputy Administrator, State and County Operations; William B. Morris, then assistant to former Ass't Secretary James T. Ralph, and at Jacobs' suggestion, discussed cotton allotments with Joseph Moss, Director of the Cotton Division.

During April 1962, accounts of Mattox's trip to Washington in January were carried by the press.

On May 8, 1962, Mattox was suspended as Vice-Chairman of the Reeves County Committee by the Texas ASC State Committee, pursuant to Sec. 7.28 of the regulations of the Secretary of Agriculture. The suspension was based on the information contained in the previously mentioned news stories and articles, which Mr. Mattox admitted to be true when queried by a representative of the Texas ASC State Committee.

Mattox appealed his suspension and on May 22, 1962, an appeal hearing was held by the Texas State ASC Committee. On June 8, 1962, Mattox was informed by Ralph T. Price, Chairman, State ASC Committee, that after considering testimony heard by the State Committee at the hearing, the Committee sustained the suspension of Mattox and further ordered that he be removed as Vice-Chairman of the Reeves County ASC Committee effective at the close of business on June 8, 1962.



Rufus D. Atkinson

Rufus D. Atkinson, County office manager of the Reeves County, Texas, ASC Committee was suspended by the Texas State Committee on June 19, 1962, following his admission that in 1960 and 1961 he had accepted gifts of substantial value from Billie Sol Estes, including a \$50 gift certificate and a quantity of beef for his locker. Atkinson has the right to a hearing by the State Committee, after which a final decision in his case will be made.

Alvin J. Weimer

On June 19, the Texas State Committee also suspended Alvin J. Weimer, Performance Supervisor, Reeves County ASC office, following his admission of having accepted gifts of substantial value from Billie Sol Estes, including a \$50 gift certificate in December 1960. Weimer is entitled to a hearing by the State Committee, after which final decision in his case will be made.

Other Department Personnel

The names of a number of other Departmental employees have figured in one way or another in news accounts of the various ramifications of the Estes' affair. The following is a brief review of the roles played by each of them:

Henry Marshall

Henry Marshall, a Program Specialist in the Texas State ASCS Office at College Station, Texas, appears to have handled practically all matters in that office pertaining to transfers of cotton allotments from the "eminent domain" pool. The report of the Department's investigation of the allotment transfer situation in Texas, extending from July through October 1961, repeatedly refers to statements alleged to have been made by Mr. Marshall interpreting the spirit and letter of Departmental instructions to field offices on the handling of allotment transfer applications. The accounts of other people as to what Mr. Marshall said or did in this respect are at variance, however, and the Department is continuing to inquire into the matter.

Marshall was found dead in a field on his own land on June 3, 1961. He had been shot five times in the chest. Local authorities pronounced him a suicide. Subsequently, after the disclosure of Estes' manipulations in cotton allotments, public interest in the circumstances of Marshall's death led to a Grand Jury investigation, in Franklin, Texas. As of this time, there appears to have been no connection between Marshall's death, his work, and the Estes affair.

Inquiries have been made of the Department as to why it did not show greater interest in the circumstances of Marshall's death at the time it occurred. The reasons are that Marshall was not on duty; neither his family nor his associates raised any questions at the time (although subsequent events suggest that they may have had some); and the matter was promptly dealt with by local police authorities in the exercise of their appropriate responsibilities.



N. Battle Hales

N. Battle Hales, an employee of the Department of Agriculture in Washington, was identified in a copyrighted news article on May 4 as a witness who had been found willing to testify that Department officials had given favored treatment to Estes.

Following publication of the May 4 story Hales was invited by Department officials to meet with reporters and state his charges openly.

Hales had been a Staff Assistant in the office of Emery E. Jacobs, Deputy Administrator for State and County Operations, ASCS. His work involved, among other things, the appraisal of audit and investigation reports relating to irregularities in State and county operations. He also had certain responsibilities in connection with civil defense activities relating to the strategic location of surplus food supplies.

In early April, Hales had been informed that he was being reassigned to work full time on defense activities. On April 17, three days before the new assignment was to take effect, he took to the Secretary's executive assistant (Thomas Hughes) a copy of a memorandum he had written to the Administrator of ASCS implying that the reason for his reassignment was that he possessed undisclosed information on the Estes case. He asked Hughes to arrange an appointment with the Secretary. Since the FBI was already conducting an active investigation of the Estes matter, Hughes felt that Hales' information should be given to the FBI and arranged for an agent to interview Hales. This interview was conducted with Hales having full access to his files. A subsequent FBI report indicated that Hales had revealed no evidence of favoritism by the Department toward Estes.

In the press conference of May 4, which lasted more than three hours, Hales made a complete presentation of his accusations of favoritism. In the course of this press conference, Hales accused Horace Godfrey, Administrator of ASCS, of making statements favorable to Estes at the November 14, 1961 meeting in Godfrey's office on what to do about the results of the investigation of pooled allotment transfers. This was denied by Godfrey and all others who attended the meeting.

Hales was also critical of the time taken to refer the November 3 investigation report\* to the Department of Justice, asserting that the criminal code had been violated. The Office of the Department's General Counsel disagreed.

Hales has made himself available, with Departmental approval, to answer questions of the FBI, the Fountain Committee and the McClellan Committee. He remains on duty in the Department.

\* Refers to October 27, 1961, report received in the Department November 3, 1961.



Russell E. Dill and Harvey E. White

Russell E. Dill, County Office Manager, and Harvey E. White, Performance Supervisor, Custer County ASCS Office, Clinton, Oklahoma, were contacted by Dr. Truett L. Maddox of El Paso, Texas, in the early part of 1960, for a list of farmers who had been displaced under eminent domain proceedings and had as a result placed their cotton allotments in the State pool. Maddox also wanted someone to represent him locally (in the Custer County area) for the purpose of introducing him to displaced farmers. Dill and White agreed to represent Maddox and were each paid \$600.00 for so doing.

In addition to Maddox, Dill and White also represented the following persons and received amounts of money for such representation as indicated:

Fred Chandler, Sr.	\$1,765.00
Lindall Barker	50.00
Joyce Gray	442.00*
O. A. Thorp	1,250.00

\*(payment made to Dill only)

All of the commissions paid were contingent on the displaced farmer buying land and the subsequent transfer of his cotton allotment.

Early in October 1961, Dill and White were interviewed by a special agent of the Investigation Division, USDA. Following this interview and a discussion among themselves, they decided to return the commissions they had received. When Dill and White were interviewed by the special agent, they did not mention they had received commissions from land sellers.

The investigation also disclosed that White purchased land from Joyce Gray in Otero County, New Mexico, and transferred 21.5 acres of pooled cotton allotment under a sale and lease-back arrangement. At the time of the investigation, White had not made the annual payment as provided in the sales contract.

On March 2, 1962, the Oklahoma State ASC Committee reached a decision that Dill and White, because of their acceptance of the commissions paid to them by land sellers, should be reprimanded and suspended for a period of 15 calendar days. The State Committee also stated that, "These employees should be reprimanded in this manner but do not believe their actions based on the facts warrant more severe disciplinary action."

This action was considered inappropriate by the Department and on May 8, 1962, the resignations of both men were obtained. The matter was referred to the Attorney General's office on May 1, 1962, for such action as he deemed appropriate.



Press Releases and other documents pertinent to the Estes case available at the Department of Agriculture Press Office:

- 10-27-61    USDA Investigation Report: Billie Sol Estes, Pecos, Texas; Purchase of Pooled Cotton Allotments. (Available for inspection only at the Department.)
  
- 4-16-62    Tape recording of press briefing by Under Secretary Murphy and Tom Hughes, Executive Assistant to the Secretary. (Available for playback at the Department Press Office.)
  
- 4-16-62    USDA Press Release 1411-62--Statement regarding transfers of pooled cotton allotments under Agriculture Adjustment Act of 1938, as amended (7 U.S.C. 1378) to farms in New Mexico and Texas in 1960 and 1961.
  
- 4-19-62    USDA Press Release 1476-62--Statement clarifying the procedure followed in determining the amount of bond required of warehousemen whose facilities are used for the storage of grain and the decisions of the Department relating to bond required of Mr. Estes.
  
- 4-28-62    USDA Press Release 1595-62--Wm. P. Mattox not appointed but elected member of Reeves County ASC Committee, Texas.
  
- 4-28-62    USDA Press Release 1594-62--Excerpt of speech made by C. H. Moseley, Director, Dallas ASCS Commodity Office to the Texas Grain and Feed Dealers Association convention in the Texas Hotel, Ft. Worth, Texas on 4-28-62.
  
- 4-30-62    USDA Press Release 1596-62--Evidence to date on the relationship of Billie Sol Estes with the Department of Agriculture.
  
- 5-3-62    Memo for the Press--Portion of transcript of Secretary's interview on CBS-TV "At the Source" televised from Washington at 10:00 p.m. EDT, 5-3-62.
  
- 5-3-62    Statement by Secretary regarding statements made by Senator Dirksen and Congressman Halleck.
  
- 5-4-62    Transcript of press conference with N. Battle Hales.
  
- 5-7-62    Transcript of Press Conference with Secretary of Agriculture Freeman. (Available for inspection only at the Department Press Office.)
  
- 5-15-62    USDA Press Release 1806-62--Separation of James T. Ralph.



- 5-18-62 Background statement re meeting held in the Department on January 6, 1962.
- 5-28-62 USDA Press Release 1976-62-- Re decision to move grain out of the Billie Sol Estes elevators.
- 5-28-62 Testimony of Roland Ballou, Deputy Administrator for Commodity Operations, ASCS, before the Subcommittee on Inter-Government Relations, House Committee on Government Operations. Subject: grain storage operations.
- 5-29-62 Testimony of S. R. Smith, Administrator, Agricultural Marketing Service, before the Subcommittee on Inter-Government Relations, House Committee on Government Operations. Subject: Estes' bond.
- 6-25-62 USDA Press Release--Statement of the Secretary of Agriculture announcing reprimand of Thomas H. Miller for failing to reveal report on Estes cotton allotment transfers, which was prepared under instruction.

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