

4/17/81

FILE LOCATION

RESTRICTION CODES

- GENERAL SERVICES ADMINISTRATION

March 27, 2019

PROCESSING MEMO

The attached transcription of shorthand notes was made at the Lyndon Johnson Library by a staff member who could read shorthand. Although the transcript is undated, it was probably made in 1984 when the staff complied material from the holdings on Billie Sol Estes in response to news coverage of Billie Sol Estes' testimony before a Robertson County Grand Jury about the death of Henry Marshall, a Department of Agriculture official who died in 1961.

Claudia Anderson

Archivist

J. Lee Potter in Va. have known him for several years. I testified with the ~~National Republican~~ Republican National Committee. He indicated he was going (tour) to Texas to interview our (fund/friend). Was going to have an interview with Estes at 9 tonight at Supposed to have gone tonight with (Tower). (anything) before left. Was going down today. Said he had conference scheduled with Estes 9:00 at the Hilton Hotel and they thought they could tie it to the campaign.

I am afraid we had some bad luck. ~~R~~ Potter registered in a suite 938. He (bet) (main) (man) in to the suite. My man rented 937 but there is no one in 938. Probable under an assumed name. Told the man to stay in there. He has equipment he can hear through the door. My man got there at 9:10. My man is still in 937. That is all he could do. I would have to get the operator. I am afraid (show) (wouldn't) do that with him.

(back of above sheet)

George, refer the memo special item me. LBJ distracted at Schles.....

Remind me to call Dick Goodwin. Secret.

Lockheed. (blow) one from the (dept)

All I can is leave that man. If he is ~~xxxxxxx~~ there he is using assumed name.

last page is description of someone - middle 40s, blond, 170 5'10 1/2", nice pleasant looking fwllo

OF. RA 39733 Restaurant

Mrs. Lyndon B. Johnson

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Mrs. Lyndon B. Johnson

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OFFICE OF THE SECRETARY OF THE ARMY

FROM THE DESK OF:

Mrs. Lyndon B. Johnson

*copy of P.O. 9919
in memo.*

FROM THE DESK OF:

Mr. Lyndon B. Johnson

Mr. Lyndon B. Johnson
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June 21, 1962

STATEMENT DICTATED BY MR. DELOACH TO WALTER JENKINS

This is a recording of a conversation between Charles Calloway Holden, former partner of Estes, Oscar Griffin, a reporter on the Houston Chronicle in Houston, and Dr. John Dunn. This record relates to a conversation which took place in late February or early March in 1962 when Dunn and Griffin went to Hamlin, Texas and interviewed Holden relative to Estes. Now Holden was aware that the interview was being taped. This tape has been furnished to Allen Propp, who is the accountant and business manager of the Pecos Independent and Enterprise newspaper. Dunn did not know what use Propp made of the tape. Griffin denied possessing a copy of the recording and stated that information furnished by Holden was strictly hearsay and rumor. Propp acknowledged receipt of the tape recording from Dr. Dunn. He loaned the recording to Miss Huff of Fortune Magazine. He did not know whether Miss Huff had a copy of the tape recording made. Propp played the recording for a reporter from the Denver office of TIME Magazine and Nate Caldwell of the Nashville Tennessean.

When playing the tape to these reporters, a woman reported to be employed by CBS, Jane Bartel, who was occupying space in the Pecos Independent and Enterprise newspaper office, came into and out of the room where the tape was being played by Propp and could have overheard pertinent inserts on the tape. Propp stated that this occurred shortly after Estes was arrested. Holden was interviewed on June 15, 1962, at which time he discussed previous association with Estes which covered the period from 1947 to 1948 during which time his partners were hauling grain and moving barracks from various military bases in Texas. Holden stated he had no personal knowledge of favoritism by the Government officials to Estes--nor did he have any personal knowledge of any connections between Commercial Solvents Corporation and Mrs. Lady Bird Johnson. Holden acknowledged that when he was interviewed by Dr. Dunn and Oscar Griffin he furnished lengthy information concerning Estes and had full knowledge that the interview was being taped by Dunn. He also recalled making the statement that the airplane that crashed on the Vice President's ranch had been a gift to the Vice President by Estes. He stated that in making such statements he informed Dr. Dunn and Griffin that they were strictly the result of hearsay, gossip and rumors--that he had no direct personal knowledge of the alleged association between Estes and the Vice President or Mrs. Johnson.

RECORDING OF A CONVERSATION BETWEEN CHARLES CALLOWAY
HOLDEN, FORMER PARTNER OF ESTES, OSCAR GRIFFIN, A
REPORTER ON THE HOUSTON CHRONICLE, AND DR. JOHN DUNN

I had not been around Bill in quite awhile. I got out of the Army and ran into him and he stopped me one day and said we could make some good money with his brains and my work on buying wheat and he said he had a bunch of money coming in, but he did not have any cash at the time and that we would have to have some money to get started with and if I would put up the money, then by that time his money would be coming in. He said as soon as he got his money from the Government, we would have money to operate on and that is the way we operated. He never did get his money, but after we split up I found out he had gotten his money from the Government transporting grain.

Q: Were you in the business of buying grain?

A: Yes, we were buying grain from the farmers. We started out by buying it in our area, but it was in short supply around home so we started buying it in San Antonio and then as the harvest moved north, we moved with it. He bought a truck for Bobby. Bill bought the truck and Bobby drove it. Every time Bobby would come in home, Bill would get the cash. He would buy another load and get him started out again. Then that fall Bill bought another truck. I had not wised up to him then. Bobby got on to him a lot quicker than I did. When I first got mixed up with him I went up to Irving to buy maize.

"Armstrong was driving the truck and he ended up he did not get money by running this truck. Bill told me that this Armstrong would get the money. About then I started moving houses--Government barracks--and I had pretty good credit and this Armstrong and Bill did not have any and it took quite a bit of money to move these houses.

Q: Did you do it with your money?

A: I ended up buying the whole building and I had a little old Army rig moving these buildings (barracks) from Brownwood.

Bill was really religious acting, but if you did not watch him he would steal you blind without your even knowing it. When he would get caught, then it was all a mistake and he had just made an error. I had fourteen new tires--truck tires-- stored. Then the first thing I knew they were all gone. When we found them gone Bill even went with me to the law to report their disappearance . Bill had a J. H. Pierce working for him. I did not see Pierce for about three years. I saw him one day and just asked him about these tires. He said he and Bill had taken them over to San Angelo and traded them in for some Sears tires. He said Bill told me he had bought them from me. Bill was really a coward. When everything was going well he was real brave, but when things were not going so well, he was the biggest coward I ever saw until he sees he has

backing and then he gets real brave.

Q: In any of your dealings with him, is there anything you would consider illegal or shady?

A: Not in my dealings with him. I can give you some examples. During that time Bill did this all on his own. He bought several cars of sample grade grain. Estes told me this and I am pretty sure it is true because he tried to get my younger brother in on the deal. The way he would do this--he would buy this sample grade grain. Bill would buy this grain and fill it up to about that much from the top and then cover the bad grain with the good grain and then sell it to the little elevators. He sold several cars of this grain in Merkel and that old man--he is dead now--, but his son-in-law still runs that place in Abilene. Bill told me he did that.

Q: How much difference is there in the sale of a bushel of sample grain and second class in price?

A: Oh, there would probably be a dollar difference in a bushel of wheat. The sample grade wheat is good wheat, but the wheat that he bought --this grain had been treated down. It was No. 4 grade grain and he was selling it as No. 2 grade grain.

You are trying to get him on this grain storage deal?

You know that elevator--oh the one that is right out of Plainview eight or ten miles--I believe United is the name. He had a little outfit there. I believe the name was changed later. Bill was taking in grain for storage at that time with a moisture content as

high as 22% to get some grain in his warehouses. He said just let him have the grain and he would take care of the moisture content. Fourteen percent is the maximum for moisture content in grain. If it is higher than that it will spoil, but he was taking in some as high as 22%. He said you just get the grain to me and I will take care of the rest. I don't care how much moisture it has. He did not have to worry because he owns that Commodity Credit bunch out of Dallas. They are on his payroll.

Q: Who are they?

A: I don't know their names, but I do know that grain will not keep that has 22% moisture. You can't keep grain with even 16% moisture. It will spoil and when you take 22%--but in my dealings with Bill, I know he would cheat on scales. He would try to get away with it, but if he got caught it was all a mistake. It just happened that way. He would not think of cheating them at all. He had a bunch of Mexicans in Plainview last fall haul in a bunch of grain in the country buying stations. He would take in a load or two --he would buy it from them, take it in for storage--Government storage because he would not sell it around there. He snooped around Plainview quite a little bit because he knew how it would be run.

Q: Wouldn't the warehouse or the men running the place have to be in on it too. They would have to know what was going on, wouldn't they?

A: Sure, they would know. They would have to know. I am not an expert on grain, but I know grain when I see it. The warehouse men would have to know something was wrong. As long as the farmers did not know what was going on he was safe. If the farmers had ever called for it--if the price ever got high enough to sell on the open market, he would have been ruined. You know what happened--when was it?--was it the first of April--something like that. You could have bought all of the farmers' interest in 100,000 bushels of grain for \$1,000.00. Could have bought the farmers' equity in it and he could have covered himself on 200,000 or 300,000 on it--buying the farmers' equity. It would not have cost him very much to have bought the farmers' equity. They would not call it anyway. It was about 30¢ below the market. He knew exactly what the Commodity Credit Corporation was going to do.

(other man) That helps.

Q We were told he has shown letters to people stating that--letter from Yarborough saying that his warehouses will be kept full with Government storage grain. Have you heard that?

A. No, I had not heard that. That is to convince them it would be all right to go into business with him. A small elevator operator told me this:that they all got out and approached him--see if he can get that letter-- regardless of the moisture content of his grain if they would ship it to Bill, Bill would take care of all of the moisture content. If he did ship it into Bill's terminal, he would be covered.

In fact, he held a little luncheon--all that would eat with him-- and explained it to these small elevator operators. You understand what the terminal elevator is. If they could just get it into his warehouses --which would imply to me they would cover up for Commodity Credit or someone connected with it.

Q: That deal with Clements on selling the mortgages on these houses. What is the name of that place where Bill bought all of the Army barracks.?

A: There have been a number of places--no, it was not Mississippi or Arkansas. Was it where they were going to put in the dam down in Arkansas? No, that was on the acreage transfer because that was down in Mississippi.

Q: Was this Fort Neches?

A: I don't think so. That is where Kaputen was working for Bill and Kaputen told me this himself. They would sell one of those old Army buildings and Bill would pick out a nice looking dwelling house in town and take a picture of it and this was the house they were moving and Governor Clements' dad was the one to put the OK on it through Tennessee Christian College. This is why Kaputen would talk. He had his name on a couple of them. The FBI man grabbed old Kaputen and told him they had the goods on him. I think he would talk.

Q: Where is Kaputen now?

A: He is working on a missile base. That is all I know. He worked for Bill. Well, for awhile he was living in Andrews and they got him on a dwi charge and he lost his Texas driver's license and that is when he came to work for Bill and worked for him in Spokane, Washington when he bought the barracks there. And then in Arkansas and went back out to Clovis and they got into a big squabble. I think Kaputen says Bill still owes him \$2,500. But this is nothing compared to that A. B. Foster deal on the land deal in Eastland County. That was within the last few months. I heard old man Foster bragging about it--it is since the first of the year anyway that he and A. B. had already bought over 2,000 acres and paid cash and that they were in the market at all times for that land and that was since the first of the year. Foster is from Clyde. He is kinder like Bill. He leaves the appearance that he is a religious man and old man Foster is a big Church-goer. But I understand during prohibition days he would confiscate the material on these ships and always would wind up with a 5th of whiskey. They are religious acting.

Q: How did they get into this grain deal?

A: They have not had too much business in the Panhandle. It was mostly on selling. I do not believe they had too much business there.

Last year his income from grain storage (Estes) was supposed to be in excess of \$4,000,000. He told old man T. A. Rogers that his grain business cleared him over \$7,000,000. He told him it cleared him a little over \$7,000,000 and that when he got the plant at Plainview where it would clear him \$10,000,000 he would retire.

Q: How did he work that?

A: Do you understand transshipment of grain? If you don't understand that, I can give you a little idea. We will say the Government owns grain in Kansas and it has been shipped into warehouses by rail--let's say it originates in South Dakota and where it originates, they pay the freight all the way to the Gulf Coast. Maybe it will not move a hundred miles but freight can be collected. If they want to save their freight then it can only stay in storage for 180 days and then it has to be picked up by the railroads and moved again.

I am getting with you. Each time it is shipped the elevator gets a storage and handling charge. In other words, grain can be turned to keep it in condition--if he is head of the business--legitimate business--to hold prepaid freight on it for the Commodity Credit. It can come into his warehouse and stay 180 days and every time it is loaded and unloaded they can collect a fee. I went by his Plainview place several times and asked a lot of questions & he just

has not had any local trade and no local elevator has patronized him as a terminal and any grain he had handled had to be transit grain. He has a little old switch engine out there that will handle a few cars at a time, but you never see the switch cars moving. You can see them loading and reloading, but you never see the cars move. You can go into an elevator and he would have say three elevators on a line and this car would go into this one, through this one. They would be loading, unloading and storing all the same time, but the car would never have moved and it would not have left the car. I have been told that and I am sure that happens. I thought about trying to get a job there so I could keep track of the stuff. In one way or the other you ought to get access to the books.

Q: Do you think the books would show it?

A: Well, the books will show just exactly what he billed the Government for.

Q: How can you prove he did?

A: If a man was working in there and he kept track of every car --the loading and the unloading and could get a sample of the grain, and to get the dope on this loading and unloading.

The story is that he and Lyndon Johnson are supposed to be buying an elevator in India, built with counterpoint funds -- foreign aid deal--and the reason they are going to get it for a

dollar is they do not want to make a profit. See, it is charity-- they are going to split it. Good public relations.

Good if you can get it!

It is supposed to have cost the Government about four million dollars.

Q: Lyndon's name keeps coming up over and over. Is there anything else that you know that would tie he and his wife in on the grain storage portion of it?

A: That plane that fell with old Lyndon's pilot--old Bill bought and paid for it.

(other man) I heard he collected the insurance on it.

A: He might have, but I heard he bought and paid for it. It was a gift to Lyndon, but it was also a payment on Lyndon's investment. It was a gift to Lyndon. I could not swear to that. But talking about Lyndon--involving him or not involving--do you know where Cortez, Colorado is? I was in Cortez one morning and an old bum I used to know was sitting in a cafe. I had not seen him for a long time--1940 or 1941 and I asked him what he was doing. There was this bunch of trucks with construction equipment. He said do you see that equipment. He said that is my stuff. I am going to Seattle. He said--have you ever heard of a man named Reid? I don't know what Reid's first name is, but Reid's wife and Johnson's wife are kinfolks. So this old bum--he has got a lot of money now, but he told me during the war Reid's wife and Lyndon's wife formed a corporation--

(11)

construction outfit --they only get these cost plus jobs. They don't own a piece of equipment, and I started out working for them at that time and I had all this string of high priced equipment that was going to a Navy base in the Aleutian Islands --Seboyan-- about a 230 million dollar job . There is a bunch of Naval bases up there. This was in 1958 and it was supposed to be a 230 million dollar job--cost plus. We were moving that stuff up there.

That is good work if you can get it!

Yes, I never did have any of it.

Q: Did Clements enter into anything other than this Government barracks deal?

Clements and Anderson--now this is what I gather from what Frank Bowles told me--Clements and Anderson are in on this 50,000 pecan tree deal up in New Mexico. It has got to be close to Las Cruces because it is the only place it could be --about 50 trees to the acre.

Q: Have you heard anything about fraudulent warehouses on grain storage.

A: Yes, but I could not prove it.

Q: Do you know where you could go to find it?

A: Apparently if you have a warehouse receipt it is like cash. From what I understand, a large volume of warehouse receipts were issued and there was no grain there. I will tell you I will--no, I won't say how much, but a lot of wheat showed up that did not have an owner on the book. We have been just one jump behind that bastard.

A whole bunch of wheat showed up at the Houston elevator and I won't say how many bushels it was, but it was a whale of a lot of bushels of wheat and I always felt that was Government wheat.--60 or 61.

Q: And those people that ran that elevator never did tell you who owned it ?

No, but I bet it was Government wheat that Bill Estes got his hand on and charged to them. That was a matter of record and it would not be hard to check. That is the Houston Public Elevator. That could be checked.

Q: Do you know many of the warehousemen themselves who could be checked out--the main guys that worked for Bill?

A: You know who A. T. Wilson is? Anyway, A. T. Wilson used to export a lot of grain to El Paso and he does business under his name, but Claude Bailey owns it. This old man Wilson is a real religious old man. He has not collected but Bill has him snowed under. Wilson is in Vernon, but Bill bought a bunch of elevators from them --Graves, Silvester--he bought several up in the Plainview area and I think he borrowed some money from the old man. Do you know who Jake Wilson is--no relation to the old man. Wilson bucks grain freight from Oklahoma. Jake told me Bill's dealings with A. T. Wilson and Bill wrote old man Wilson a letter saying he did not expect to make a dime. One of his real long letters said all he

wanted to do was help people less fortunate. Wilson paid for all of that stuff. Well, they are the only ones that can probably tell you about his grain operations. Wilson was honest and he had honest workers.

Q: Do you know anything about Addington Grain Company? They must be fictitious because we have been unable to get a lead on them.

A: There used to be a man that worked for Bill named Cy Addington. There is a McDonald Grain Company in Canyon. Addington?--nobody knows anything about them. Well Randall County is not so big. The sheriff says he knew every man in the county but he never heard of that. There has been nothing like that there since he has been sheriff. He used to know the big part of people around Tulia.

Q: How about Yarborough? Has he entered into much of it.

A: Not that I know of.

Q: Can you think of any other leads we might check out on people who would know or who might have information that might be of value that we could check into on this grain deal?

A: Yes, I would go to some of A. T. Wilson's fellow-- the fellows that were managing the elevators when Bill took them over--now \$286,000. Zete--must be in Randall County--Addington Grain Company--Fairbanks Morse, 150 ton capacity located at Zeke, Texas.

The sheriff looked it up and said there is no such property. Makes you kind of wonder. He might have bought the buildings. He might have actually bought the buildings because that pretty well fits the description of Dimmit and Castro Counties. Actually I have not been able to find much in Dimmit. At Dimmit there is Castro County grain. In Tulia--this is all that is recorded. This is what I wondered about this man Reid. That might be the same fellow.

Q: Did this fellow Reid ever farm in Pecos?

A: Don't know anything about him. The man that built the elevator in Tulia farmed cotton in 1948 and 1949 and then sold out several years ago and went to Tulia. Would be easy to check with ASC. He was originally from Tulia. You know where the grain plant is.

I have never been there.

The way I understand it is he built this plant in Tulia and then went to Pecos--bought a bunch of the land and paid it out at a high price and gave Bill 25% net to manage it for him. If Bill was managing it probably that grain was shipped out of there to Bill's place. See what I mean? If he doesn't watch out Bill will steal him blind. I understand Bill is running that place in Tulia.

Q: Apparently this Reid is the only one who shows
in record in Tulia.

A: Before you tie Estes into Lyndon Johnson you are
going to have to go through about a half dozen companies.

Q: What are those companies? That is what we need.
We can do the tying if we know where to tie.

A: That is where you have got to get a State charge on it.

Q: We have a State investigator who will investigate if
he knows where to investigate.

A: I tell you what--if you will give me about an hour
with Bill you will know where to investigate. I am not joking.

Q: Do you know any of the names of the companies?

A: No, but do you know a fellow by the name of Jay Pierce
working for him. Jay Pierce is ten times smarter than A. B. Foster.
You don't think he is as smart, but he is much smarter.

Q: His name has come up several times.

A: Pierce told me about it. In Missouri they had two or
three companies in Missouri and that a lot of this stuff goes through
them and that Earl Turnell knows something on Bill and Bill pays
him good. Bill keeps his place rented for him in Santa Fe and pays
on his place.

Q: We sure need someone to talk to that boy, don't we?

A: Turnell?--I think most of Lyndon's stuff goes through his wife's name.

Q: Yes, I know, but it doesn't make any difference if it is crookedness.

A: Lyndon uses his prestige to force business to those companies. If you could get hold of J. H. Pierce--he might talk. He is so much smarter.

Q: Where was his base of operation?

A: He was there in Pecos last year, but he isn't there now. He worked for Bill. J. H. used to talk to me, but I don't know whether he would now or not. He was the fellow that told me that he and Bill got the ten tires.

Q: Do you think Estes will still talk to me?

Do you think he would if he was by himself?

A: There was a man named Worsham--the kind that was always dressed up. He will always have a black suit on. You never see him that he doesn't have a black suit on. I have seen him in the hot weather and he had a black suit on. He stayed in the hotel for awhile. The way I understood it was they got together and took on a uranium deal and he was such a good man Bill kept him. He is not that smart. This fellow always wears a black suit. He looks like he drinks a lot. I know he does .

Q: How old a man is he?

A: Oh I would say around 60--no, he isn't that old.

Maybe in the 50's. I vaguely remember the uranium deal mentioned--it was in 1957 I believe. Believe this was the first time. I ran into this fellow in 1957 and they were telling me about their uranium deal. You don't know that Pierce?

(Other man)I don't know him, but his name keep coming up off and on.

A: I believe a lot of credit everybody is giving Foster is a lot of Pierce's ideas. Foster has been very careful to stay out of anything illegal. I heard the other day though that Foster was going to take the rap for Bill. He would be paid well if he did--that if anybody went to jail it would be Foster in place of Bill. I heard that it was going to be his wife to make the decision. Man, if I were him I would go to jail before I lived with that woman. I heard he would be the one--if somebody had to go to the pen it is going to be A. B.

Q: We can prevent that I think.

A: That was the plans. I heard that Saturday I believe. Decision was supposed to have been made Friday. Well, you can get a whole lot on his grain operation right around Plainview from country elevator operators.

Q: Do you know any names? We will do the leg work if we just know where to go?

A: There is a fellow named Burris at Harte. Bill contacted him and tried to make a deal with him--that community grain I spoke of a little while ago. I believe Bill had a meeting with most all of the grain men in Castro County and he explained to them how he could just take^{care}/of all of them if they would just ship him the grain. He has gone from Dimmitt now, but he ran that south elevator there. Bill tried to make a deal with him to ship him the grain.

Q: Did the elevator go with him on it?

A: No, this Burris did not go with him either, but a man by the name of George Hipps did at Tulia. I think that George went in with them. I do not know that, but I just think that. There is a grain outfit--known as Triangle grain--I believe they changed the name of it. I believe it was W. C. Cowan's elevator and they bought him out. There was this Farmers Coop at Hale Center. I don't know who their terminal was, but I guessed it would be Estes because they were taking in grain up to 18% moisture this past fall and he would do something with it and I would guess Estes--it went through Estes' terminal because it is too high in moisture for anybody else to handle.

Do you know where Cotton Center is?

(other man) No, I don't believe I do.

A: Anyway, it is a little country place--just out of Hale Center. Well anyway, Heath was one of the grain people there. They were the only grain people there. It might not be bad to check their books if you had a chance.

Q: Do you think we could find anything there?

A: Well you might. This fellow Wilson at Plainview can tell you quite a little bit. Think Kaperton can too. In fact, he has been doing some bragging around. Kaperton drinks a lot and he was bragging about Governor Clements' father and one time on a fishing trip they had a bunch of pictures made and he also bragged about that deal in Arkansas. Kaperton knows pretty well the operation of that deal in Arkansas where they were using to get that money out of Tennessee --they were selling these mortgages in Arkansas.

Q: Do you know a man by the name of Aaron Isaacs in Dimmit? What is the name of that Coop--Castro County Wheat Growers or something.

A: I have heard of that name several times--Isaacs.

Q: Do you know anywhere I can find out this man's name. I have been trying to find out his name and can't find out/

A: I understand he was an attorney out of Oregon and that he was borrowed out in Texas. I was only going by what Bud told me.

He and Bill got together in Utah on the uranium deal. There was a million guys in on that uranium deal. Now in Dimmit, there is Fred Burton Elevator, but I don't believe he would have anything to do with it. Most of the grain men would like to hang him.

This Jake Wilson--he is no relation to A. T. He thought he had the A. T. Wilson elevators bought, but Bill jumped in and bought them for nothing, but that Hale Center Coop is dealing with somebody where it is not on the up and up and I think that guy could check him and it would scare him. If you take 100 pounds of grain with 18% moisture and if you have to ship it out--13 1/2--all that they will let you ship out--then you lose 4 1/2 pounds right there, but it could be good grain. With 18% moisture it would spoil.

A: With 18% moisture, does it matter how green it is?

A: I have heard he told them--send it to me as green as you can--it doesn't matter. He gave them the full price on it green or not. Then he bought that little country elevator ten or twelve miles northeast of Plainview and now there is--Bill had his finger in a Coop named Coastal. Do you know who that is?

(other man) I have heard of it.

Well, I don't know who that will be, but if I am not mistaken when Bill first bought it he bought it as Coastal, but within a week or two it was Bill's deal.

Q: Coastal has popped up a great many times in his grain dealings. Do you have any idea where you can find out where it is incorporated?

A: Austin

Q: But it might not be a Texas Corporation.

A: Washington or Austin.

Q: You told me something on the phone. You said you did not think we could get him on fertilizer--he covered too good.

A: That is right. I don't believe you can get him on fertilizer.

Q: They are not getting him on the fertilizer. They will get him on fraudulent mortgages.

They sign the contracts and then they confirm where to deliver it and some of that is over twelve months.

A: I see what you have him on. I tell you where they are going to run into trouble is getting him tried in Federal Court.

Q: Oh' we'll get him all right--don't worry about that.

A: Well I hope you do.

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STATEMENT OF CHARLES S. MURPHY
UNDER SECRETARY OF AGRICULTURE
BEFORE

THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

My name is Charles S. Murphy. My address is Greenbriar Lane, Annapolis, Maryland. I am Under Secretary of Agriculture.

I have worked for the Federal Government for 26 years, first as a laborer in the Post Office in Wilmington, North Carolina, and then as a clerk in the Post Office in Durham, North Carolina, while I was going to school.

From 1934 to 1947, I worked for the United States Senate as a draftsman in the Office of the Legislative Counsel. My principal duties were to assist Senators and Senate Committees in drafting bills and preparing committee reports.

From 1947 to 1950, I was Administrative Assistant to the President of the United States, and from 1950 to 1953, Special Counsel to the President.

From 1953 to 1961, I practiced law here in Washington.

I have been Under Secretary of Agriculture since March 1961. It might be appropriate for me to outline briefly my duties in that position.

First, I serve as general "Number 2" man in the Department and have a general supervisory function for all of its activities and agencies. This includes, of course, not only the part of the activities of the Agricultural Stabilization and Conservation Service you have been studying, but all the other activities of that agency -- as well as the activities of the other 15 operating agencies of the Department. In addition to my general supervisory functions, I have been assigned various other special responsibilities.

Thus, my second major duty is the direct supervision of the Foreign Agricultural Service -- there being no Assistant Secretary to whom this function is assigned at present. This includes responsibility for the Department's activities in maintaining and expanding sales of U.S. agricultural commodities in foreign markets and includes the administration of a major part of the Food for Peace program under Public Law 480.

Third, I am Chairman of the Budget Committee of the Department of Agriculture.

Fourth, I am President of the Commodity Credit Corporation.

Fifth, I have been assigned special responsibility for supervising the commodity programs of the Department. This includes such things as fixing national support prices and national acreage allotments for tobacco, rice, peanuts, cotton, wheat, feed grains and other commodities. It also includes policies relating to the management and disposition of Government stocks of agricultural commodities-- and the purchase and distribution of commodities for the school lunch program and the direct distribution program for feeding needy persons.

Sixth, I coordinate and review the Department's staff work on major legislative proposals -- and review all departmental reports on legislation, about 800 of them a year.

Seventh, I am a member, and usually act as chairman, of the Program Review Board of the Department.

Eighth, I supervise the civil defense activities of the Department, which are very extensive.

Ninth, I review all marketing orders and amendments thereto before they are issued. There are several hundred of these a year.

Tenth, I am the Department's representative on the Trade Policy Committee, which is the Cabinet committee responsible for making recommendations to the President on foreign trade matters.

Finally, I serve as Acting Secretary in the absence of the Secretary.

These various responsibilities entailed an extremely busy schedule in the past fall and winter. The Secretary was away on an extended official trip in October and November 1961. During this period it was necessary to establish the national cotton allotment for 1962 -- a highly controversial matter -- which was set at over 18 million acres. A considerable readjustment of sugar quotas was required in late 1961 to stabilize the market. Sales of corn and sorghum under the 1961 Emergency Feed Grain Program required almost constant attention in order to prevent disruption of normal trade channels and market upsets. Much staff work was required on the farm legislation that was to be presented to the Congress. Work had to be completed on the 1963 Budget. Much work had to be done in fixing support prices for the 1962 crops. In December 1961 and again in January 1962, the President sent me to Europe for negotiations with the European Economic Community concerning agricultural exports.

I mention these examples because it must be apparent that in this position I cannot give detailed study to all of the decisions that must be made. Many decisions, some of great importance, must be made every day. While the responsibility is mine, and I accept it fully, I must rely on information, briefing and assistance from other Department officials whose specialized fields of concentration enable them to examine special problems more thoroughly.

Turning to the Estes case, I have had no participation in and no detailed knowledge of any matters relating to Mr. Estes except some of the decisions relating to his pooled cotton allotments and his membership on the cotton advisory committee.

Sometime at the end of August or beginning of September 1961, a Mr. Keith Walden of Tucson, Arizona, came to my office to inquire about cotton allotment transfers. Mr. Walden was interested in securing such transfers. He said he wanted to be sure to comply with all laws and regulations, particularly since he had heard rumors that some question had been raised about transfers secured by another cotton producer. In response to my inquiry, he said the producer in question was Billie Sol Estes. Mr. Walden's remarks were non-specific in nature and based wholly on hearsay. I made inquiries to determine if there was any basis in fact for his statements. These inquiries may have resulted in the memorandum of September 8, 1961, from Emery Jacobs, which is already a part of your record, although I have no actual recollection of having requested or seen that memorandum. In any event, I learned that a full investigation of Estes' cotton allotment transfers was already under way and that I would be informed of its results. This was done at a meeting on December 4, 1961, which was arranged by Mr. Godfrey to brief me on the problem.

According to my recollection, I also received a telephone call from Senator Yarborough, probably in the latter part of October, saying that a penalty had been assessed against Mr. Estes for excess cotton acreage and asking that I look into it. This was a normal request of the same kind we frequently receive from Senators and Congressmen. Upon inquiry of the staff in the Department, probably at a meeting in my office on October 19th, I learned that this apparently was the penalty of some \$48,000 with respect to the so-called Alabama acreage for which no allotment notices were issued. It seemed clear that this penalty was properly assessed, and I so informed Senator Yarborough.

At the December 4 meeting, I was briefed on the transfers that had been made from the eminent domain pool and the results of the investigation made by the Investigation Division of ASCS. I was also advised that as a result of a meeting held in Mr. Godfrey's office on November 14, 1961, the 1962 allotments had not been issued.

A general discussion was held in regard to the law relating to transfers of allotments from the eminent domain pool.

In the discussion, it was pointed out that the attorneys for Mr. Estes and other producers contended that the sale of land to displaced producers was bona fide, while officials of the Department felt there was a question as to the validity of the transfers.

As a result of the discussion, I asked the General Counsel to prepare a memorandum dealing with some of the legal questions involved.

The results of this meeting are further reflected in the memorandum from the General Counsel to me dated December 15, 1961, which has already been inserted in the record. It will be seen that this memorandum is basically a rejection of Estes' position that he was entitled to the allotments, subject to his right to appeal to the Review Committees and the courts. The actions taken pursuant to this memorandum and all actions taken by the Department thereafter in which I participated with respect to this matter have consistently maintained and protected the Department's basic position on this question while, at the same time, according what I believe to be every citizen's right - the right to a fair consideration of his case.

Specifically, it will be noted that the December 15th memorandum said "We understand that notices of 1962 cotton allotments are being withheld pending a final determination of this matter." The fact is that 1962 allotment notices

have never been issued to Estes, and therefore the Government has always been fully protected as to the 1962 crop.

Next, it will be noted that the December 15th memorandum indicated that with respect to the 1961 cotton planted by Estes on the so-called Alabama acreage, the marketing quota penalty had been assessed and paid. The Department has consistently maintained the position that this penalty was properly imposed and should be retained. The case, however, is pending before a Review Committee on appeal by Estes. It must be apparent that if an appeal is taken in the Alabama case, there was real reason for concern about appeals in other cases where the Government's position appeared to be substantially weaker.

As to that part of the 1961 crop for which allotment notices were issued, the memorandum said the erroneous notice rule would be applicable to the 1961 allotment for which cotton was planted in reliance on the notice and said "It appears that Estes acted upon advice of his attorney and relied solely on the notices of allotment erroneously issued by the county committee after approval of the State committee had been obtained. Therefore, no 1961 marketing quota penalty is involved for such plantings of cotton."

This language reflected the Department's understanding of the facts as of that time. I did not learn until April 1962 that most of the plantings occurred before the allotment notices were issued, and this means, of course, that the erroneous notice rule is not applicable in those instances. But at the time of the meeting of December 4, 1961, as well as the later meeting of January 6, 1962, it was my understanding that no penalty would be payable as to any of the 1961 crop except the so-called Alabama acres. It was also my understanding that this was not a policy question at all, but rather a result which followed as a matter of law from the facts as they appeared from the investigation report.

There remains the question of the allotment transfers themselves (as distinguished from the allotments for a particular crop). The December 15th memorandum recommended that action be taken to cancel these transfers.

It was recognized that any such cancellation would be subject to appeal by the producer, and that on appeal the producer might present evidence that could result in re-establishment of the transfer of the allotment.

On December 22, 1961, a conference was held in Mr. Godfrey's office, which I did not attend, where it was decided to proceed substantially in accordance with the General Counsel's memorandum of December 15, including cancellation of the 1961 transfers of allotment. Mr. Godfrey and Mr. Bagwell reported the results of the meeting to me. I concurred in this cancellation.

Thereafter, notice to cancel the allotment transfers to Estes was sent out on December 26, 1961.

On or about January 3, 1962, Congressman Rutherford of Texas called me by telephone urging that the Department was wrong in cancelling cotton allotments from the pooled acreage that had been transferred to Pecos and Reeves Counties. He said that while he had only recently become familiar with the matter, he had studied it with some care and he was convinced that the owners had a meritorious case. He said that he was not well acquainted with Estes but was well acquainted with Estes' attorney, John Dennison, and knew him to be a man of high integrity and honesty and a capable lawyer. He urged that a meeting be held to give further consideration to the matter, saying that the parties involved had spent substantial sums in reliance on advice they had received from State and county offices of the Department, and that in his judgment they were not being treated fairly.

The Congressman in no way suggested that the case should be considered on any basis other than its merits, but on the merits he urged that it be reconsidered.

I receive many requests to meet with Members of Congress and their constituents to discuss actions of the Department. To the best of my recollection, I have never turned down a request for such a meeting that

was seriously pressed. I have great respect for the Congress and believe that we should pay serious attention to the views of its Members. It is not at all unusual for them to ask that further consideration be given to some action of the Department which they feel may be unfair to their constituents. I have always made a conscientious effort to see that these requests are fully considered. That is what was involved here - a normal request for a meeting with a Member of Congress and some of his constituents. I consider it my duty to try to comply with such a request from any Congressman or Senator -- and to meet with them in good faith to give careful consideration to their point of view.

However, in this case I did express reluctance to agree to the meeting requested because of my very heavy schedule at that time. I finally said that I could meet with the Congressman and his constituents on the following Saturday if he felt strongly about it, and he urged that I do so.

Accordingly, I did agree to the meeting requested by Congressman Rutherford. He arranged for the attendance of those who came from outside the Department, and I arranged for the attendance of Department personnel. In order that the statements to be presented could be properly evaluated, and so that I could get the best advice available in the Department, I had the legal and administrative officials most familiar with the subject attend the meeting.

The meeting was held on January 6, 1962, in my office. Those present were Congressman Rutherford; Senator Yarborough; Alex Dickie, Jr., Administrative Assistant to Senator Yarborough; Billie Sol Estes; his attorney, John Dennison; Ed Jaenke, Associate Administrator of ASCS, who was acting as Administrator because of the illness of Administrator Godfrey; Joe Moss, Director of the Cotton Division, ASCS; Emery Jacobs, Deputy Administrator State and County Operations, ASCS; John Bagwell, General Counsel; Howard Rooney of the General Counsel's Office; and myself.

Estes, himself, had relatively little to say. He said that he had relied completely on the advice of his attorney to the effect that the manner in which the allotments were transferred from the pools was entirely legal. Dennison did most of the talking in presenting their position.

I asked if it was their position that the land transactions were really bona fide sales and purchases of land. They said very definitely that they so considered them. Dennison said that the contracts under which the displaced owners obtained the deeds to the farms from Estes were bona fide, that Estes was bound by the contracts, and there were no agreements between Estes and displaced owners other than the written contracts. He emphasized his position that these transactions were carefully checked with State and County ASCS officials in advance to make sure they complied with the Department's rules and regulations in all respects, and that they had actually been approved at both the State and County level. Dennison stated that he had obtained a copy of the Bridgforth memorandum of October 13, 1960, and believed that the transactions in question were legal in the light of that memorandum, that he was not aware at the time of the transactions that the form of contract they used had been disapproved in the Manwaring memorandum of December 20, 1960, and that he did not know that the transactions were being questioned until he learned that an investigation was being made by the Department.

Senator Yarborough stated that there seemed to be a genuine legal dispute, and that he hoped the Department would consider each case on its merits. Congressman Rutherford made the same request and mentioned the impact of any decision in the matter on the economy of West Texas.

There was a general discussion of the Review Committee procedure, and Dennison was told that it would be necessary to appeal within 15 days from the date of the cancellation notices concerning the pooled allotments. He stated that was his understanding of the situation, and said he would be hard pressed to prepare all the appeals within that time, and urged that he be permitted to prove the transactions were bona fide without first going to the Review Committee. Dennison was then told that the matter would be considered, and he would be considered, and he would be advised of the Department's decision by a telephone call to him at his hotel. He requested that any decision that was made also be confirmed in writing. By this time, it was past the lunch hour and the persons at the meeting not connected with the Department left.

The persons connected with the Department remained and discussed the case. It was decided that the 1961 allotment cancellation notices would be recalled for the time being and the Department would consider the matter further, particularly with respect to giving the parties involved an opportunity to prove the bona fide character of the alleged purchases of land. It was also tentatively decided that someone from the General Counsel's office and ASCS would check the Texas State Office and the county offices to get more information about how these cases had been handled. Dennison was then

informed over the 'phone by me on January 6th that the 1961 allotment cancellation notices would be recalled for the time being and the Department would consider the matter further. This was confirmed by telegrams on January 8th to Estes and the Texas State ASC Committee.

The temporary recall of the 1961 allotment cancellation notices was merely a procedural matter to make it unnecessary for the parties to prepare and file some eighty appeals at that time to preserve their rights in proceedings before the Review Committee. I believe it is an almost universal custom in legal proceedings to grant reasonable extensions of time upon request of the parties or their counsel, when time is not of the essence. That is what was done here. The position of the Department was not adversely affected in any way. Although it did not appear to me at that time that Dennison had presented any sufficient reason for the Department to change its position that the allotment transfers were invalid, nevertheless, it seemed, particularly in the light of their claims of hardship because of reliance on advice of State and county USDA officials, that they should have a reasonable opportunity to prepare and present their case.

To say that this action was a reversal of the Departments' position is to mis-state the fact. What was done was to preserve due process for a citizen, protect the possible interests of many small displaced farmers, and strengthen the Government's legal posture for any future court test.

It has been suggested that I overruled the General Counsel and Mr. Godfrey in the actions resulting from the January 6 meeting. This is not the case.

The General Counsel was in complete accord with this action. He does not regard it as in any way a reversal of or inconsistent with his opinion of December 15, 1961, recommending cancellation of the allotments; and I in no sense overruled him in arriving at this decision. He felt as I did that as matters then stood there was a likelihood that the transfers of allotments would be upheld by the Review Committees on appeal -- and in that event, with the Government having no further right of appeal, the allotment transfers would be validated not only for 1961 but also for all future years.

Mr. Godfrey also has told me that he does not regard the action taken as a result of the January 6th meeting as in any way a reversal of or inconsistent with our decision of December 22, 1961, to cancel the allotments. On the contrary, he thinks these actions strengthened the Government's position, particularly in view of his previous experience with Review Committees. While Mr. Godfrey was not at the meeting of January 6 because of his illness, he says he would have taken the same actions had he been there and the decision was up to him.

In the meeting of January 6th, when the sending of someone to Texas for a further check in the State and county offices was discussed, there was some discussion of who might be sent. The names mentioned included Howard Rooney, Emery Jacobs, and Thomas Miller. In view of the

assertions that Estes had relied on the advice of USDA officials in Texas, I said I thought we should send people who were thoroughly ' familiar with the cotton allotment program and who would be competent to appraise what had happened. I also told Mr. Jacobs, as the meeting broke up, that I would like for him to make sure that whoever was sent would be objective and able to find out what really had happened in the State and county offices. I had no further participation in the selection or instruction of the people who were sent to Texas. Mr. Rooney reported on the trip to Texas at a meeting in my office on January 19, 1962. This report did not clearly establish the truth or falsity of Dennison's claim that Estes had acted on the advice of the Department's State and local offices. However, the fact remained that the county committees did actually issue the allotment notices which lent credence to Dennison's statement that he did receive advice that the transfers were not legally objectionable.

In June 1962, I learned for the first time that Thomas Miller had filed a separate written report. I did not talk to Miller before he went to Texas or after he returned. I never saw his report until about June 15, 1962. His report did not in any way affect subsequent actions or decisions of the Department.

After hearing Mr. Rooney report on the trip to Texas, a proposed procedure was developed -- in the General Counsel's Office and the Cotton Division -- which would permit the seller to execute and file a "Seller's Certification of Bona Fide Sale of Land." This was a certification, under oath, that the displaced owner purchasing the land had paid in full the first annual installment on the purchase price, that such payment was bona fide and regular in every respect, and that the displaced owner was the bona fide owner of the farm to which the cotton allotment was transferred.

It was pointed out by the general counsel that the procedure for filing sellers' certification of bona fide sale would serve three very useful purposes:

(1) If the sales really were bona fide, it gave the parties a chance to establish that fact and prevent a possible injustice to them.

(2) If the sales were not really bona fide, it would help to bring out that fact and strengthen the Department's position in any cases that might be taken before Review Committees and to the courts.

(3) For the first time, the seller would be required to certify under oath as to the good faith of the transactions.

We felt a two-fold obligation: (1) To protect the interest of the United States, and (2) to deal justly with private citizens. We were just as anxious not to deprive citizens of anything they were legally entitled to as we were to make sure they did not receive something they were not entitled to. Our most important problem was to settle the validity of the allotment transfers for future crops -- permanently. If the producers could win before a Review Committee on the 1961 allotments, they would establish the permanent right to the allotments for 1962 and future years. This is why it was so important to strengthen the Government's case if the transactions were not in fact bona fide.

These ideas are apparent in the General Counsel's memorandum to me of January 31, 1962, recommending the certification procedure, in which he said:

"Although the contractual arrangements used by Estes appear on the face to be a scheme and device to sell allotments, we believe that Estes is entitled to support his contention by a proper certification that a displaced owner has actually, without subterfuge or side agreement, made the first installment payment on the purchase price of the land purportedly purchased from Estes."

"If such a certification is furnished by Estes it would appear to be proper to issue 1962 cotton allotments for any such displaced owners. It would probably be necessary to delay issuance of subsequent year's allotment notices until a similar certification is furnished with respect to each successive installment payment on the purchase price."

I call the Committee's particular attention to the first part of the first paragraph of the above quotation which reads "Although the contractual arrangements used by Estes appear on the face to be a scheme and device..." Could anyone fairly contend that this position would be reiterated by any agency seeking to assist Estes? The fact is, that barring proof which we did not believe Estes could offer, he would remain in the same position in which the December 26 notice had placed him. The Department's position in any subsequent court test, on the other hand, would be infinitely strengthened.

I have been informed by the General Counsel that he regards this certification procedure as entirely consistent with the views and recommendations expressed by him in his memorandum to me of December 15, 1961. He recommended or concurred in all the actions which I took as a result of the January 6 meeting. I think our General Counsel is to be commended for developing this very helpful procedure for cutting through the tangled and difficult situation with which we were confronted.

(more)

It has been suggested that a deadline should have been included for a return of the sellers' certificates. I agree this might have been preferable but I point out that nature itself provided a natural deadline. Time was of the essence to the producer but not to the Government.

I believe the meeting of January 6th and the actions taken as a result of it were of benefit to the United States. I think it was right to develop something that benefitted the United States as this did. I think it was right to give anyone -- including Billie Sol Estes -- a fair chance to prove his case.

The efficacy of this certification procedure was demonstrated within a few weeks. A number of the sellers, apparently not being in a position to establish that the transactions were bona fide by showing that the parties were going through with the original terms, began to seek the concurrence of the Department in a modification of the terms through a stretchout in the time for paying the purchase price of the land. The General Counsel, Mr. Bagwell, and possibly other officials of the Department, mentioned to me in March that they had been contacted by some of the parties to these transactions seeking relief of this nature. Mr. Bagwell has already testified before this Committee as to these facts. I did not ask that any consideration be given to these requests or that any action be taken with respect to them.

On March 21, 1962, Mr. Bagwell gave me a draft memorandum which he also has already discussed with this Committee. This memorandum discussed certain proposals that had been submitted to the Department for substituting a third party for the original purchaser and extending the payment period. The memorandum stated the General Counsel's opinion that bona fide substitution of parties under these proposals would be legally supportable and also stated that, unless I had objections from an administrative viewpoint, steps would be taken to have 1962 cotton allotments issued in all cases similar to these proposals.

When he gave this memorandum to me and described it briefly, it seemed to me to raise questions of such complexity that I did not want to make a snap decision on it, so I said I would need time to study it and think about it. Because of the urgency of other matters, it was some time before I had an opportunity to study this matter. When I did have an opportunity to study it, I did not approve it. But I was still concerned lest we deprive anyone of fair consideration of his rights.

Accordingly, I arranged for a discussion of the matter with appropriate legal and administrative officials of the Department on March 28, 1962. No decision was reached at this meeting. In fact, I believe that I was called away by other business before the meeting ended.

On March 29, as you will recall, Mr. Estes was arrested in connection with charges that he had defrauded 12 of the largest finance companies in America of \$30 million. Although his arrest was for actions bearing no relationship to his cotton allotments, it soon became apparent that he was a far different kind of man than we had been led to believe. This naturally resulted in a re-examination of all his dealings with the Department of Agriculture, including the whole problem of cotton allotments. As a result of this re-examination, the Secretary decided on or about April 12, 1962, that a cut-off date should be established for filing the Seller's Certification of Bona Fide Sale and that we should proceed with the cancellation of the allotment transfers in cases where the certification was not filed by that date. He also decided that we should not concur in the renegotiation of the purchase contracts.

Turning now to the question of Estes' membership on the cotton advisory committee.

A review of the facts relating to this question indicates a general consensus in December 1961 among people in the Department who were familiar with the case that there was not sufficient reason for dropping Estes from the committee.

In discussing this matter, I think that it will be useful if I review the history and the functions of the advisory committee.

The cotton advisory committee is one of more than fifty national advisory committees in the Department of Agriculture. The function of this committee and of the others, as their name implies, is merely advisory. They make no decisions for the Department; they neither consider nor are they made aware of any applications or requests by persons dealing with the Department; and they sit in judgment of no one. In short, these committees make recommendations as to general policy, and do no more. The cotton advisory committee did not at any time consider or pass upon pooled cotton allotments.

The committee has 33 members, mostly cotton producers. Fifteen States are represented in its membership.

Prior to the passage of the Agricultural Act of 1961, the cotton advisory committee was an informal group under the chairmanship of Dr. Alexander Nunn of Birmingham, Alabama, which advised Secretary Freeman with respect to cotton. Dr. Nunn as chairman maintained membership lists and issued the invitations to serve on the committee. The committee met in February 1961 and its next meeting was not held until July 17 and 18, 1961.

Estes was recommended for membership on the committee by Senator Ralph Yarborough in a letter dated January 27, 1961.

In advance of the July 1961 meeting of the committee, Dr. Nunn and I discussed the names of several additional persons, including Estes, whom Dr. Nunn might invite to serve on the committee. At that time, neither Dr. Nunn nor I had any knowledge or information concerning Estes except through Senator Yarborough's recommendation.

On June 8, 1961, Dr. Nunn wrote to Secretary Freeman recommending a number of persons, among them Estes, for membership on the committee. In referring to Estes, Dr. Nunn wrote:

"Billie Sol Estes from the Pecos, Texas area in Southwest Texas. He is a young man who was promoted for the Committee after the election and into the new year by Senator Yarborough of Texas. I have had a check made on him and I find that he is highly thought of. He was selected two or three years ago as an outstanding young farmer by the Junior Chamber of Commerce. He is now about 37 years of age."

With my concurrence, Dr. Nunn invited Estes to become a member of the committee, and he was added along with several other new members as of July 11, 1961.

After passage of the Agricultural Act of 1961, which specifically authorized the appointment of advisory committees, it was decided to convert the existing cotton advisory committee into a formal advisory committee under the 1961 Act. It was also decided to retain as members all the members of the prior committee except for a few who wished to terminate their service for various personal reasons.

In the course of an investigative check on members of the old committee who were to be retained on the committee, Mr. John E. Francis, of the Office of Personnel, made a report to Administrative Assistant Secretary Joseph Robertson recommending that Estes' name be dropped from further consideration at that time. This recommendation was based on Mr. Francis' understanding of a summary of the ASCS investigation report of October 27, 1961, concerning the transfer of the Estes cotton allotments. Although he called attention to the digest of an FBI file on another matter, he did not appear to attach importance to it.

At this time, the Department was considering the problem of the transfer of pooled allotments. Decision on the committee membership question was withheld pending further consideration of the allotment transfer problem.

The December 4, 1961 meeting of Departmental officials, which was held to brief me on the cotton allotment transfer problem, included the persons from the General Counsel's Office and from ASCS who were most familiar with the case and upon whom I should properly rely for advice. These people were all familiar with the investigation report of October 27, 1961. Also present was Mr. Joseph Robertson, to whom Mr. Francis' recommendation was addressed. Those present included

the following:

John C. Bagwell, General Counsel
.; Edward M. Shulman, Deputy General Counsel
Paul H. Rapp, Office of General Counsel
Horace D. Godfrey, Administrator, ASCS
Emery E. Jacobs, Deputy Administrator, State and
County Operations, ASCS
Charles M. Cox, Assistant Deputy Administrator,
State and County Operations, ASCS
Joseph A. Moss, Director, Cotton Division, ASCS
Joseph M. Robertson, Administrative Assistant Secretary

At this meeting, as I have already stated, there was a general discussion of the allotment transfer problem, including the investigation report and the legal questions involved. Attorneys at the meeting expressed the view that no fraud or other criminal offenses were indicated by the facts in the investigation report.

I raised the question as to whether the circumstances as we knew them then justified dropping Mr. Estes from the cotton advisory committee, but no one indicated that he felt such action should be taken. The question of membership on the advisory committee was not resolved at this time.

In the days that followed, the General Counsel studied the allotment transfer question further, and as I have already stated made a report to me dated December 15, 1961, which I did not receive until later because on that date I was in Europe for negotiations concerning the Common Market and its potential effect on exports of our agricultural commodities.

After my return, Mr. Robertson came to me on December 21 and asked my advice on retaining Estes on the advisory committee. According to Mr. Robertson's recollection, Mr. Emery Jacobs was also present and pointed out that the cotton allotment problem apparently involved the question of possible civil penalties rather than possible criminal penalties; that Mr. Estes was a widely respected man in his community as evidenced by his appointment to a college board of trustees; that he came highly recommended to the Department by people from Texas; and he, Mr. Jacobs, recommended that Estes be retained on the Advisory Committee.

After some discussion, I told Mr. Robertson I thought Estes should not be dropped from the advisory committee. I advised as I did, in the light of information we knew then, for the following reasons.

I did not view the matter as an original appointment where the question as to whether a man was or was not appointed would have little public reaction. Instead, it was a question as to whether a man who had been and was then a member of an advisory committee -- a committee that carried with it public recognition, but no operational responsibility -- was known to have done anything to warrant being faced with public humiliation and suspicion as to why he should have been dropped from such a committee.

Mr. Estes was known to us then as a very respectable and highly respected citizen. We naturally looked at the facts known to us in

this particular matter in the light of what would be expected of an honest and respectable man.

It appeared that Estes had acted on advice of legal counsel throughout the whole matter. Estes and his attorneys contended that they had acted in accordance with the regulations, that the regulations did not prohibit what they had done, and that the State and county committees had approved what they had done by issuing the allotments.

The controversy did not suggest criminal conduct on Estes' part. The penalty for excess planting was a civil monetary penalty for excess marketing. Many growers overplant and pay such a penalty and are then free to market the cotton. The planting of excess cotton by Estes was not a crime and the penalties assessed against him are not criminal fines.

Mr. Francis' memorandum recommending that Estes be dropped seemed to indicate clearly that he thought offenses of a criminal nature were alleged against Estes. In retrospect, I have no doubt that I discounted the recommendation made by Mr. Francis because of my belief that he misunderstood the nature of the legal question presented.

Also, none of the officials of the Department with whom I had discussed the allotment transfer problem, and who were thoroughly familiar with the investigation report, had expressed the opinion that Estes should be dropped.

Obviously, this decision would not have been made in the light of what we know now. Events that have transpired since then, plus information that has been dug out by hundreds of investigators, have revealed much more about Estes' operations than it was possible for us to know then.

In retrospect, it is clear that it would have been wiser not to have kept Estes on the advisory committee. Back in December when he was generally regarded as a man of good reputation even though he was about to be penalized for overplanting cotton, my decision was based solely on what I believed was right. No one tried to bring any pressure of any kind. There was no favoritism. I would have made the same decision with regard to any other member of the committee had the circumstances been the same. If the decision was in error, it was an error due to my application of the principle that in balancing the power of Government against an individual citizen, the rights of the citizen should be given due consideration - even to the extent of considering him innocent until he has been proved guilty.

In summary, let me say--

1. All of the matters I dealt with concerning Estes came to me in the normal course of my duties as Under Secretary of Agriculture.

2. I dealt with all of them strictly on the merits as I saw them. My sole purpose was to protect the interest of the Government while according to citizens the rights to which every man - even including Billie Sol Estes - is entitled.

3. By the time this case was brought to my attention in the fall of 1961, it was extremely complex and difficult.

4. The issues involved in the cotton allotment transfers were primarily legal issues. I wanted to see that all citizens concerned, including Estes, got what they were legally entitled to--no more and no less.

5. I approved the cancellation of Estes' cotton allotment transfers on December 22, 1961. As a result of the "second look" taken at the request of Members of Congress in January 1962, more effective procedures were devised for determining the rights to which the parties were entitled. These procedures, far from being a reversal of the Department's basic position, have resulted in benefit to the United States by strengthening the Government's legal posture.

6. The Estes case has emphasized the extreme complexities and difficulties in administering programs involving millions of farmers. It has brought to light some faults in both communication and administration, shortcomings that have developed over many years. It has caused the Department to accelerate and intensify its efforts to achieve administrative improvements.

7. In the final analysis, the Estes case reveals that a man who by his twisting and turning was able to defraud major financial institutions

of many millions of dollars, was able to gain nothing by all his twisting and turning with the Department of Agriculture.

8. In our dealings with Estes, we exhibited no favoritism--only the fairness and justice that every American has a right to expect in dealing with his Government.

Finally, let me say that I don't think I ever saw Mr. Estes except at the one meeting in my office on January 6, 1962, and at the meetings of the cotton advisory committee he attended. I never talked to him on the telephone. Mr. Estes had very little to say at the advisory committee meetings I attended. To the best of my knowledge, pooled cotton allotments were never discussed in the advisory committee meetings.

A few weeks after Mr. Estes attended his first advisory committee meeting in July 1961, I received by express a small crate of cantaloupes - 6 or 8 as I recall - with a label indicating it came from him. I wrote him a note of thanks. Several weeks later, I received a second crate. I wrote him a second letter in which I said:

"Dear Mr. Estes:

We appreciated very much the cantaloupes you sent and were quite surprised when the second crate arrived. We have enjoyed them very much and, while we are most grateful for your thoughtfulness, I think we should ask that you not send any more. As you may know, the policies of this Administration with respect to the acceptance of gifts are

very stringent and, while I am sure that you have only the best of motives and intentions, I think it is best to avoid all possibilities of misunderstanding or difficulty, but they were mighty good cantaloupes and we do appreciate your thoughtfulness."

Except for these cantaloupes, I have received no gifts, gratuities or other benefits from Mr. Estes. No one has ever asked me or tried in any way to induce me to make any decision or take any action relating to Estes on any basis other than the merits.

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Murphy

STATEMENT OF CHARLES S. MURPHY
UNDER SECRETARY OF AGRICULTURE
BEFORE
THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

My name is Charles S. Murphy. My address is Greenbriar Lane, Annapolis, Maryland. I am Under Secretary of Agriculture.

I have worked for the Federal Government for 26 years, first as a laborer in the Post Office in Wilmington, North Carolina, and then as a clerk in the Post Office in Durham, North Carolina, while I was going to school.

From 1934 to 1947, I worked for the United States Senate as a draftsman in the Office of the Legislative Counsel. My principal duties were to assist Senators and Senate Committees in drafting bills and preparing committee reports.

From 1947 to 1950, I was Administrative Assistant to the President of the United States, and from 1950 to 1953, Special Counsel to the President.

From 1953 to 1961, I practiced law here in Washington.

I have been Under Secretary of Agriculture since March 1961. It might be appropriate for me to outline briefly my duties in that position.

First, I serve as general "Number 2" man in the Department and have a general supervisory function for all of its activities and agencies. This includes, of course, not only the part of the activities of the Agricultural Stabilization and Conservation Service you have been studying, but all the other activities of that agency -- as well as the activities of the other 15 operating agencies of the Department. In addition to my general supervisory functions, I have been assigned various other special responsibilities.

Thus, my second major duty is the direct supervision of the Foreign Agricultural Service -- there being no Assistant Secretary to whom this function is assigned at present. This includes responsibility for the Department's activities in maintaining and expanding sales of U.S. agricultural commodities in foreign markets and includes the administration of a major part of the Food for Peace program under Public Law 480.

Third, I am Chairman of the Budget Committee of the Department of Agriculture.

Fourth, I am President of the Commodity Credit Corporation.

Fifth, I have been assigned special responsibility for supervising the commodity programs of the Department. This includes such things as fixing national support prices and national acreage allotments for tobacco, rice, peanuts, cotton, wheat, feed grains and other commodities. It also includes policies relating to the management and disposition of Government stocks of agricultural commodities-- and the purchase and distribution of commodities for the school lunch program and the direct distribution program for feeding needy persons.

Sixth, I coordinate and review the Department's staff work on major legislative proposals -- and review all departmental reports on legislation, about 800 of them a year.

Seventh, I am a member, and usually act as chairman, of the Program Review Board of the Department.

Eighth, I supervise the civil defense activities of the Department, which are very extensive.

Ninth, I review all marketing orders and amendments thereto before they are issued. There are several hundred of these a year.

Tenth, I am the Department's representative on the Trade Policy Committee, which is the Cabinet committee responsible for making recommendations to the President on foreign trade matters.

Finally, I serve as Acting Secretary in the absence of the Secretary.

These various responsibilities entailed an extremely busy schedule in the past fall and winter. The Secretary was away on an extended official trip in October and November 1961. During this period it was necessary to establish the national cotton allotment for 1962 -- a highly controversial matter -- which was set at over 18 million acres. A considerable readjustment of sugar quotas was required in late 1961 to stabilize the market. Sales of corn and sorghum under the 1961 Emergency Feed Grain Program required almost constant attention in order to prevent disruption of normal trade channels and market upsets. Much staff work was required on the farm legislation that was to be presented to the Congress. Work had to be completed on the 1963 Budget. Much work had to be done in fixing support prices for the 1962 crops. In December 1961 and again in January 1962, the President sent me to Europe for negotiations with the European Economic Community concerning agricultural exports.

I mention these examples because it must be apparent that in this position I cannot give detailed study to all of the decisions that must be made. Many decisions, some of great importance, must be made every day. While the responsibility is mine, and I accept it fully, I must rely on information, briefing and assistance from other Department officials whose specialized fields of concentration enable them to examine special problems more thoroughly.

Turning to the Estes case, I have had no participation in and no detailed knowledge of any matters relating to Mr. Estes except some of the decisions relating to his pooled cotton allotments and his membership on the cotton advisory committee.

Sometime at the end of August or beginning of September 1961, a Mr. Keith Walden of Tucson, Arizona, came to my office to inquire about cotton allotment transfers. Mr. Walden was interested in securing such transfers. He said he wanted to be sure to comply with all laws and regulations, particularly since he had heard rumors that some question had been raised about transfers secured by another cotton producer. In response to my inquiry, he said the producer in question was Billie Sol Estes. Mr. Walden's remarks were non-specific in nature and based wholly on hearsay. I made inquiries to determine if there was any basis in fact for his statements. These inquiries may have resulted in the memorandum of September 8, 1961, from Emery Jacobs, which is already a part of your record, although I have no actual recollection of having requested or seen that memorandum. In any event, I learned that a full investigation of Estes' cotton allotment transfers was already under way and that I would be informed of its results. This was done at a meeting on December 4, 1961, which was arranged by Mr. Godfrey to brief me on the problem.

According to my recollection, I also received a telephone call from Senator Yarborough, probably in the latter part of October, saying that a penalty had been assessed against Mr. Estes for excess cotton acreage and asking that I look into it. This was a normal request of the same kind we frequently receive from Senators and Congressmen. Upon inquiry of the staff in the Department, probably at a meeting in my office on October 19th, I learned that this apparently was the penalty of some \$48,000 with respect to the so-called Alabama acreage for which no allotment notices were issued. It seemed clear that this penalty was properly assessed, and I so informed Senator Yarborough.

At the December 4 meeting, I was briefed on the transfers that had been made from the eminent domain pool and the results of the investigation made by the Investigation Division of ASCS. I was also advised that as a result of a meeting held in Mr. Godfrey's office on November 14, 1961, the 1962 allotments had not been issued.

A general discussion was held in regard to the law relating to transfers of allotments from the eminent domain pool.

In the discussion, it was pointed out that the attorneys for Mr. Estes and other producers contended that the sale of land to displaced producers was bona fide, while officials of the Department felt there was a question as to the validity of the transfers.

As a result of the discussion, I asked the General Counsel to prepare a memorandum dealing with some of the legal questions involved.

The results of this meeting are further reflected in the memorandum from the General Counsel to me dated December 15, 1961, which has already been inserted in the record. It will be seen that this memorandum is basically a rejection of Estes' position that he was entitled to the allotments, subject to his right to appeal to the Review Committees and the courts. The actions taken pursuant to this memorandum and all actions taken by the Department thereafter in which I participated with respect to this matter have consistently maintained and protected the Department's basic position on this question while, at the same time, according what I believe to be every citizen's right - the right to a fair consideration of his case.

Specifically, it will be noted that the December 15th memorandum said "We understand that notices of 1962 cotton allotments are being withheld pending a final determination of this matter." The fact is that 1962 allotment notices

have never been issued to Estes, and therefore the Government has always been fully protected as to the 1962 crop.

Next, it will be noted that the December 15th memorandum indicated that with respect to the 1961 cotton planted by Estes on the so-called Alabama acreage, the marketing quota penalty had been assessed and paid. The Department has consistently maintained the position that this penalty was properly imposed and should be retained. The case, however, is pending before a Review Committee on appeal by Estes. It must be apparent that if an appeal is taken in the Alabama case, there was real reason for concern about appeals in other cases where the Government's position appeared to be substantially weaker.

As to that part of the 1961 crop for which allotment notices were issued, the memorandum said the erroneous notice rule would be applicable to the 1961 allotment for which cotton was planted in reliance on the notice and said "It appears that Estes acted upon advice of his attorney and relied solely on the notices of allotment erroneously issued by the county committee after approval of the State committee had been obtained. Therefore, no 1961 marketing quota penalty is involved for such plantings of cotton."

This language reflected the Department's understanding of the facts as of that time. I did not learn until April 1962 that most of the plantings occurred before the allotment notices were issued, and this means, of course, that the erroneous notice rule is not applicable in those instances. But at the time of the meeting of December 4, 1961, as well as the later meeting of January 6, 1962, it was my understanding that no penalty would be payable as to any of the 1961 crop except the so-called Alabama acres. It was also my understanding that this was not a policy question at all, but rather a result which followed as a matter of law from the facts as they appeared from the investigation report.

There remains the question of the allotment transfers themselves (as distinguished from the allotments for a particular crop). The December 15th memorandum recommended that action be taken to cancel these transfers.

It was recognized that any such cancellation would be subject to appeal by the producer, and that on appeal the producer might present evidence that could result in re-establishment of the transfer of the allotment.

On December 22, 1961, a conference was held in Mr. Godfrey's office, which I did not attend, where it was decided to proceed substantially in accordance with the General Counsel's memorandum of December 15, including cancellation of the 1961 transfers of allotment. Mr. Godfrey and Mr. Bagwell reported the results of the meeting to me. I concurred in this cancellation.

Thereafter, notice to cancel the allotment transfers to Estes was sent out on December 26, 1961.

On or about January 3, 1962, Congressman Rutherford of Texas called me by telephone urging that the Department was wrong in cancelling cotton allotments from the pooled acreage that had been transferred to Pecos and Reeves Counties. He said that while he had only recently become familiar with the matter, he had studied it with some care and he was convinced that the owners had a meritorious case. He said that he was not well acquainted with Estes but was well acquainted with Estes' attorney, John Dennison, and knew him to be a man of high integrity and honesty and a capable lawyer. He urged that a meeting be held to give further consideration to the matter, saying that the parties involved had spent substantial sums in reliance on advice they had received from State and county offices of the Department, and that in his judgment they were not being treated fairly.

The Congressman in no way suggested that the case should be considered on any basis other than its merits, but on the merits he urged that it be reconsidered.

I receive many requests to meet with Members of Congress and their constituents to discuss actions of the Department. To the best of my recollection, I have never turned down a request for such a meeting that

was seriously pressed. I have great respect for the Congress and believe that we should pay serious attention to the views of its Members. It is not at all unusual for them to ask that further consideration be given to some action of the Department which they feel may be unfair to their constituents. I have always made a conscientious effort to see that these requests are fully considered. That is what was involved here - a normal request for a meeting with a Member of Congress and some of his constituents. I consider it my duty to try to comply with such a request from any Congressman or Senator -- and to meet with them in good faith to give careful consideration to their point of view.

However, in this case I did express reluctance to agree to the meeting requested because of my very heavy schedule at that time. I finally said that I could meet with the Congressman and his constituents on the following Saturday if he felt strongly about it, and he urged that I do so.

Accordingly, I did agree to the meeting requested by Congressman Rutherford. He arranged for the attendance of those who came from outside the Department, and I arranged for the attendance of Department personnel. In order that the statements to be presented could be properly evaluated, and so that I could get the best advice available in the Department, I had the legal and administrative officials most familiar with the subject attend the meeting.

The meeting was held on January 6, 1962, in my office. Those present were Congressman Rutherford; Senator Yarborough; Alex Dickie, Jr., Administrative Assistant to Senator Yarborough; Billie Sol Estes; his attorney, John Dennison; Ed Jaenke, Associate Administrator of ASCS, who was acting as Administrator because of the illness of Administrator Godfrey; Joe Moss, Director of the Cotton Division, ASCS; Emery Jacobs, Deputy Administrator State and County Operations, ASCS; John Bagwell, General Counsel; Howard Rooney of the General Counsel's Office; and myself.

Estes, himself, had relatively little to say. He said that he had relied completely on the advice of his attorney to the effect that the manner in which the allotments were transferred from the pools was entirely legal. Dennison did most of the talking in presenting their position.

I asked if it was their position that the land transactions were really bona fide sales and purchases of land. They said very definitely that they so considered them. Dennison said that the contracts under which the displaced owners obtained the deeds to the farms from Estes were bona fide, that Estes was bound by the contracts, and there were no agreements between Estes and displaced owners other than the written contracts. He emphasized his position that these transactions were carefully checked with State and County ASCS officials in advance to make sure they complied with the Department's rules and regulations in all respects, and that they had actually been approved at both the State and County level. Dennison stated that he had obtained a copy of the Bridgforth memorandum of October 13, 1960, and believed that the transactions in question were legal in the light of that memorandum, that he was not aware at the time of the transactions that the form of contract they used had been disapproved in the Manwaring memorandum of December 20, 1960, and that he did not know that the transactions were being questioned until he learned that an investigation was being made by the Department.

Senator Yarborough stated that there seemed to be a genuine legal dispute, and that he hoped the Department would consider each case on its merits. Congressman Rutherford made the same request and mentioned the impact of any decision in the matter on the economy of West Texas.

There was a general discussion of the Review Committee procedure, and Dennison was told that it would be necessary to appeal within 15 days from the date of the cancellation notices concerning the pooled allotments. He stated that was his understanding of the situation, and said he would be hard pressed to prepare all the appeals within that time, and urged that he be permitted to prove the transactions were bona fide without first going to the Review Committee. Dennison was then told that the matter would be considered, and he would be considered, and he would be advised of the Department's decision by a telephone call to him at his hotel. He requested that any decision that was made also be confirmed in writing. By this time, it was past the lunch hour and the persons at the meeting not connected with the Department left.

The persons connected with the Department remained and discussed the case. It was decided that the 1961 allotment cancellation notices would be recalled for the time being and the Department would consider the matter further, particularly with respect to giving the parties involved an opportunity to prove the bona fide character of the alleged purchases of land. It was also tentatively decided that someone from the General Counsel's office and ASCS would check the Texas State Office and the county offices to get more information about how these cases had been handled. Dennison was then

informed over the 'phone by me on January 6th that the 1961 allotment cancellation notices would be recalled for the time being and the Department would consider the matter further. This was confirmed by telegrams on January 8th to Estes and the Texas State ASC Committee.

The temporary recall of the 1961 allotment cancellation notices was merely a procedural matter to make it unnecessary for the parties to prepare and file some eighty appeals at that time to preserve their rights in proceedings before the Review Committee. I believe it is an almost universal custom in legal proceedings to grant reasonable extensions of time upon request of the parties or their counsel, when time is not of the essence. That is what was done here. The position of the Department was not adversely affected in any way. Although it did not appear to me at that time that Dennison had presented any sufficient reason for the Department to change its position that the allotment transfers were invalid, nevertheless, it seemed, particularly in the light of their claims of hardship because of reliance on advice of State and county USDA officials, that they should have a reasonable opportunity to prepare and present their case.

To say that this action was a reversal of the Departments' position is to mis-state the fact. What was done was to preserve due process for a citizen, protect the possible interests of many small displaced farmers, and strengthen the Government's legal posture for any future court test.

It has been suggested that I overruled the General Counsel and Mr. Godfrey in the actions resulting from the January 6 meeting. This is not the case.

The General Counsel was in complete accord with this action. He does not regard it as in any way a reversal of or inconsistent with his opinion of December 15, 1961, recommending cancellation of the allotments; and I in no sense overruled him in arriving at this decision. He felt as I did that as matters then stood there was a likelihood that the transfers of allotments would be upheld by the Review Committees on appeal -- and in that event, with the Government having no further right of appeal, the allotment transfers would be validated not only for 1961 but also for all future years.

Mr. Godfrey also has told me that he does not regard the action taken as a result of the January 6th meeting as in any way a reversal of or inconsistent with our decision of December 22, 1961, to cancel the allotments. On the contrary, he thinks these actions strengthened the Government's position, particularly in view of his previous experience with Review Committees. While Mr. Godfrey was not at the meeting of January 6 because of his illness, he says he would have taken the same actions had he been there and the decision was up to him.

In the meeting of January 6th, when the sending of someone to Texas for a further check in the State and county offices was discussed, there was some discussion of who might be sent. The names mentioned included Howard Rooney, Emery Jacobs, and Thomas Miller. In view of the

assertions that Estes had relied on the advice of USDA officials in Texas, I said I thought we should send people who were thoroughly ' familiar with the cotton allotment program and who would be competent to appraise what had happened. I also told Mr. Jacobs, as the meeting broke up, that I would like for him to make sure that whoever was sent would be objective and able to find out what really had happened in the State and county offices. I had no further participation in the selection or instruction of the people who were sent to Texas. Mr. Rooney reported on the trip to Texas at a meeting in my office on January 19, 1962. This report did not clearly establish the truth or falsity of Dennison's claim that Estes had acted on the advice of the Department's State and local offices. However, the fact remained that the county committees did actually issue the allotment notices which lent credence to Dennison's statement that he did receive advice that the transfers were not legally objectionable.

In June 1962, I learned for the first time that Thomas Miller had filed a separate written report. I did not talk to Miller before he went to Texas or after he returned. I never saw his report until about June 15, 1962. His report did not in any way affect subsequent actions or decisions of the Department.

After hearing Mr. Rooney report on the trip to Texas, a proposed procedure was developed -- in the General Counsel's Office and the Cotton Division -- which would permit the seller to execute and file a "Seller's Certification of Bona Fide Sale of Land." This was a certification, under oath, that the displaced owner purchasing the land had paid in full the first annual installment on the purchase price, that such payment was bona fide and regular in every respect, and that the displaced owner was the bona fide owner of the farm to which the cotton allotment was transferred.

It was pointed out by the general counsel that the procedure for filing sellers' certification of bona fide sale would serve three very useful purposes:

(1) If the sales really were bona fide, it gave the parties a chance to establish that fact and prevent a possible injustice to them.

(2) If the sales were not really bona fide, it would help to bring out that fact and strengthen the Department's position in any cases that might be taken before Review Committees and to the courts.

(3) For the first time, the seller would be required to certify under oath as to the good faith of the transactions.

We felt a two-fold obligation: (1) To protect the interest of the United States, and (2) to deal justly with private citizens. We were just as anxious not to deprive citizens of anything they were legally entitled to as we were to make sure they did not receive something they were not entitled to. Our most important problem was to settle the validity of the allotment transfers for future crops -- permanently. If the producers could win before a Review Committee on the 1961 allotments, they would establish the permanent right to the allotments for 1962 and future years. This is why it was so important to strengthen the Government's case if the transactions were not in fact bona fide.

These ideas are apparent in the General Counsel's memorandum to me of January 31, 1962, recommending the certification procedure, in which he said:

"Although the contractual arrangements used by Estes appear on the face to be a scheme and device to sell allotments, we believe that Estes is entitled to support his contention by a proper certification that a displaced owner has actually, without subterfuge or side agreement, made the first installment payment on the purchase price of the land purportedly purchased from Estes."

"If such a certification is furnished by Estes it would appear to be proper to issue 1962 cotton allotments for any such displaced owners. It would probably be necessary to delay issuance of subsequent year's allotment notices until a similar certification is furnished with respect to each successive installment payment on the purchase price."

I call the Committee's particular attention to the first part of the first paragraph of the above quotation which reads "Although the contractual arrangements used by Estes appear on the face to be a scheme and device..." Could anyone fairly contend that this position would be reiterated by any agency seeking to assist Estes? The fact is, that barring proof which we did not believe Estes could offer, he would remain in the same position in which the December 26 notice had placed him. The Department's position in any subsequent court test, on the other hand, would be infinitely strengthened.

I have been informed by the General Counsel that he regards this certification procedure as entirely consistent with the views and recommendations expressed by him in his memorandum to me of December 15, 1961. He recommended or concurred in all the actions which I took as a result of the January 6 meeting. I think our General Counsel is to be commended for developing this very helpful procedure for cutting through the tangled and difficult situation with which we were confronted.

(more)

It has been suggested that a deadline should have been included for a return of the sellers' certificates. I agree this might have been preferable but I point out that nature itself provided a natural deadline. Time was of the essence to the producer but not to the Government.

I believe the meeting of January 6th and the actions taken as a result of it were of benefit to the United States. I think it was right to develop something that benefitted the United States as this did. I think it was right to give anyone -- including Billie Sol Estes -- a fair chance to prove his case.

The efficacy of this certification procedure was demonstrated within a few weeks. A number of the sellers, apparently not being in a position to establish that the transactions were bona fide by showing that the parties were going through with the original terms, began to seek the concurrence of the Department in a modification of the terms through a stretchout in the time for paying the purchase price of the land. The General Counsel, Mr. Bagwell, and possibly other officials of the Department, mentioned to me in March that they had been contacted by some of the parties to these transactions seeking relief of this nature. Mr. Bagwell has already testified before this Committee as to these facts. I did not ask that any consideration be given to these requests or that any action be taken with respect to them.

On March 21, 1962, Mr. Bagwell gave me a draft memorandum which he also has already discussed with this Committee. This memorandum discussed certain proposals that had been submitted to the Department for substituting a third party for the original purchaser and extending the payment period. The memorandum stated the General Counsel's opinion that bona fide substitution of parties under these proposals would be legally supportable and also stated that, unless I had objections from an administrative viewpoint, steps would be taken to have 1962 cotton allotments issued in all cases similar to these proposals.

When he gave this memorandum to me and described it briefly, it seemed to me to raise questions of such complexity that I did not want to make a snap decision on it, so I said I would need time to study it and think about it. Because of the urgency of other matters, it was some time before I had an opportunity to study this matter. When I did have an opportunity to study it, I did not approve it. But I was still concerned lest we deprive anyone of fair consideration of his rights.

Accordingly, I arranged for a discussion of the matter with appropriate legal and administrative officials of the Department on March 28, 1962. No decision was reached at this meeting. In fact, I believe that I was called away by other business before the meeting ended.

On March 29, as you will recall, Mr. Estes was arrested in connection with charges that he had defrauded 12 of the largest finance companies in America of \$30 million. Although his arrest was for actions bearing no relationship to his cotton allotments, it soon became apparent that he was a far different kind of man than we had been led to believe. This naturally resulted in a re-examination of all his dealings with the Department of Agriculture, including the whole problem of cotton allotments. As a result of this re-examination, the Secretary decided on or about April 12, 1962, that a cut-off date should be established for filing the Seller's Certification of Bona Fide Sale and that we should proceed with the cancellation of the allotment transfers in cases where the certification was not filed by that date. He also decided that we should not concur in the renegotiation of the purchase contracts.

Turning now to the question of Estes' membership on the cotton advisory committee.

A review of the facts relating to this question indicates a general consensus in December 1961 among people in the Department who were familiar with the case that there was not sufficient reason for dropping Estes from the committee.

In discussing this matter, I think that it will be useful if I review the history and the functions of the advisory committee.

The cotton advisory committee is one of more than fifty national advisory committees in the Department of Agriculture. The function of this committee and of the others, as their name implies, is merely advisory. They make no decisions for the Department; they neither consider nor are they made aware of any applications or requests by persons dealing with the Department; and they sit in judgment of no one. In short, these committees make recommendations as to general policy, and do no more. The cotton advisory committee did not at any time consider or pass upon pooled cotton allotments.

The committee has 33 members, mostly cotton producers. Fifteen States are represented in its membership.

Prior to the passage of the Agricultural Act of 1961, the cotton advisory committee was an informal group under the chairmanship of Dr. Alexander Nunn of Birmingham, Alabama, which advised Secretary Freeman with respect to cotton. Dr. Nunn as chairman maintained membership lists and issued the invitations to serve on the committee. The committee met in February 1961 and its next meeting was not held until July 17 and 18, 1961.

Estes was recommended for membership on the committee by Senator Ralph Yarborough in a letter dated January 27, 1961.

In advance of the July 1961 meeting of the committee, Dr. Nunn and I discussed the names of several additional persons, including Estes, whom Dr. Nunn might invite to serve on the committee. At that time, neither Dr. Nunn nor I had any knowledge or information concerning Estes except through Senator Yarborough's recommendation.

On June 8, 1961, Dr. Nunn wrote to Secretary Freeman recommending a number of persons, among them Estes, for membership on the committee. In referring to Estes, Dr. Nunn wrote:

"Billie Sol Estes from the Pecos, Texas area in Southwest Texas. He is a young man who was promoted for the Committee after the election and into the new year by Senator Yarborough of Texas. I have had a check made on him and I find that he is highly thought of. He was selected two or three years ago as an outstanding young farmer by the Junior Chamber of Commerce. He is now about 37 years of age."

With my concurrence, Dr. Nunn invited Estes to become a member of the committee, and he was added along with several other new members as of July 11, 1961.

After passage of the Agricultural Act of 1961, which specifically authorized the appointment of advisory committees, it was decided to convert the existing cotton advisory committee into a formal advisory committee under the 1961 Act. It was also decided to retain as members all the members of the prior committee except for a few who wished to terminate their service for various personal reasons.

In the course of an investigative check on members of the old committee who were to be retained on the committee, Mr. John E. Francis, of the Office of Personnel, made a report to Administrative Assistant Secretary Joseph Robertson recommending that Estes' name be dropped from further consideration at that time. This recommendation was based on Mr. Francis' understanding of a summary of the ASCS investigation report of October 27, 1961, concerning the transfer of the Estes cotton allotments. Although he called attention to the digest of an FBI file on another matter, he did not appear to attach importance to it.

At this time, the Department was considering the problem of the transfer of pooled allotments. Decision on the committee membership question was withheld pending further consideration of the allotment transfer problem.

The December 4, 1961 meeting of Departmental officials, which was held to brief me on the cotton allotment transfer problem, included the persons from the General Counsel's Office and from ASCS who were most familiar with the case and upon whom I should properly rely for advice. These people were all familiar with the investigation report of October 27, 1961. Also present was Mr. Joseph Robertson, to whom Mr. Francis' recommendation was addressed. Those present included

the following:

John C. Bagwell, General Counsel
.: Edward M. Shulman, Deputy General Counsel
Paul H. Rapp, Office of General Counsel
Horace D. Godfrey, Administrator, ASCS
Emery E. Jacobs, Deputy Administrator, State and
County Operations, ASCS
Charles M. Cox, Assistant Deputy Administrator,
State and County Operations, ASCS
Joseph A. Moss, Director, Cotton Division, ASCS
Joseph M. Robertson, Administrative Assistant Secretary

At this meeting, as I have already stated, there was a general discussion of the allotment transfer problem, including the investigation report and the legal questions involved. Attorneys at the meeting expressed the view that no fraud or other criminal offenses were indicated by the facts in the investigation report.

I raised the question as to whether the circumstances as we knew them then justified dropping Mr. Estes from the cotton advisory committee, but no one indicated that he felt such action should be taken. The question of membership on the advisory committee was not resolved at this time.

In the days that followed, the General Counsel studied the allotment transfer question further, and as I have already stated made a report to me dated December 15, 1961, which I did not receive until later because on that date I was in Europe for negotiations concerning the Common Market and its potential effect on exports of our agricultural commodities.

After my return, Mr. Robertson came to me on December 21 and asked my advice on retaining Estes on the advisory committee. According to Mr. Robertson's recollection, Mr. Emery Jacobs was also present and pointed out that the cotton allotment problem apparently involved the question of possible civil penalties rather than possible criminal penalties; that Mr. Estes was a widely respected man in his community as evidenced by his appointment to a college board of trustees; that he came highly recommended to the Department by people from Texas; and he, Mr. Jacobs, recommended that Estes be retained on the Advisory Committee.

After some discussion, I told Mr. Robertson I thought Estes should not be dropped from the advisory committee. I advised as I did, in the light of information we knew then, for the following reasons.

I did not view the matter as an original appointment where the question as to whether a man was or was not appointed would have little public reaction. Instead, it was a question as to whether a man who had been and was then a member of an advisory committee -- a committee that carried with it public recognition, but no operational responsibility -- was known to have done anything to warrant being faced with public humiliation and suspicion as to why he should have been dropped from such a committee.

Mr. Estes was known to us then as a very respectable and highly respected citizen. We naturally looked at the facts known to us in

this particular matter in the light of what would be expected of an honest and respectable man.

It appeared that Estes had acted on advice of legal counsel throughout the whole matter. Estes and his attorneys contended that they had acted in accordance with the regulations, that the regulations did not prohibit what they had done, and that the State and county committees had approved what they had done by issuing the allotments.

The controversy did not suggest criminal conduct on Estes' part. The penalty for excess planting was a civil monetary penalty for excess marketing. Many growers overplant and pay such a penalty and are then free to market the cotton. The planting of excess cotton by Estes was not a crime and the penalties assessed against him are not criminal fines.

Mr. Francis' memorandum recommending that Estes be dropped seemed to indicate clearly that he thought offenses of a criminal nature were alleged against Estes. In retrospect, I have no doubt that I discounted the recommendation made by Mr. Francis because of my belief that he misunderstood the nature of the legal question presented.

Also, none of the officials of the Department with whom I had discussed the allotment transfer problem, and who were thoroughly familiar with the investigation report, had expressed the opinion that Estes should be dropped.

Obviously, this decision would not have been made in the light of what we know now. Events that have transpired since then, plus information that has been dug out by hundreds of investigators, have revealed much more about Estes' operations than it was possible for us to know then.

In retrospect, it is clear that it would have been wiser not to have kept Estes on the advisory committee. Back in December when he was generally regarded as a man of good reputation even though he was about to be penalized for overplanting cotton, my decision was based solely on what I believed was right. No one tried to bring any pressure of any kind. There was no favoritism. I would have made the same decision with regard to any other member of the committee had the circumstances been the same. If the decision was in error, it was an error due to my application of the principle that in balancing the power of Government against an individual citizen, the rights of the citizen should be given due consideration - even to the extent of considering him innocent until he has been proved guilty.

In summary, let me say--

1. All of the matters I dealt with concerning Estes came to me in the normal course of my duties as Under Secretary of Agriculture.

2. I dealt with all of them strictly on the merits as I saw them. My sole purpose was to protect the interest of the Government while according to citizens the rights to which every man - even including Billie Sol Estes - is entitled.

3. By the time this case was brought to my attention in the fall of 1961, it was extremely complex and difficult.

4. The issues involved in the cotton allotment transfers were primarily legal issues. I wanted to see that all citizens concerned, including Estes, got what they were legally entitled to--no more and no less.

5. I approved the cancellation of Estes' cotton allotment transfers on December 22, 1961. As a result of the "second look" taken at the request of Members of Congress in January 1962, more effective procedures were devised for determining the rights to which the parties were entitled. These procedures, far from being a reversal of the Department's basic position, have resulted in benefit to the United States by strengthening the Government's legal posture.

6. The Estes case has emphasized the extreme complexities and difficulties in administering programs involving millions of farmers. It has brought to light some faults in both communication and administration, shortcomings that have developed over many years. It has caused the Department to accelerate and intensify its efforts to achieve administrative improvements.

7. In the final analysis, the Estes case reveals that a man who by his twisting and turning was able to defraud major financial institutions

of many millions of dollars, was able to gain nothing by all his twisting and turning with the Department of Agriculture.

8. In our dealings with Estes, we exhibited no favoritism--only the fairness and justice that every American has a right to expect in dealing with his Government.

Finally, let me say that I don't think I ever saw Mr. Estes except at the one meeting in my office on January 6, 1962, and at the meetings of the cotton advisory committee he attended. I never talked to him on the telephone. Mr. Estes had very little to say at the advisory committee meetings I attended. To the best of my knowledge, pooled cotton allotments were never discussed in the advisory committee meetings.

A few weeks after Mr. Estes attended his first advisory committee meeting in July 1961, I received by express a small crate of cantaloupes - 6 or 8 as I recall - with a label indicating it came from him. I wrote him a note of thanks. Several weeks later, I received a second crate. I wrote him a second letter in which I said:

"Dear Mr. Estes:

We appreciated very much the cantaloupes you sent and were quite surprised when the second crate arrived. We have enjoyed them very much and, while we are most grateful for your thoughtfulness, I think we should ask that you not send any more. As you may know, the policies of this Administration with respect to the acceptance of gifts are

very stringent and, while I am sure that you have only the best of motives and intentions, I think it is best to avoid all possibilities of misunderstanding or difficulty, but they were mighty good cantaloupes and we do appreciate your thoughtfulness."

Except for these cantaloupes, I have received no gifts, gratuities or other benefits from Mr. Estes. No one has ever asked me or tried in any way to induce me to make any decision or take any action relating to Estes on any basis other than the merits.

- - - -



DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.

AGRICULTURE
Cotton

February 20, 1961.

The Vice President
United States Senate

Dear Mr. Vice President:

This acknowledges your letter of January 31 to the Secretary with which was enclosed a letter from Mr. A. B. Foster, Jr., Pecos, Texas, regarding changes in regulations governing the transfer of cotton allotments from farms whose owners have been displaced by agencies having the right of eminent domain.

There have been some abuses of the law in this regard in that in some cases transactions between the displaced owner and another party have had the effect of an outright sale of the pooled allotment by the displaced owner under subterfuge practices and not the transfer of allotment to another farm actually owned by the displaced producer in accordance with the purpose of the law. Therefore, the regulations concerning this matter have been amended recently to provide that before the county committee can act upon an application, the applicant shall personally appear before the county committee after reasonable notice and bring with him all pertinent documents for examination by the committee and answer all pertinent questions bearing on the proposed transfer, unless the State committee determines from facts presented to it on behalf of the applicant that the applicant would be unduly inconvenienced by such an appearance on account of illness or other good cause and an appearance by the applicant before the county committee would serve no useful purpose.

We feel sure that the State committee will be reasonable in passing judgment on those cases where the applicant cannot appear before the county committee due to the conditions enumerated above.

Sincerely yours,

Orville L. Freeman

Enclosure

WWS
2/22/61

COPY

AGRICULTURE

Letter

January 31, 1961

Dear Mr. Foster:

Thank you for your letter of January 24th with respect to the proposed directive of the Department of Agriculture requesting persons who are transferring cotton acreage to appear before the county ASC Committee in the county to which the acreage is being transferred.

We will immediately call this situation to the attention of the proper authorities at the Department of Agriculture and will be in touch with you as soon as we have a reply.

Sincerely yours,

Clifton C. Carter
Assistant to the
Vice President

Mr. A. B. Foster, Jr.
Billie Sol Estes Enterprises
Box 1052
Pecos, Texas

CCC:br

BILLIE SOL ESTES ENTERPRISES

BOX 1052

PECOS, TEXAS

January 24, 1961

Mr. Cliff Carter
Office of Lyndon Johnson
Vice President of United States
Capitol Building
Washington, D. C.

Dear Mr. Carter:

There is a law at the present time authorizing the transfer of cotton acreage from any land which is condemned by the law of Eminent Domain. Under this provision, several persons have purchased land in the Reeves County area, planning to move cotton acreage to this land. Most of these people originally owned land in the East Texas area which was condemned for water control dams, and the farms were condemned which had cotton acreage on them. Billie Sol Estes sold numerous tracts to various people and, in some instances, leased cotton acreage back from the people who purchased the land from him.

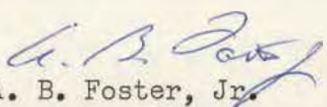
As of the present time, the deeds have been made and recorded on a number of these sales, and forms have been filed requesting the approval of the transfer of acres. All parties involved thought the sale was completed and felt that it was just a matter of time until the transfer of acres would be accomplished.

We have been advised that there is to be prepared a Directive requesting persons who are transferring acreage under this provision to appear before the county ASC Committee in the county to which the cotton acreage is being transferred. In effect, this would require a number of people to travel distances up to 700-800 miles to appear before a Committee when there might be only eight or ten acres of cotton allotment involved. Not only is this unreasonable but, as we see it, the contracts were entered into with good faith under the provisions of the original law and now a Directive is to be drawn that will work an undue hardship on these people. We understand this Directive is being prepared in Washington under the supervision of Tom Miller, who is with the Agriculture Department.

We would sincerely appreciate your investigating this and seeing if anything can be done whereby the people will not be forced to appear before the ASC Committees in various counties and the transfers can be accomplished under the provisions of the original bill.

Yours very truly,

BILLIE SOL ESTES ENTERPRISES


A. B. Foster, Jr.

COPY

OFFICE OF THE VICE PRESIDENT

January 31, 1961

Department of Agriculture
Washington 25, D.C.

Lyndon B. Johnson XXXXXX
Vice President

Sec - 4429 3/7
COMMODITY STAB. SERV.
SIG. OFF. OF SECY.

United States Senate

OFFICE OF THE VICE PRESIDENT

January 31, 1961

Respectfully referred to

Department of Agriculture
Washington 25, D.C.

for such consideration as the communication
herewith submitted may warrant, and for a report
thereon, in duplicate to accompany return of
inclosure.

By direction of

Lyndon B. Johnson ~~XXXXXX~~
Vice President

SPC 11-2004

To the best of my knowledge, I met B on only one occasion - his visit to Washington in January of this year. At that time he told me the Dept of Agriculture had under consideration a question concerning the transfer of Cotton allotments affecting quite a number of individuals in West Texas. He asked if I would obtain a copy of the whatever decision might subsequently be made on the matter. I told him I would be glad to do so, & requested the SA to furnish me a copy of the decision. A few days later I received a copy of the decision & forwarded it to him. I have ~~performed~~ performed the same kind of service for thousands of American citizens during 23 years in ~~public service~~ Washington. I did not in this case, and, as a matter of fact, never, make recommendations as to the merits of the case or with reference to what decision might be reached.

May 23, 1962

MEMORANDUM:

TO: THE FILES

FROM: Walter Jenkins

Agents McCluskey and Cook, Washington District Office of the FBI, came to see me today. Mr. McCluskey did all of the talking. He first explained to me that I did not have to make any statement, but that if I was to make one, anything I might say could be used against me. I told him I was happy to furnish any information I might have that could be helpful. He then asked if I had objection to be put under oath and I told him not at all.

After administering the oath, he asked me if I had ever met Billie Sol Estes. I told him that I had. He asked me to recall for him the occasions on which I had met him. I told him so far as I could remember, I met him only on the occasion of his visit to Washington in January of this year. I told him it was conceivable I might have met him at some Convention or big meeting, but that I did not believe I had and the only memory I had of meeting him was when he was here in January. He asked me on what occasions I met him during his January visit. I told him I met him very briefly at the Democratic Dinner on the night of January 20 when I extended to him and all other Texans I could find an invitation to come by the Vice President's house for coffee on the following afternoon. I told him I next met him at the Vice President's house on the afternoon of Sunday, January 21. He asked what conversation I had with him at that time and I told him only a brief social conversation except for a request on his part to come by to see me at the office the following day, which I readily agreed to have him do. He asked me if Estes did come by the following day and I told him that he did. He asked me to relate as best as I could remember Estes' conversation. I told him that Estes told me that he had previously met with the Department of Agriculture concerning a decision of the Department which was under consideration and that the Department was going to make a decision in the near future.

(2)

I told McCluskey that Estes requested that he be furnished a copy of that decision when it was made by the Department of Agriculture and was available to others. I told McCluskey we had received additional inquiries from other people concerned with the same decision and that ~~he~~ would be happy to try to obtain a copy of the decision whenever it was available for general release. Mr. McCluskey asked me if I did make any effort to obtain a copy of the decision and if so in what fashion. I told him I called Mr. Charles Murphy, Under Secretary of Agriculture, and asked if such a decision was pending and that upon being told that it was pending, I requested that a copy be furnished me when completed. I told Mr. McCluskey that I was almost certain that I had not used the name of any interested person since a number of people had expressed interest to us in the matter. I also told Mr. McCluskey that I did not make any recommendation concerning the decision to be reached nor did I have any discussion with Mr. Murphy on the merits. I told him in the first place I was not familiar with the merits, but in the second place I would not have made any recommendation because it is against our policy.

Mr. McCluskey then asked me if I was furnished a copy of the decision and I told him several days subsequently I was sent this public document. He asked me what I did with it and I told him that I sent a copy to Estes and that we forwarded other copies to the other Texans who had inquired about the decision. He asked me if I had talked to any other Government Agency about Estes and I told him I was sure I had not done so. He asked me if that was the extent of my contact with Estes and I told him it was. He asked me if Estes had offered me any gift or anything similar and I told him he had not. He said "well, that is about it."

The entire conversation lasted less than fifteen minutes.

42

I was in Texas helping Democratic Candidates.

4098P-2

Mr. Moore, a member of the State Democratic Executive Committee, volunteered to be of financial assistance. I was unaware--and I am still unaware--of the original source of his contribution to me. I used it in traveling around the State and helping candidates in Wichita Falls and San Antonio.

Q: Did you report it?

A: No, I was not a candidate for office and not required to report it.

Q: How about the letter over the Vice President's signature to Estes?

A: After the campaigns were over, Mr. Moore requested that letters be sent to a list of people he said had been particularly helpful to the Democratic Party. I dictated letters to them over the Vice President's signature and they were signed in the office. One of these went to Mr. Estes. I had no particular reason to connect the request for these letters with the money I had received in the campaign.

Q: How do you account for the notation on the face of the check?

A: I have no way of accounting for that notation. You will have to ask the man who made it.

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21

Seven citizens of our State, including one representing New Mexico land owners, made inquiries of our office pertaining to the agricultural allotments decision, and without reference to individual cases or names I asked the Secretary's office to supply the necessary information for reply or forwarding when a decision was available to the public. The information was furnished our office and it was routinely transmitted to the individuals inquiring, one of whom was Mr. Estes. My participation was solely to ask for a copy of the decision and send it to the individuals inquiring, as the office normally does in thousands of Departmental cases each year.

MR. BAGWELL: Generally. We discussed it generally on the way to the White House.

THE CHAIRMAN: Was there after that, then, any time, intervening after that before the 11th, I believe it was, of April, when you had a conference with the Secretary, you and the Under Secretary, and discussed this thing?

MR. BAGWELL: I didn't get the exact question.

THE CHAIRMAN: In between that time when you mentioned it to him somewhat casually or discussed it generally, briefly, on your trip to the White House--well, let me ask it this way: When did you next discuss it with the Secretary?

MR. BAGWELL: The 10th of April.

THE CHAIRMAN: On the 10th of April?

MR. BAGWELL: Yes, sir. The reason I say that is I remember the Secretary asking me for a background memorandum and that was the date.

THE CHAIRMAN: With respect to the memorandum, you did prepare a memorandum.

I want to make the record so when this record is made no one can say that I did not ask about this or did not ask about that.

MR. BAGWELL: I am perfectly willing to answer any question, Senator.

THE CHAIRMAN: I know you are.

Mrs. McClendon was asking a question in this press

conference, immediately following what I just quoted. "Do you mean, Mr. Bagwell, that you can talk this whole complicated matter over between here and the White House?"

"Mr. Bagwell: Well, I had already. The Secretary knew, had been advised generally, of the allotment problem before, and he had a trip over and a trip back and continued our discussion after we got back. That was when the decision was made, and you have a copy of that reply."

MR. BAGWELL: That was the trip to the White House on the 11th and I had reference there to the earlier trip on the 23rd of March.

THE CHAIRMAN: That would explain it?

MR. BAGWELL: That is exactly right.

THE CHAIRMAN: Very well.

In this memorandum of April 11th, I present you a copy of it and ask you to identify it, please.

(The document was handed to the witness.)

MR. BAGWELL: Yes, sir, this is the memorandum.

THE CHAIRMAN: The title of it is--well, this memorandum may be made Exhibit 139.

(Document referred to marked

Exhibit 139 for reference.)

THE CHAIRMAN: The title of it is, "Transfers of Pooled Cotton Allotments Pursuant to Section 378 of the Agricultural Adjustment Act of 1938, as amended, to Land Sold by Billie Sol Estes and Other Persons."

MR. BAGWELL: The Secretary asked me for a background memorandum on the whole pooled allotment problem.

THE CHAIRMAN: When did he ask you for this?

MR. BAGWELL: The 10th, as I recall it.

THE CHAIRMAN: On the day before?

MR. BAGWELL: That is right. And you see, Mr. Rapp prepared this memorandum.

THE CHAIRMAN: Did he ask for your recommendations in connection with these allotments?

MR. BAGWELL: No, sir, he just asked for a background memorandum on it.

THE CHAIRMAN: Then you did give him recommendations?

MR. BAGWELL: I gave him some at the end, yes, sir.

Senator, I would like to correct an error in this memorandum.

THE CHAIRMAN: Yes, you may.

MR. BAGWELL: I told Mr. O'Donnell and his staff the other day that there was a statement in here that was due to an error in misunderstanding in our office, that the Vice President had discussed this with the Under Secretary. That is not true. It was the Vice President's office.

THE CHAIRMAN: Very well. That correction will be noted.

SENATOR MUNDT: Can you tell us who in the Vice President's office?

MR. BAGWELL: I understand Mr. Murphy told me Walter Jenkins, although you might want to ask Mr. Murphy. That was my understanding. I don't know what they talked about, other than this allotment problem.

SENATOR MUNDT: How did you learn about it?

MR. BAGWELL: Well, when this statement was--when we had this reference in there, I asked Mr. Murphy about it, and he said it wasn't the Vice President, it was the Vice President's office.

SENATOR MUNDT: Mr. Murphy told you originally that he had some contact?

MR. BAGWELL: I guess we misunderstood the office as opposed to the man. That was where the misunderstanding was.

THE CHAIRMAN: Let me proceed with this memorandum.

On page 6 I find the following, and bear in mind this is being prepared as late as April 10th: . . .

26
July 5, 1962

MEMORANDUM FOR: The Secretary

FROM: John C. Bagwell

In regard to the statement in my memo to you of April 11, 1962, that the Vice President had called the Under Secretary regarding pooled cotton allotments, Mr. Rapp, who drafted the memo, says that this information came from me. This was apparently a misunderstanding on the part of Mr. Rapp as I have never known of any call by the Vice President himself in regard to this matter. I did know that the Vice President's office had called the Under Secretary, and I assume Mr. Rapp thought I meant the Vice President whom I merely referred to a call from his office.

John C. Bagwell

JOE BAGWELL:cmk

yellow copy
PHR
me

Orig. did not clear
Gen. Coun. Mail Room.

APR 1 1 1962

AGRIC. ADJ. - 11-

To: Secretary

From: General Counsel

Subject: Transfers of pooled cotton allotments pursuant to section 378 of the Agricultural Adjustment Act of 1933, as amended, to land sold by Billie Sol Estes and other persons.

This memorandum outlines the applicable law, regulations and facts developed with respect to the transfers of pooled cotton allotments in 1960 and 1961 to farms in Texas and New Mexico. The principal question involved is whether a number of 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 sold their cotton allotments to other persons.

This matter involves approximately 191 displaced owners from several States who obtained approval of transfers of approximately 5,200 acres of pooled cotton allotments to farms in Texas and New Mexico. Alleged sales of land in Pecos and Reeves Counties, Texas by Billie Sol Estes to 116 displaced owners resulting in transfers of pooled cotton allotments for 1961 in excess of 3,100 acres are included in these totals.

Section 378 of the Agricultural Adjustment Act of 1933, as amended, was enacted August 28, 1933, to provide a uniform method of pooling farm acreage allotments for all commodities under marketing quotas from farms acquired by an agency having the right of eminent domain. This section replaced various provisions of the Act relating to this matter for each commodity.

In general, the statute provides that the farm acreage allotment on a farm acquired by any Federal, State, 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 owner may make application 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." Transfers of pooled allotment may be made across State and county boundaries.

The statute was implemented by regulations of the Department published in the Federal Register on October 4, 1933 (Amendment 1 to regulations in Part 719; 23 F.R. 7691). These regulations closely paraphrased the law and established the functions of the county ASC committees. Transfers of farm allotments for the various commodities were handled under these regulations with several amendments which are not pertinent to the present discussion until Amendment 11

was published in the Federal Register on February 17, 1961 (amendment 11 to regulations in Part 719; 26 F.R. 1393). This amendment was made necessary because of certain questions which arose in connection with various applications for transfer of pooled cotton allotments from Alabama, Georgia, Oklahoma and other counties in Texas to irrigated land primarily in Pecos and Reeves Counties, Texas, and Otero County, New Mexico.

In brief, this amendment to the regulations required the county committee to obtain additional information by personal interview with each applicant for transfer of pooled allotments so that it could determine whether the transaction by which the displaced owner claims to have acquired the farm to which it is requested that the allotment be transferred is a bona fide acquisition of a farm for the purpose of reestablishing the farming operations of the displaced owner or is a scheme or device to sell the allotment or to transfer the allotment for the benefit of some person other than the displaced owner. The applicant was required to file a certification with the county committee that he made no side agreement with any person for the purpose of obtaining an allotment from the allotment pool for a person other than himself. Such certification was required prior to the amendment to the regulations but this requirement was not specifically established in the published regulation as it existed prior to the amendment. Provision was also made for cancellation of any allotment transferred as a result of misrepresentation by or on behalf of the applicant. Stated another way, this amendment to the regulations assisted the county committee in determining the existence of a fact which the law and the prior regulation had always required as a condition of transfer of allotment, i.e. the fact of a bona fide ownership of another farm by the applicant.

Following are the significant events which led up to this amendment to the regulations:

1. October 13, 1960. Copies of contracts relating to sales of land to which transfer of pooled allotments was requested from Oklahoma to Reeves County, Texas, were submitted to the Department by the Texas State Committee and a memorandum on this date from the Department advised the Committee that it was not administratively feasible to read intent into these transactions and that so long as the displaced owner certified on his application that no side agreements were involved and the documents furnished to the county committee supported a "bona fide real transaction which does not specify or imply, directly or indirectly, the sale or transfer of allotments, the case should be accepted at face value." The contracts were not similar to the sale and lease-back contracts discussed in 2. below. It appears that this memorandum became available to various persons including Estes who were allegedly selling farms to displaced owners on condition that cotton allotments would be transferred from pooled allotments in other counties in Texas as well as from other States.

2. December 20, 1960. A blank form of sale and lease-back contract was submitted to the Department by the Texas State Committee and the Committee was advised on this date that such contracts had been reviewed by the Office

of the General Counsel and that transfers of cotton allotment should not be approved where such contracts were used to sell a farm to a displaced owner. These contracts provided, in effect, that the seller would convey title to a farm to the displaced owner who would pay for the land in four annual installments but no down payment was required. If the county committee failed to approve transfer of pooled cotton allotment, the entire arrangement was to be cancelled. The displaced owner leased the farm to the seller and received approximately \$50 per acre of cotton allotment as the first year's rental. The first payment on the purchase price was due on December 1, 1961, and the amount was so large that it appeared unlikely that any of the displaced owners would be in position to make the payment. The contract provided an escape clause whereby the displaced owner could reconvey title to the land if he failed to make the first payment and he would thereby escape all personal liability under the contract. He would, however, be entitled to keep the first year's rental payment which in effect amounted to the purchase price for the cotton allotment.

3. January 12, 1961. A memorandum bearing this date was discussed with and given to the Farmer Fieldmen by the Texas State office. It set forth the text of the Department's memorandum of December 20, 1960 ruling that the form of sale and lease-back contract would not support a transfer of pooled allotment to land allegedly purchased in that manner.

4. January 16, 1961. A meeting was held in Dallas, Texas on this date with representatives of the Oklahoma, New Mexico, and Texas State offices and representatives of the Department, to discuss the question of transfers of pooled cotton allotments. The effect of the December 1960 ruling on the sale and lease-back contracts was fully discussed and a proposed amendment to the regulations was discussed. It was emphasized that the county committee must review the application for transfer of pooled cotton allotment by meeting with the applicant and considering the contracts and other documents evidencing his alleged purchase of a farm in the county.

5. January 17, 1961. A meeting on this date between Henry Marshall of the Texas State office, W. P. Mattox of the Reeves County Committee, the Southwest Area Director of CWS and John Dennison, attorney for Billie Sol Estes was held at the State office to discuss proposals for sales of land by Estes. Mattox stated on January 12, 1961 to representatives of the Department that Marshall discussed a form of contract for sale of land which "would not work" but Dennison denied this.

6. February 2, 1961. A meeting was held in Fort Stockton, Texas by Henry Marshall of the Texas State Office and representatives of the Reeves, Pecos, Culberson and Hudspeeth County Committees to discuss the same matters covered in the Dallas meeting. It appears that the respective county committees were told that the applicant should furnish a copy of the deed and make the certification that he has no side agreements to sell his allotment and that no review of any other contractual documents would be necessary. As a result of this erroneous interpretation of the requirements for approval of

transfers of pooled allotment, 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. It has not been possible to interview Henry Marshall as to the basis for his advice to the persons attending this meeting since he died under mysterious circumstances on June 3, 1961. His death has been ruled by the local law officers as caused by self-inflicted gunshot wounds.

Notwithstanding the stringent requirements of the regulations that the county committee carefully 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 on the purchase price, 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 cropland elsewhere, all constituted evidence 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.

On July 5, 1961, the Investigation Division AECG, was requested to make a general study of transfers of pooled allotments and in due course this produced the following reports:

D-3-525 - Billie Sol Estes, Pecos, Texas

51 Texas displaced owners transferred 2,056.4 acres of pooled cotton for 1961 to land purchased from Estes to Pecos and Reeves Counties, Texas; 56 Oklahoma displaced owners transferred 731.3 acres of pooled cotton for 1961 to land purchased from Estes to Pecos and Reeves Counties, Texas; 9 Georgia displaced owners transferred 253.4 acres of pooled cotton for 1961 to land purchased from Estes to Pecos and Reeves Counties, Texas; 14 Alabama displaced owners made application to transfer 253.4 acres of pooled cotton for 1961 to land purchased from Estes to Pecos and Reeves Counties, Texas. Official notices of farm acreage allotment for 1961 were issued to Estes and his associates for these transferred pooled cotton allotments except in the case of the 253.4 acres from Alabama. The Alabama acreage was not transferred as a result of instructions from the Department after meetings in Alabama discussed in 3. below. However, Estes planted the 253.4 acres in 1961 without an official notice of allotment. Marketing quota penalties on such excess acreage have been paid but appeals thereof to the Review Committee are pending.

In addition, there were 11 other investigation reports of transactions by sellers not connected with Billie Sol Estes. It is significant that many of the displaced owners who were interviewed stated that they were approached

in their home counties by agents who knew they had pooled cotton allotments and that assurances were given that everything was legal. Many of those interviewed stated that they had no intention of owning a farm but merely sold their pooled cotton allotment. In general, the transfers of allotment were to irrigated land with much higher yields than the farms from which transferred.

Because of the pending investigations, it was determined on November 14, 1961, that 1962 cotton allotment notices in those cases should not be issued in early December 1961 in the usual manner. The Texas and New Mexico State Committees were accordingly advised to withhold issuance of such notices of allotment until further instructions.

A memorandum dated December 15, 1961, to the Under Secretary from the General Counsel recommended that action be taken to cancel the 1961 transfers of pooled allotment in the case of Billie Sol Estes. It was indicated that investigations in other cases would be reviewed as soon as possible. It was pointed out, however, that for 1961, the erroneous notice of allotment provisions of the 1961 cotton acreage allotment regulations would be applicable.

These provisions of the regulations provide that the producer will not be considered to have exceeded the farm allotment if he planted cotton in reliance on a notice of farm allotment which he had no cause to believe was in error. Accordingly, the State and county committees may determine that no farm marketing excess and penalty resulted in 1961 even though the notice of allotment was in error and is cancelled or reduced in 1962.

After the various sellers learned that 1962 allotments were being withheld, some of them, including Billie Sol Estes, met with representatives of the Department in Washington and alleged that the displaced owners to whom land had been sold were the bona fide owners of the land.

Upon careful consideration by the Department, it was determined that each seller should be given an opportunity to prove the bona fide nature of the sale of land. If the displaced owners made the first annual installment on the purchase price, this would indicate that the displaced owner did not intend to default on his contract or recover the land to escape personal liability for the purchase price. Since many of the contracts called for the first payment on December 1, 1961, it appeared that a certification by the seller that a bona fide payment without any subterfuge or side agreement to refund the payment had been made would provide each seller with the opportunity to prove his case.

Accordingly, a form of "Seller's Certification of Bona Fide Sale of Land" was prepared and instructions sent to the Texas and New Mexico State Committees. This procedure was approved in a memorandum dated January 31, 1962 from the General Counsel to the Under Secretary.

Subsequently, it appeared that most of the sellers were unable to certify that the first installment payment on the purchase price had been made by the various displaced owners. Various proposals were then presented to the Department whereby a third party would purchase the land from the displaced owner under a renegotiated contract of sale with a longer period of amortization. These proposals are still under study in the Department.

The transfers of pooled cotton allotments across State lines created wide interest and comment from a number of persons. The following list illustrates this point:

1. Vice President Johnson requested information on behalf of a representative of Billie Sol Estes with respect to the requirement under Amendment 11 to the regulations that the displaced owner had to appear in person before the county committee. A letter dated February 20, 1961, to the Vice President from the Secretary pointed out that certain abuses required this provision in the regulations but that the State committee could excuse a displaced owner from such personal appearance in a hardship case.

2. Congressman Carl Albert inquired about transfers of pooled allotment and pointed out that Mr. Walter Arnott, 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 allotment. Letters from the Secretary 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 was to alleviate hardship on displaced owners.

3. The Cotton Study Group of the Alabama Legislature, consisting of the Lt. Governor, and a number of State Senators and Representatives met on April 18, 1961, in Montgomery, Alabama, with the Alabama Commissioner of Agriculture and the Alabama State Committee, and representatives of the Department. The prior ruling that the sale and lease-back contracts would not warrant transfer of pooled cotton allotments was discussed and it was pointed out that the pending transfers from Alabama to land in Texas sold by Billie Sol Estes would not be approved. The State Committee issued a press release to this effect which resulted in wide publicity in Alabama newspapers as well as Texas newspapers including the April 20, 1961 issue of the Pecos Independent, Pecos, Texas. The Department received information that Senators Sparkman and Hill, and Congressman Rains of Alabama, were pleased with this ruling.

4. Congressman Poage of Texas discussed transfers of pooled allotments with the General Counsel and indicated that while some of the transfers may not have been contemplated by the law, he felt that in view of all the circumstances such transfers should not be disturbed.

5. Senator Yarborough and Congressman Rutherford met on January 6, 1962, with Billie Sol Bates and his attorney, John Demmons and representatives of the Department with respect to the withholding of 1962 cotton allotments for land sold by Bates on which pooled allotments were transferred in 1961.

6. Senator Clinton Anderson inquired on January 12, 1962, with respect to a complaint by G. V. Clayton that a transfer of pooled cotton allotment for 1962 was disapproved whereas Drs. Haddock and Selley obtained 1961 transfers under similar arrangements. It was pointed out that 1962 transfers were subject to revised regulations not in effect for 1961 but that 1961 transfers were under investigation.

7. Congressman Mahon's office inquired on January 16, 1962, with respect to the allotments on farms sold by Fred Chandler, Fort Stockton, Texas.

8. We understand that the Vice President has recently discussed this matter with the Under Secretary.

It appears that one or more of the sellers have submitted the "Seller's Certification of bona fide Sale of Land" to the effect that the first installment on the purchase price for the land has been paid. If accepted by the State committee, 1962 cotton allotment notices will likely be issued for such farms in the near future. In the case of other sellers who are unable to file such certification, it is probable that 1962 cotton allotment notices cannot be issued prior to normal planting time. If the Department rules that the transfers of allotment were a scheme or device to sell allotments and cancels the allotments effective with the 1960 or 1961 crop, as applicable, the farmers who plant now in the hope that 1962 allotment notices might be issued at a later date would be subject to marketing quota penalties for 1962.

There are at least two alternative courses of action which may be followed in cases where the sellers cannot file the certification showing the displaced owner has made the first payment on the purchase price for the land.

Alternative A. The Department could cancel the transfers of pooled allotment effective with the year of transfer and give the benefit of the erroneous notice of allotment provisions of the regulations to the producers in 1960 and 1961 so that no marketing quota penalty would result. Such action would be legally supportable on the theory that the displaced owner was not, at the time of approval of the transfer of pooled allotment, a bona fide owner of the land since his contractual arrangements provided on their face for escape of all personal liability in case of default. It should be recognized, of course, that producers receiving notice of zero farm allotment would then be entitled to a hearing before the Review Committee and appeal to the Courts of any adverse decision.

Alternative B. The Department could permit the displaced owners to renegotiate their contractual arrangements so as to either (1) extend the period of

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amortization so that it could reasonably be expected that the land could be paid for or (2) substitute a third party as a purchaser of the land under similarly renegotiated terms. Although it presents difficult legal questions, this alternative of renegotiation can be supported as a legal matter in the following way. Where the displaced owner makes a payment on the purchase price, either in cash or out of proceeds of rentals from the land leased to the seller or another person, and the original purchase price is not reduced, it can be argued that the displaced owner has cured the defects which appeared on the face of his original contract and has now become the bona fide owner of the land even though it appeared originally that it was not a bona fide sale. Similar reasoning, when applied to a substitution of a third party for the displaced owner, could support the conclusion that the displaced owner has cured the defects which appeared on the face of his original contract and has thereafter, or concurrently, sold his interest in the land to a third party.

cc:
Under Secretary
Administrator, ASCS
DASCO, ASCS
Cotton Div., ASCS

Mr. Bagwell
Mr. Shulman
Mr. Rooney

PHRapp:crp: 4-10-62

John C. Bagwell

Estes File

HOW DO YOU PRONOUNCE SAN ANTONIO

War has been declared on diphthong splitters in pronunciation of the name of San Antonio and it's being lead not by a resident of this city but by a Kerrville woman!

Mrs. Sarah Gray, Kerrville, is irked by the fact that, she says in a letter to the San Antonio

Conservation Society president, "the radio people sing out a hundred times a day San Anton-e-o when it should be San An-to-n-yo."

Mrs. Winfield S. Hamlin, head of the Conservation Society whose efforts Mrs. Gray

seeks to enlist in correcting the pronunciation, passed along the Kerrville woman's comments to local radio and TV stations.

"People all over the world are now splitting the diphthong lo (yo), making two strong vowel

sounds and four syllables in Antonio contrary to Spanish pronunciation of three syllables and one strong accent on the middle syllable 'to', Mrs. Gray wrote.

"Imagine the howl if everyone spoke of California as Call-forn-i-a. Ask the splitters to the

diphthong how they pronounce California.

"The correct pronunciation of all Spanish names should be learned and appreciated by all speakers, commentators and announcers. The rules of phonetics and syllabification are

so easy to practice that it is only common intelligence and courtesy to approximate proper Spanish pronunciation . . . The misplacing of accent is unforgivable in names like Jimenez, Gomez, Perez, Juarez, Cardenas . . .

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Lic. R. Garcia Bravo

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JOHNSON LINKED TO ES

N ANTONIO?

so easy to practice that it is only common intelligence and courtesy to approximate proper Spanish pronunciation . . . The misplacing of accent is unforgiveable in names like Jimenez, Gomez, Perez, Juarez, Cardenas . . .

"We have conserved the pronunciation of Bexar County. Can we not keep the city's name 'Antonio' pronounced in three syllables with one strong accent on the middle 'o' and the diphthong slightly heard as 'yo' and not 'i-o'?"

**El Periodico Ingles-Espanol
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Al Servicio de la Hermandad
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12 PAGES IN TWO SECTIONS

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ESTES

But Aides Deny Any Foul Play

The names of Vice President Lyndon B. Johnson and two powerful Democratic Congressmen from Texas figured in testimony before two congressional subcom-

mittees investigating the Billie Sol Estes case.

Johnson's name, it was said, was mentioned in connection with activities of some of his aides.

Spoesmen for Johnson immediately denied that he ever sought favors for Estes. The Congressmen, W. R. Poage and George C. Mahon, said they made no effort to help Estes either.

But John C. Bagwell, the Department's general counsel and author of the memo, said that he was referring only to a discussion between Murphy and Walter Jenkins, one of Johnson's assistants.

Jenkins later said that he had made a routine telephone call to Murphy last January after Estes and six other Texans asked John-

sons' office for assistance on their cotton allotment problems.

The call was described as routine by Jenkins, who said that he only sought information about the allotments, asked for no favors and merely requested that Murphy inform him of the Department's final decision after it was made.

A House Government Operations subcommittee released testimony by William E. Morris, a former Agriculture Department employe, who said that Estes gave Cliff Carter, another Johnson aide, "about 10 tickets" to a \$100-a-plate Democratic fund-raising dinner here in January.

Carter acknowledged that Estes gave him the tickets. Carter said that he in turn distributed them to "stenographers, typists, doorkeepers and others" who would not otherwise have been able to attend the Kennedy Inaugural anniversary dinner.



By TED LEWIS

Washington, June 6.—A highly emotional speech in the House today by Rep. H. Carl Andersen (R-Minn.) was designed to get across in a dramatic way—both to his colleagues and constituents back home—the idea that he was a most innocent victim of Billie Sol Estes!

Before too many tears are shed over the plight of Congressman Andersen, it should be pointed out that he is only one of a flock of politicians getting smeared on "guilt-by-association" basis in connection with the Estes scandal.

Andersen has been in Congress for more than 20 years. He should know by this time that one of the hazards of a political career is that every juicy national scandal is always milked and twisted for every partisan gain possible.

Most veterans of the Washington scene are willing to string along with Congressman Andersen's explanation of how he sold the Pecos Ponzi \$4,000 worth of stock in a Washington State coal mine. They are also willing to extend sympathy and understanding to Vice-President Johnson. A form letter from Johnson's office addressed to "Dear Billie" and signed "Lyndon" has given Republicans campaign ammunition about the "link" between Lyndon and Estes.

This is the sort of campaign material that both parties make use of to demagogic extremes. Johnson's "guilt-by-association" status is, however, so tenuous that GOP campaigners should blush when they toss out sly innuendoes about Billie and Lyndon. The letter that is the basis of such slurs was not even signed by the Vice President, his scrawled "Lyndon" having been penned by a subordinate, as is customary with routine correspondence.



Rep. H. Carl Andersen
Old enough to know better

The Congressman Reveals a Very Thin Skin

The dramatic way in which Congressman Andersen tried to erase his "guilt-by-association" ties with Estes deserves a hand for its show-business touch. Andersen may be naive enough to think that what he said will take him off the hook, but his friends in the House know otherwise. Once a smear of this kind occurs, it is almost always an indelible label and lasts a lifetime. Through the years it has a tendency to get distorted in significance.

—Andersen obviously knows his Estes deal will figure in his reelection campaign, but it is doubtful that it was smart politics for him to come clean in the fashion he did today. It was a unique performance, which showed that an oldtime politician like the Minnesota farm-belt Republican can still be thin-skinned.

The idea that some of his best Republican friends were now shunning him, don't even say "hello" any more, showed that the Congressman was a most sensitive character. It was a side of himself he had never displayed before. House members knew him as a farm belt partisan always ready to indulge in the rough-and-tumble, hard-boiled phases of the legislative process.

Andersen Spoiled a Good Thing for GOP

Andersen's finale, designed to stir the House to tears, was pretty much of a dud.

"H. Carl Andersen," said the Minnesotan "never did anything wrong with the Estes affair. My conscience is clear. So help me God."

Well, the same sentiments, except not so flowery, have been flowing out of various Democratic locations for several weeks.

It expresses the sentiments of Agriculture Secretary Orville Freeman, Lyndon Johnson and the various Congressional Democrats, including Sen. Ralph Yarborough (Tex.). The latter accepted money from Billie Sol for political help.

What needs to be made clear is that all these Democrats and many others have been the targets of abuse—in some cases properly—in connection with the Estes mess. The fact that Andersen and certain Republicans, some of whom were in the Agriculture Department under Ike, were also linked with Estes, innocently or otherwise, was not pleasing to the GOP planners.

They had wanted to use the Estes scandal to smear only Democrats, otherwise their style would be cramped. And Andersen realized that there was a slight chill toward him in top party circles for messing up their plans.

Minnesotan Has Failed to Meet the Issue

So Andersen had in the back of his mind today that he was doing his party a real favor by giving a detailed account of how he had been taken in by Estes. With his public profession of innocence, he could hope that House GOP Leader Charles Halleck (Ind.) and Rep. William E. Miller (N.Y.), chairman of the Republican National Committee, would welcome him back into the fold.

He also hoped he had removed himself as a target of Democratic arrows. That deserves a laugh. Let's face it—the gut issue involved is that Estes bought mining stock from Andersen because he thought he was establishing a relationship with an influential Republican when farm legislation was before the House. In addition, Andersen had good connections in the Agriculture Department.

That \$4,000 stock transaction was Estes' way of establishing another friendly contact in Washington who just might be able to do the Pecos character a favor some time or another.

Andersen says he never did do Estes a favor. No one has charged that he did. But the whole Estes scandal is centered on exactly this kind of palm-greasing. And Andersen has yet to go into this ethical problem as it pertains to him, despite his announcement about how clear his conscience is.

By TED LEWIS

Washington, June 18.—A subtle move is under way, originating among bitter Administration foes of Vice President Johnson, to make him the fall guy for the present legislative mess in Congress.

This is so much hogwash. As everyone on the inside knows, the legislative strings have been pulled by the White House ever since President Kennedy took office.

For instance, the strong statement in the Senate today by Democratic Leader Mike Mansfield (Mont.), denouncing the way Congress has been frittering away its time, was made on White House orders. It was aimed primarily at getting action on various bills which, until either voted up or down, tend to make the business community hesitant about making future commitments.

Mansfield did not put it quite that bluntly. He only said the time had come to fish or cut bait and "dispel some of the uncertainty which has been accumulating in recent months throughout the nation."

To that end Mansfield served notice that, beginning Wednesday, the Senate would meet daily for a nine-hour stint and adhere to that schedule until it has acted on "as much of the legislative program as is feasible."

This was an admirable stand, but Mansfield, usually most sensitive about such things, did not appear to realize that the sad state of legislative affairs was, as far as the Senate is concerned, his own responsibility and had been so since he succeeded Lyndon Johnson as party leader.



Vice President Johnson
They're trying to blame him

Mansfield, in the Senate and Speaker John McCormack (Mass.) in the House, are supposed to be running Congress. They are the chief Administration lieutenants, at least in name, in the Capitol. But they have neither cracked down on party members nor seemed to have the guts to assert their leadership powers had they wanted to.

Just why they have allowed the legislative mess to go from bad to worse, is an interesting question. The best answer is that they felt they were only the "front men" for the White House operatives who planned and carried out their own pet legislative strategy and tactics.

Just six days ago there was an intriguing example of how the Democratic Congressional leaders are bypassed.

Wouldn't Have Treated Mr. Sam This Way!

Chairman Wilbur Mills (Ark.) of the House Ways and Means Committee happened to blurt out his opposition to any tax cut legislation, as proposed by the President as an anti-recession palliative. He was promptly summoned to the White House, huddled for an hour with Kennedy and slithered out a side door.

When the late Speaker Sam Rayburn was running the House, this sort of direct action, without his being first consulted, would have been considered an insult. But Speaker McCormack's advice was not asked or considered to be required in the case of Mills being called on the carpet.

Earlier this session Kennedy similarly used the direct approach on Chairman Carl Vinson (Ga.) of the House Armed Services Committee. It succeeded. Vinson called off his drive to earmark \$491 million for the B-52 supersonic plane.

In connection with Mills, all that Kennedy accomplished, according to the best sources, was to get the chairman of the committee which writes tax legislation to agree to keep his mouth shut on the question of tax cuts and so not further embarrass the President.

The idea now being planted around that Lyndon Johnson is somehow responsible for the sad state of the Administration's legislative program is based on a phony premise. The premise is that Johnson is a shrewd political operator and that when he was Senate leader and Rayburn his House counterpart he was, in effect, the czar of Congress and called the legislative turns while Ike was in the White House.

Lyndon Ready to Help—If

The truth is that Johnson gracefully stepped into the shadows when he became Vice President. He realized that the President wanted to keep his own hand on the legislative clutch. If Kennedy wanted his advice or asked him to move in, he was ready to give his assistance graciously.

He did not intend to lord it over Mansfield, his successor as Senate leader, unless that was the way the White House wanted it. The White House didn't.

Instead, Kennedy, when not active himself, worked with Congressional legislative problems through his own White House troubleshooters such as Larry O'Brien, his top legislative liaison aid.

So far, the system has had questionable success. The first session of the present Congress booted around Kennedy's pet bills to a fare-you-well, killing the aid-to-education measure among others.

In the present session there has been even less success. There was the painfully embarrassing House defeat of the bill to establish an urban affairs department. All of the finagling, cajolery and threats possible have been used this session to get the controversial medical care measure out of Wilbur Mills' House Ways and Means Committee—and with no success to date.

The JFK Method Obviously Doesn't Work

It has been apparent for some time to those familiar with the tough infighting tactics necessary to get legislation moving that the "Kennedy system" is a flop. The Johnson-Rayburn methods, it is argued, could be paying off right now, had the Vice President been given a free hand in behalf of the Administration's program.

With an almost two-thirds Democratic majority in control of both houses and so few Administration legislative victories, the

Mr. Johnson



By TED LEWIS

Washington, Oct. 2.—When the lights began to go out in Mississippi last weekend, where was Lyndon Johnson, the one man whom the Kennedy team most relied on to wheedle Dixie diehards into line?

The Vice President was down on the LBJ ranch in Texas for three days of relaxation. He was so sure that neither the President nor the Attorney General wanted him in the act that for long hours he was not within emergency phone reach. He was fishing from an outboard motorboat on the Pedernales River, miles out of reach.

This failure to use Johnson is in some aspects a mystery. Lyndon's powers of persuasion, both honeyed and cussing types, are of renown. If anybody in Washington could get through to stiff-necked Gov. Ross Barnett and get him to ease up, it was certainly Johnson, another drawing Southerner with far more personal appreciation of the racial problem than a couple of Boston Irish Brahmins.

Why then was Johnson's advice unsought and his services unwanted as the Mississippi crisis began to blow up until it temporarily went out of control? As fair a guess as any is that the Kennedys wanted to play it their own way, with no extra quarterback gumming up their style.

Yet if in this instance they treated Johnson like a second-class Vice President, they have certainly used him before and effectively. In 1960 he was picked as Kennedy's running mate to help carry the South for the national ticket, and he delivered the electoral votes as expected.

It should also not be forgotten in connection with the present snub that it was Johnson, as Senate party leader, who cleared the way for passage in 1957 of the first civil rights bill since the post-Civil War Reconstruction era.



Vice President Johnson
Quiet man in racial crisis

Johnson Got North and South Together

And in that fight Johnson turned out one of his best personalized soft-soap jobs. He got the Moses of the North and the Eastlands of the South together on the fundamental provisions. That feat alone should have convinced the present White House and Justice cliques that no one but Lyndon had a Chinaman's chance of roping Barnett and keeping him tied.

And more recently, in the touchy civil rights field, Johnson has done yeoman service as chairman of the President's Committee on Equal Employment Opportunities. The Johnson committee has effectively lifted racial barriers in many businesses and factories in Texas, Georgia, Louisiana and Alabama.

As we get it, Johnson was ready, willing and able to act in the Mississippi crisis in any big or little way the President might have had in mind. And while he got the complete brushoff, he is neither angry, upset nor hurt.

As long as he was on the sidelines in this sad sectional scuffle, he was reluctant to project himself at all, even on the fringes.

This is as good an explanation as is obtainable here for the Vice President's delay in speaking out on the Mississippi issue. His only statement on it was issued on his return here from Texas early Monday. It was along the customary line—that "our government cannot long endure unless responsible Americans abide by the decision of our courts."

Maybe It Was a Favor to Vice President

On a long-range basis it is probable that the Kennedys did Johnson a service by not making him a key figure in the Mississippi maneuvering. It is questionable that this was their intent, although in political operations their imagination stretches far ahead.

The Vice President, if chosen by Kennedy as his second-term running mate, will certainly now be in a more solid position to help the President in the South in 1964. It would be otherwise if he were tarred with the same brush as the Kennedy team for the troop crackdown at Oxford, Miss.

Also by not being embroiled in the present racial crisis, Johnson gains an advantage in his hopes for the Democratic Presidential nomination in 1968. The basic delegate appeal he must make then must be his ability to carry much of Dixie, while being at the same time acceptable to the North for his civil rights record.

Those who know Johnson best say that he has not spoken out even privately in criticism of the President's handling of the Mississippi problem. It is known that before he left for Texas last Friday the President brought him up to date on the situation. But he was not asked for his advice, only filled in on the Kennedy plans.

The Vice President's reticence is in keeping with the firm decision he made when he decided to accept second place on the Kennedy ticket. He intended to be a loyal lieutenant, ready to take any marching orders received and accept without a murmur when they were not forthcoming, even if he thought he had valuable help to offer.

Johnson's Friends Resent Treatment

While Johnson is determined to stay aloof from the petty inner-circle knifing that is going on in this Administration, this does not mean that his closest political advisers don't occasionally blow up off the record.

Certain White House advisers, particularly those who have been in the Kennedy political entourage since way back, have never considered Lyndon a part of the team. Their rancor over his cracks at the 1960 Los Angeles convention about Kennedy's youth, etc., remains undiminished. As a result Johnson for a time had trouble getting in to see the President.

The Johnson faction blames the zealous clique of Kennedy hero-worshippers more than the President and Bobby for the Vice President's being kept on the sidelines in the Mississippi mess. Perhaps, instead, they should thank the high heavens he wasn't dragged

STUFF

By TED LEWIS

Washington, Oct. 24.—Sly and insulting insinuations are being heard here along the line that President Kennedy's tough Cuban action came at a most appropriate point in the national political campaign.

This is a cheap and unfair slur. It has properly enraged high-ranking members of the Administration. Yet there must have been awareness that such snide cracks would turn up. No President has ever taken dramatic action of any kind during a heated political campaign without being accused of trying to sway an election.

In the present instance, however, it is certain that the President and his chief advisers had hoped that somehow the Cuban menace would not come to a head until after the Nov. 6 election. But they realized that the time of decision could not be of their choosing.

The fact is that the so-called "Cuba issue" was from the start of this campaign a tricky one. And as it developed, it became more and more evident that if Kennedy took forceful action while the off-year campaign was in progress, he would be open to the accusation of playing politics.

Yet it has turned out that the gravity of the crisis is recognized, and to the credit of all major GOP leaders, including Ike and Nixon, there has been no political sniping at that level—only expressions of patriotic support.

But that does not mean that various GOP Congressmen seeking reelection are happy about losing an issue which they found had voter appeal. The charges that Kennedy had a "do nothing" policy toward Khrushchev's Cuba got crowd response that no other partisan approach could equal. Now that issue has gone for good in this election year.

It is from such sources that the suggestions are now being tossed out that Kennedy's decision to act was a well-staged and carefully planned bit of political drama, including the secrecy that enveloped Washington last weekend.

Why That Chicago Trip With Crisis at Hand?

There is no doubt that at some time it is going to be proper for the public to be fully informed as to just what did go on hour by hour during the period when the grave decision was being mulled over.

Why, for example, did the President choose to start off last Friday on a political campaign swing, when the data was already at hand about the missile sites and missiles?

And why was it decided in Chicago last Saturday that he should come down with a "diplomatic cold" requiring him to cancel the rest of his tour and return to the White House for treatment?

We have been able to nail down only one vague explanation for this queer bit of play acting: It is that the President wanted to conceal from Moscow the fact this government was about to move with its military might.

This makes considerable sense, but is it the whole story? In hindsight, maybe it would have been better if the President had developed his phony cold last Thursday night and called off his campaign swing before it even started.

What Part Did Public Opinion Play in JFK's Decision?

The extent to which the President was influenced by public opinion in reaching his momentous crackdown decision probably will always be debatable. As we saw him bristle at heckling signs criticizing his Cuban policies, it was evident that they got under his skin.

But he carefully avoided on his political swings every opportunity to discuss the Cuban situation in detail. It was clear that he felt the less he said about it the better for his party. Only once did he forget himself—at Indianapolis when he denounced "self-appointed generals and admirals who want to send someone's else's sons to war." That barb was aimed at Sen. Homer Capehart (R-Ind.), an original Cuban invasion adherent.

What should not be forgotten is that Cuba was never a formal Republican Party campaign issue. It was seized upon by some GOP office-seekers, overlooked by others.

As long ago as last August, the GOP high command realized that the Cuba issue could have mileage only if the Administration failed to take positive action until after Nov. 6.

At that time the huge Soviet military shipments to Cuba were revealed in detail for the first time.

Veteran party organization leaders then told incumbent legislators that they would be on their own in pushing "the Cuba issue." They could suddenly find themselves trapped by it, should Kennedy act. And that's exactly what happened.

The Ax May Await Some Namby-Pamby Advisers

The only but—and in many cases not too awkward a one—was to run off a statement that the President has finally done what we have been urging him to do right along.

It has to be admitted that some Democrats also found themselves in a box on account of Kennedy's positive action. Among these were Vice President Lyndon Johnson, who with various Cabinet members had touched on Cuba in campaign appeals. Their retort to GOP demands for a blockade was to the gloomy effect that a blockade was an act of war and could lead to a nuclear holocaust.

This was the line peddled as recently as a few weeks ago by the State Department.

Now Kennedy has rejected the arguments of this "do nothing" clique. It can be expected that in the next few months—if the present tough policy is effective—some heads will roll. High on the list could be UN Ambassador Adlai Stevenson and roving Ambassador Chester Bowles. Even Secretary of State Dean Rusk could be found dispensable.



Sen. Homer Capehart
Target of a JFK barb

STUFF

By TED LEWIS

Washington, Oct. 30.—At the start of the grave Cuban crisis, President Kennedy announced that he and his official family, including Lyndon Johnson, would abstain from any more personal-partisan politicking in the mid-term elections. It was called a generous gesture of national unity.

At the time, some sophisticated politicians felt that this magnanimous removal from the campaign was too good to be true. A Presidential letter addressed to "Dear Gaylord" and dated last Thursday, when the crisis was really at the brink, suggests that this cynical view had some merit.

The letter, as made public yesterday by Gov. Gaylord Nelson of Wisconsin, Democratic candidate for the U. S. Senate, speaks for itself. In it Kennedy—or more probably his letter-writing ghost, for the President was immersed in the Cuban emergency at the time—informed Nelson he believed that "your election is very important to the nation."

"More than ever before, we need men in the United States Senate," wrote Kennedy, "who have the judgment, maturity, compassion and leadership to meet the critical tests confronting our country."

"I believe you have clearly demonstrated these qualities during your four outstanding years as governor of Wisconsin, and I want you to know that you have my wholehearted support in your campaign for the U. S. Senate."

Nelson is running in Wisconsin against elderly Sen. Alexander Wiley, top-ranking GOP member of the Senate Foreign Relations Committee. The race is considered close to a tossup.

Nelson made the letter public at a peculiarly awkward time for Wiley. Wiley was here, making the most of the fact that he had been hurriedly called to the nation's capital, along with other top Congressional leaders, to confer with the President on Cuba and to give his advice.

The Wiley idea that he was needed by Kennedy at this crucial time appeared to have considerable political oomph. He had not counted on the "Dear Gaylord" letter, however.

Pat Has a Letter Up His Sleeve?

How many more of these "Dear Gaylord" type of letters are in the hands of Democratic office-seekers, ready to be produced at just the right time, we don't know. The White House wasn't talking about the matter or discussing the propriety of mailed support after the President had foresworn any more speaking support.

Perhaps there is a "Dear Pat" letter of the same laudatory kind in the hands of incumbent Gov. Pat Brown of California. If so, it could conceivably shift the odds in California, where at the moment the dope is that Brown's opponent, Richard M. Nixon, is capitalizing on the Cuban issue.

When the White House made its no-politics-for-the-duration gesture, there was little doubt that it was intended as an honest move. But on second thought there had to be misgivings, for the Kennedy team has always gravitated toward the center of any political swirl when its own fortunes and those of their party were at stake.

Ike Wasn't Having Any of It

There could have been great resolution to abstain this time, but certain events were not immediately foreseen.

The Democrats hoped that Gen. Eisenhower would follow suit. Ike wisely didn't.

Now, aside from the Kennedy "ghost" letter, Administration stand-ins for New Frontier leaders are working like mad in the hustings. And the way they are operating shows that they are getting their signals from the top men now trying to pose as high-level statesmen far above the political battle.

Gov. Richard J. Hughes of New Jersey, for example, is en route to Michigan to act as a stand-in for Kennedy and others in the tough fight to keep GOP's George Romney from defeating incumbent Gov. John R. Swainson.

And since Kennedy and Lyndon Johnson cannot go to Wisconsin to help beat Wiley, Sen. Estes Kefauver (D-Tenn.) is their on-the-scenes substitute.

Frontier Frets Over Key Contests

This new stand-in system is being used right down the line. It is called Operation Emergency for this reason: despite glowing reports about how high Kennedy's prestige is now because of Cuba, the word from the big "battle states" remains most disturbing to the New Frontier.

Reports received in the last 24 hours indicate that GOP hopes are continuing to rise, regardless of Cuba, in the three significant election contests.

These are the governorships of Michigan, Pennsylvania and California. Barring a last minute shift, Romney is considered most likely to be elected in Michigan by a big vote. He would thus move into the 1964 Presidential picture in a manner disturbing to Kennedy.

Young Rep. William Scranton (R-Pa.) is rapidly becoming an odds-on favorite to whip Richardson Dilworth, '64, in the race for governor. Scranton would then be catapulted into a real dark horse position in 1964.

Similar gloomy news for the Democrats has come from California. Nixon, who had been considered to have only a 50-50 chance until the Cuba crisis developed, has now gone all-out on the issue. Full page newspaper advertisements appeared in California today showing pictures of Nixon "talking back to Khrushchev," standing by Ike's side and sitting in a crisis huddle of Ike's Security Council.

This is difficult stuff for Brown to compete with. About the only Democratic retort suggested is to taunt Nixon along the questionable line: "Why do we need a Governor who talks back to Khrushchev?"



Gov. Gaylord Nelson
Got fan letter from JFK



By TED LEWIS

Washington, May 7.—The real national significance in the Texas primary results, as viewed here, is that Vice President Lyndon Johnson's 1968 White House objective now is more firmly based.

Johnson had used the Democratic gubernatorial contest to gain control of the Texas party organization. This was considered a vital step, essential to assure his place on the national ticket again in 1964 so he could move forward, provided President Kennedy won a second term, to get the party's White House nomination in 1968.

As Johnson's protege, John Connally was front man by a big vote in the party primary. All that Lyndon now needs to nail down his initial success is another Connally victory in the June 2 runoff primary and in the November election.

The odds favor Connally and Johnson in both instances. Connally is expected to be a heavy favorite over liberal Democrat Don Yarborough in the runoff. He would then be the odds-on choice to defeat Republican Jack Cox in November.

If, come November, Johnson has put his man in the Governor's Mansion at Austin and batted down control of the Democratic Party in Texas, he obviously would be sitting pretty in terms of Presidential 1964.

Texas' important 25 electoral votes could only be considered secure for Kennedy if Lyndon were on the national ticket again. Not that Kennedy has ever given a glimmer of suspicion that he would dump Johnson in 1964. But Vice Presidents have a notorious record for being discarded when they lose their pulling power in key states, particularly their own.

Within the White House itself, some of the President's loyal political schemers, known as the "Irish Mafia," never have accepted the Vice President as a real member of the team. They always have discounted the amount of help Johnson provided Kennedy in 1960, when he was put on the ticket to hold the South in line.

Johnson Hopes to Convince the Doubters

It has been pointed out that in 1960, even Texas was almost lost, Kennedy winning by only 46,000 votes out of the 2.3 million cast. Johnson was well aware of these slurs, and now has made his move to convince the doubters that Texas will be definitely safe with him running the party machine in 1964.

The Kennedy campaign planners, as Johnson well knows, are more interested in winning the 1964 electoral votes than in the political ideology of party candidates at this time.

Connally, former Navy Secretary, campaigned in Texas as a staunch conservative, anti-New Frontier, as he stated publicly, and flatly against Kennedy's medical care program and his education aid plans.

Any idea that Kennedy forces are disturbed by this should be discarded. The yelps from such ADA spokesmen as Vice Chairman Joseph Rauh that it was "a dreadful thing" for the Administration not to support liberal Yarborough—a true-blue New Frontiersman—caused cynical laughs among the hard-boiled national party leaders. Let Johnson make his pitch with Connally as he chose. That was the feeling. What was important was to clinch Texas for Kennedy two years from now, and if Johnson in the process made himself an indispensable second-term running mate, so what?

The Party, Not the Program, Comes First

The President himself, while he kept clear of Texas, has been operating on the political scene with a party buildup in mind—and support of his program is not a prerequisite for his favor.

More than a month ago, Kennedy, at a Miami fund-raising dinner, gave his pre-primary backing to Sen. George Smathers (D-Fla.) on the basis that he was for all incumbent Democratic Senators up for renomination and reelection.

Congressional Quarterly, which keeps the best statistics on House and Senate voting, listed Smathers as supporting Kennedy on Administration legislation only 47% of the time in the first session of the present Congress. Several Republican Senators did as well by Kennedy, including Sen. Thomas Kuchel (R-Calif.), with a listing of 49%.

Liberal Democrats who could be fairly called New Frontiersmen had ratings like that of Sen. Paul Douglas (Ill.) with 86% Administration support, compared with Smathers' measly 47%.

If it seems odd to have Kennedy in public treat as a loyal and deserving Democrat a Senator such as Smathers, who has a questionable voting record, even wackier acts are being put on.

Democratic National Chairman John M. Bailey, in what he called his first political speech in the South, has urged Alexandria, Va., Democrats to go all out to defeat in November incumbent Rep. Joel T. Broyhill (R-Va.).

Kennedy Operatives Will Run Scared

Bailey said Broyhill hadn't "taken a fresh idea across the Potomac since he entered Congress" and his voting record showed he was "timidly edging his political philosophy into the Roaring Twenties."

All right, so Broyhill is a conservative Republican. But, according to the statistics in Congressional Quarterly, he voted with the Kennedy Administration 35% of the time, while the rating of Sen. Harry F. Byrd (D-Va.) was 24%. But presumably, Byrd, when he runs again in 1964, will have Kennedy's backing, because, like Smathers, he is an incumbent Democrat.

The Kennedy operatives are certainly thinking ahead. They clearly intend to campaign scared for the Presidency again in 1964. They are ready to butter up all the influential party boys. There will be no references to Byrd's voting record. Smathers' moves off the reservation will be overlooked. The eye must be kept on the 1964 target which includes definitely the 14 electoral votes of Florida, the 10 of Virginia (both states carried by Nixon in 1960) and most especially the 25 of Texas—which Lyndon is counted on to deliver, or else.



John Connally
Lyndon counts on him

mid
kup

), 1962

Daily News 5-10-62



Capital Circus

By TED LEWIS

Washington, May 9.—The political-financial scandal concerning a shady Texas Democratic Party angel with the lovable name of Billie Sol Estes is now in the process of being blown up by Republicans into a mid-term election issue.

This smelly case does have a stench: Billie Sol's fantastic use of the government's cotton acreage program to make himself a millionaire has definitely smelled up both the Agriculture Department and Democratic Party. The disclosures in Texas already show that the scandal reaches clearly into the Kennedy Administration and is susceptible to making Democrats squirm when Republicans whoop it up.

At this stage of the scandal investigation, however, the effort to compare the Billie Sol case with the Teapot Dome scandal of the 1920s deserves to be hooted at. The Texas scandal is two-bit stuff in comparison with Teapot Dome. The Harding Era mess involved the grab of naval oil reserves and a six-figure payoff to a Cabinet member.

However, there is no argument among members of both parties in Congress that Billie Sol's success in making millions of quick bucks should be thoroughly investigated. The whole amazing operation more than suggests that the government's entire farm program has been susceptible for years to any financial genius who lives in the farm belt and knows his neighbors and the ins and outs of mortgages, acreage control, etc.



Billie Sol Estes
A two-bitter in comparison

Some Got Shirts, Suits

Obviously, a Congressional probe is called for, both sides admit, into the bribes, gifts or campaign contributions that Billie Sol dispensed to inside pals who owed him a favor. At least three Agriculture Department officials and two House members have been tapped in this phase of the preliminary investigation by Texas state officials.

Expensive shirts and \$200 suits buttered up Estes' contacts in the Agriculture Department. The Estes office records also listed checks for \$200 to Rep. Ed Edmundson (D-Okla.) and \$220 for Rep. Harlan Hagen (D-Calif.).

Even President Kennedy and Vice President Johnson have been entangled in the web. Billie Sol certainly "used" them, along with various other name Democrats, including Sen. Ralph Yarborough of Texas. Their autographed photographs, plus those of Harry Truman and Adlai Stevenson, graced Estes' office walls in Pecos.

Mug Shots Are Embarrassing

In fairness to Kennedy and Johnson, such mug shots go out routinely to all really deserving Democrats. Billie Sol certainly was one. Through the years it is estimated that he contributed \$100,000 for party purposes.

Now that Billie Sol is under fraud indictments, these pictures are most embarrassing to both the President and Lyndon, particularly the somewhat fulsome if routine lines. For example, Kennedy's: "To Billy Sol Estes, warm regards and best wishes."

Senator Yarborough went overboard in this regard for his big-wheeling fellow Texan, who, before the bubble burst, was supposed to be worth \$150 million at 37. Yarborough's signed photograph was addressed to "a great friend, a true Texan, a grand American."

Autographs Are Hot Stuff in the Sticks

We say Billie Sol "used" the President and other party notables by cadging these pictures because of his clear purpose in getting them in the first place. Those autographed pictures are hot stuff in any small town.

Why leaders of the nation are suckers in this respect is a mystery. Kennedy, at least, could reward the big contributors to his party by inviting them to a White House musicale or soiree. There are certainly enough of these shindigs to go around and this system would not make the President a party, no matter how innocent, to a sharp promoter's efforts to fleece folk with a photograph that suggests he is a most respected citizen, numbering among his friends the President.

Hundreds From Homes Workings' Of Estes' Paper Empire Bared

SUNDAY JULY 28

Politicians' Names Dropped In Inquiry

*Hearing Resumes Today; Wilson
Hints Digging For Hidden Loot*

By KENNETH MAY
Avalanche-Journal Staff Writer

AMARILLO — Billie Sol Estes built his multimillion-dollar "paper empire" with the help of men connected with some finance companies, witnesses alleged here Friday at a hearing spiced with the names of government and political figures.

Texas Atty. Gen. Will Wilson arrived here late Friday to participate in the hearings which will be resumed at 9 a.m. today.

Pilot On Stand

Doug Lewsader, a former pilot for Estes and for Superior Manufacturing Co. of Amarillo, was on the stand most of Friday afternoon.

Often referring to Estes as "Mr. Pecos," Lewsader told tales about Estes, his friends, his "horses," his fictitious names and his catering to them in finance and government. Some of the friends, Lewsader said, included Cox, now the Republican nominee for governor of Texas. In 1960, the pilot said, Estes ordered him to fly Cox on a campaign swing through Texas. During the period from April 15 through May 1, Cox was seeking the Democratic nomination as governor.

Another time Lewsader said he
See WITNESSES Page 6

M.D. Younger of Amarillo, Tex., testified that he handed checks to farmers, then received checks back in identical amounts.

"You were out buying cotton allotments, weren't you?" Sen. Carl T. Curtis (R-Neb.) asked suddenly.

"Yes, er-, no sir," Younger replied.

"I heard your answer in the first place," Curtis said.

Testimony has been that Estes required no down payments on the land he sold, allowing the farmers to pay off the debt in four annual installments, and agreed not to sue if they failed to meet even the first payment. But if they did default, the land and its acquired allotments would become Estes' property.

The farmers, in turn, were to receive...

claims by other federal government agencies.

Negotiations Begun

The money is to be paid within 10 days and the Justice Department then will move to dismiss the government's 11 civil damage suits against General Electric.

Kennedy said attempts are under way to negotiate settlements with 15 other defendants named in actions brought by the U.S. government and TVA.

For the purposes of the lawsuits TVA contends it is an individual within the meaning of the Anti-trust Act and therefore is entitled to triple damages for alleged overcharges on equipment it bought from manufacturers convicted of price-fixing.

The government sued for double
See GE SETTLES Page 6

ms Near

Kennedy, nearing a final...
but terms, Friday re...
ate Arthur H. Dean

Today's Prayer

Heavenly Father, please...
us not to love in word...
flatter with the tongue, but...
deed and truth. Please...
us hold out to the end...
that we can be saved...
Jesus's name.—Anonymous.

XEROX FROM QUICK COPY

*Paul
2*

27

Estes File

August 13, 1962

MEMORANDUM:

TO: The Vice President

FROM: Walter

Deke De Loach called and said they had had an interview with Coleman McSpadden and this took place on August 8, at which time his attorney was present. It lasted until 1:30 in the morning with full report being made on details. McSpadden said no information was withheld.

"It involved all of the Finance Companies in an 18 page statement on grain storage. He said Estes' statement that he was giving 1/8 interest in a grain elevator at Hereford to Vice President Johnson was at a time when Estes was angry with McSpadden for having acquired some land in Lubbock for McSpadden Grain Company warehouses which Estes had previously discussed buying with the former owners. Estes stated he was building a large warehouse in Hereford and was going to use W. J. and W. G. Worsham as 'horses.' Estes was quoted as saying he was giving a 1/8 interest to Vice President Johnson after McSpadden asked how he would keep such a large elevator full. McSpadden understood from Estes on the basis of various remarks that he was a good friend of Vice President Johnson. On one occasion Estes told McSpadden 'if you know people like Lyndon you won't have any trouble.'

"McSpadden has no personal knowledge of Estes' acquaintance with Vice President Johnson. He has no personal knowledge of any bribes, gratuities, etc. to Government officials or any favoritism to Estes except on the basis of Estes' own statements that he was being looked after by Ralph, Morriss, and Jacobs.

"The interview did not develop any substantial information not heretofore known."

Yes, Mr. Estes did call me on January 18th.

In the course of the conversation he told me he had available extra tickets to the Democratic dinner. Knowing the desire to have all seats filled at such Party affairs, I said I would be glad to pass these tickets on to some of the Hill employees and they were distributed to stenographers, typists, doorkeepers & clerks who otherwise probably would not have gone to the dinner.

Estes file

27

Yes, Mr. Estes did call me on January 18th. I did

~~not know whether he was calling from the Department of~~

~~Agriculture or not.~~ In the course of the conversation he ^{told} asked

~~if I could use tickets to the Democratic dinner. I told him I~~

~~did not need them personally but~~ knowing the desire to have

all seats filled at such ^{party} fund raising affairs, I ^{said} added I would be

glad to pass ^{these tickets} them on to ^{some of the} the lower paid typists, doorkeepers

and clerks who otherwise probably would not be able to attend

the dinner. This was done.

to stenographers, typists
doorkeepers, clerks
who otherwise probably
would not have gone to the dinner

GRAHAM PURCELL
13TH DISTRICT OF TEXAS

COMMITTEE ON
AGRICULTURE

1219 HOUSE OFFICE BUILDING

DISTRICT OFFICE:
206 FEDERAL BUILDING
WICHITA FALLS, TEXAS

Congress of the United States

House of Representatives

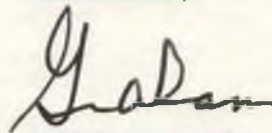
Washington, D. C.

June 27, 1962

Dear Walter:

Enclosed is the copy you
requested of the article which
we discussed on the telephone.

Cordially,


GRAHAM PURCELL

Mr. Walter Jenkins
Suite 5121
New Senate Office Building
Washington 25, D. C.



UNITED STATES
DEPARTMENT OF JUSTICE

RECEIVED
JUN 27 1962

Director of the United States
Bureau of Investigation
Washington, D. C.
June 27, 1962

TO : DIRECTOR, FBI
FROM : SAC, NEW YORK
SUBJECT: [illegible]

Dear Sir:

Enclosed is the report of the New York
Bureau of Investigation dated June 27, 1962.

Sincerely,
[Signature]

WILLIAM F. BRYAN



Mr. [illegible]
[illegible]
[illegible]
[illegible]

OFFICE OF THE VICE PRESIDENT
WASHINGTON

Wm X H
Walter - Here is
data you can
use in formulating
the 20 charges
made against me
re Estes matter -
LBQ

May 21, 1962

PERSONAL & CONFIDENTIAL

Mr. Vice President,

Bob Ruth of U. S. News and World Report called and asked the following questions:

1) Has the President asked the Vice President any questions about the Estes matter?

(I replied that I wouldn't have the slightest idea, but that I would submit the question to the Vice President for his consideration.)

2) Ruth asked if the Vice President had talked to Estes on the telephone.

(I told him the Vice President had not.)

3) Ruth asked if other telephone calls had been made by Estes to the Vice President's office.

(I told him the office kept no record of incoming telephone calls.)

4) Ruth asked what correspondence and on what subjects Estes has written the Vice President or the office.

(I told him that the office system was to keep correspondence by subject matter and that we had no Estes file as such.)

5) Ruth then asked if Estes had written in to the office any time on the Church of Christ missionaries, as he had written Senator Yarborough.

(I replied that I did not know, that I would be glad to check the files.)

6) Ruth asked if Mrs. Johnson ever had owned any stock in any of Estes' companies. He stated that he had heard such rumors and considered them to be rumors, but nevertheless felt required to ask the question.

(I replied that Mrs. Johnson did not own and never had owned any stock in any of Estes' companies.)

7) He asked if Mrs. Johnson owned any stock in Commercial Solvents.

(I again replied that Mrs. Johnson did not.)

page 2

8) Ruth asked about ownership of the plane that crashed and did Estes own it or any part of it.

(I replied he did not.)

9) Ruth asked if there was anything that would come out of this that will embarrass the Vice President.

(I replied that the rumor mongers were barking up the wrong tree.)

Ruth related that he had been to Austin and to Pecos on assignment by U. S. News and World Report on the Estes story and that all of the rumors were heard in the Texas area.

Ruth said he was not "holding the presses" on the story and was not pressing for an answer today, but would like an answer in the next 2 or 3 days.

Charlie Boatner -

May 21, 1962

PERSONAL & CONFIDENTIAL

Mr. Vice President,

Here are some rumors that Bill Blair has told me have come out of Texas concerning the Billie Sol Estes case. Bill does not believe any of them himself:

- 1) That Billie Sol Estes built the airstrip.
- 2) That Billie Sol Estes gave Mrs. Johnson \$500,000 to launch her radio and TV enterprises.
- 3) That a few weeks ago Billie Sol Estes went to Austin, registered in a motel but never used the room and went right out to the ranch.
- 4) That Mrs. Johnson put 5 million dollars into Commercial Solvents.
- 5) That Griffin, Editor of the Pecos Independent, had originally worked for Price Daniel but had been sent to Pecos to "get" Billie Sol Estes by Price Daniel with your concurrence. (Bill realizes the incongruity of this rumor.)

GER-

W
x
HSE

OFFICE OF THE VICE PRESIDENT
WASHINGTON

7/27

Walter:

Jim Naughton, Counsel for the House Inter-governmental Operations Committee called saying the Committee was going to call Willie Morris back in Executive Session early this next week in an endeavor to clear up some points that had been raised about his previous testimony.

Jim said if there was anything in that record regarding the Vice President or myself we would like questioned further or clarified for me to please let him know tomorrow if possible. Or if there was a statement I would like to place in the record he would handle this.

Naughton said it now looked like the testimony of Morris' first session as corrected probably would be released towards the end of next week. As members of both parties have copies of the record it is figured someone will leak parts if the whole report## is not released.

The main thought that comes to my mind is for him to be questioned very closely on everthing where the VP's name is used and make him admit without question it is heresay. I doubt that a statement from me to the record would serve any good purpose but rather I should issue a release to the press (as per the one you and I drew up) when the report is turned loose.

Cliff

*Naughton
7
1955*

NAUGHTON, James Richard

Counsel, Subcommittee on Inter-Governmental Relations of the House Committee on Government operations; legal residence Des Moines, Iowa. Home 110 D Street, S. E., Washington. Born: Sioux City, Iowa March 18, 1925; son of John M and Florence (Davenport) Married Lois Coll, Dubuque, Iowa 1942. Attended Morningside College Sioux City 1947 - 1949 Has BA degree. Drake University Des Moines, Iowa 46 - 47; 49 - 52. Iowa Bar Association, ~~Bar~~ *Bar* Activities; Army 1943 - released as PFC 46. World War II ~~SVC~~ 100th Infantry Division European Theater 1944-1945. Bronze star; purple heart with oak leaf cluster . 1955 ~~COUNCIL~~ Pres, Counsel Committee on Inter-Governmental Relations. Democrat, Member of the National Press Club, Iowa Farm Bureau Federation.

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ner that the Administration's
guns are trained on corporate
prices, the real thrust has
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The Administration is some-
what surprised by the suc-
cess of its hastily improvised
response to the steel price

See ECONOMIC, A4, Col. 1

The roots of economic pol-
icy-making in this Adminis-
tration are embedded in
these agencies. The dialogue
(and occasional tug-of-war)
between Secretary C. Doug-
las Dillon's Treasury and
Chairman Walter Heller's

See ECONOMIC, A4, Col. 1

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Johnson Aide Denies 'Influence' for Estes

United Press International

An aide to Vice President Lyndon B. Johnson yesterday rejected an implication that he attempted to use his influence to obtain a Federal job for a friend of em-
battle West Texas millionaire Billie Sol Estes.

Clifton C. Carter, a Johnson staff assistant, said a note he wrote to Estes in reply to the latter's recommendation for a job for a man identified as Bill Mattox was simply a "routine" acknowledgment.

Texas Atty. Gen. Will Wilson last night displayed during a television appearance the note from Carter to Estes.

Carter said Estes' recommendation, similar to thousands of job proposals made to the Vice President, was not followed.

He told UPI that Estes recommended Mattox, an elected member of the Reeves County Agricultural Stabilization and Conservation Committee (ASCS), for one of five posts on the Texas State ASCS.

Mattox was not appointed, Carter said.

In his note to Estes, Carter declared the recommendation would be placed in the "proper hands" for consideration.

The "proper hands" to which he referred were those of the Vice President's staff, Carter explained. After 30 or 40 other persons similarly recommended had been fully evaluated, Johnson did not propose Mattox, he added.

In recommending five appointments to the Agriculture Department and the White House, Carter said, the Vice President's office tried to name a well-balanced group reflecting all segments of Texas agriculture. James Goad of Rosebud, Texas, was recommended as a cotton expert rather than Mattox, Carter declared.

Mattox had been recommended by others in addition to Estes, Carter noted. Mattox was considered along with others proposed for appointment and received no special attention, Carter contended.

Sen. John G. Tower (R-Tex.) said he saw signs of "Administration jitters" over what could be a major scandal in the Agriculture Department because of the Estes case.

"It is now obvious the Agriculture Department is not doing an enthusiastic job of investigating itself," Tower declared.

Estes, 37, faces a Federal charge of conspiracy to transport fraudulent mortgages on

fertilizer tanks in interstate commerce. He also has been indicted by the State on eight counts of theft involving mortgages to farmers on fertilizer tanks having a mortgage value of \$828,000.

Wilson has conducted a series of six courts of inquiry into the crumbling empire of the "boy wonder" financier. Wilson has brought out testimony seeking to show that Estes tried to drive small grain storage operators out of business and that Estes carried favor with U. S. Department of Agriculture officials by buying them expensive gifts in Dallas.

C. Moseley, director of the Dallas, Tex., commodity office of the Agricultural Stabilization and Conservation Service, said yesterday he alone, and not Department officials in Washington, made decisions concerning grain storage by Estes, the Associated Press reported.

[Moseley made the statement in a speech at the convention of the Texas Grain and Feed Association. He denied any favoritism was given Estes and added, "all the grain is where it is supposed to be and the quality is satisfactory."

[He also said, "the responsibility for grain storage rests squarely in my hands and not in the hands of anyone from Washington. Politics and friendship do not move Commodity Credit Corp. grain and you know it."]

Sports Summary

Yankees Hand Nats 10-3 Loss For 11th in Row

Playing the champion New York Yankees hardly is a cure for the woes of the Washington Senators.

Yesterday, the Yanks pounded out a 10-3 victory to run the home team's losing streak to 11 games. The teams play a doubleheader at D. C. Stadium today.

Cleveland edged the Twins, 8-7, to hold its American League lead. Pittsburgh was displaced as National League leader by St. Louis. The Cards beat Cincinnati, 5-4, while the Pirates lost to Los Angeles, 2-1.

In racing, Kentucky Derby favorite Sir Gaylord, owned by Christopher T. Chenery of Doswell, Va., won the 7-furlong Stepping Stone Purse in impressive fashion and worked the full Derby distance in 2:02 1/4.

Twain Estate Still Growing

"REDDING, Conn., April 28 (AP) — Mark Twain's estate continues to grow, and has reached a value of \$878,925 as of last Dec. 31.

And television accounts for some of the royalties that still pour in for the works of Samuel Clemens.

Mild
x
P22

Clare

897.90

Looney

514.25

McLean

471.85

Gibson Ann

467.20 ✓

Morris' Ann

418.50 ✓

Shepherd

408.50 ✓

R. G. Hughes

421.85 ✓

Mama Roberts

408.50 ✓

Carlton Smith

413.76 ✓

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BETH M. WALKER
1900-1981

JOHN J. HOOKER
DAVID M. KEEBLE
MARLAN DODSON
TYNEE S. HARRIS

LAW OFFICES

HOOKER, KEEBLE, DODSON & HARRIS

1102 NASHVILLE TRUST BUILDING
NASHVILLE 3, TENNESSEE

JOHN W. KELLEY, JR.

July 6, 1962

Mr. Paul A. Porter
Arnold, Portas & Porter
1729 Nineteenth Street, N. W.
Washington 6, D. C.

In re: Farm and Ranch publication July 1962

Dear Mr. Porter:

Since my telephone conversation with you, I have read under the heading, "Straight Talk," appearing on page 10 of the July issue of Farm and Ranch, the following:

"How do Lyndon Johnson and his enterprising wife fit into the Estes Enterprises? Did LBJ go all the way with Billie the crazy-mixed-up Kid? Is Johnson in it up to his neck, or rather, her neck, as whispered generally? Let the All-American mouse who's studying to become a rat now come forward. Guilty or not guilty, it is long past time that JFK demand that LBJ say whether he went all the way with BSE; that that he make a full disclosure of his involvement, now. Does he or any of his family now own or did they ever own any interest in any Billie Sol Enterprises, such as the grain storage facility at Plainview, or in the fertilizer company which is deeply involved with Estes? Did the Vice President ask J. Edgar Hoover to call off the Estes investigation in the beginning? Did Johnson, in a government plane, meet Estes at the Midland-Odessa Airport April 28? And while he's at it, perhaps the Vice President would like to make a statement detailing the net worth of himself, wife and family before getting on the public payroll, compared to now. Why not require this of all our "public servants"?"

My understanding from you is that these statements, insofar as they purport to be statements of fact or interrogation inferring certain facts, are completely and wholly false.

XEROX FROM QUICK COPY

Mr. Paul A. Porter
July 6, 1962
Page 2

Tennessee Code Annotated, 28-304, provides that an action for libel shall be commenced within one year after the cause of action accrued. The period of limitations commences from the day that the alleged defamatory language was used (Riley v. Dunn & Bradstreet, 172 F. (2d) 203).

In my opinion, the language used is clearly libelous per se.

Tennessee Code Annotated, 39-2701
(defining criminal libel).

Hinson v. Pollock, 159 Tenn. (6 Smith)
1, 15 S. W. (2d) 737.

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404, 189 S. W. 864.

Clearly the language used was not privileged.

Newell on Defamation and Slander,

See also Price v. Sale, 8 Tenn. Civ. App.
(Higgins) 382.

It would appear that libel may be expressed by interrogation where it is meant by the question to assert the fact imputed.

Beasley v. Hills, 1 Tenn. Civ. App.
(Higgins) 285.

To the same effect, see Odgers on Libel
and Slander, p. 125.

FROM QUOTE COPY

Mr. Paul A. Porter
July 6, 1962
Page 3

If you conclude to institute any suit about this matter, you would probably do so in the United States District Court here, and I am sure you will find of interest Judge Miller's opinion in the case of *Vann v. Tennessee Newspapers, Inc.*, 201 F. Supp. 47 (1962).

I have referred you to the foregoing because I felt that you might want to know just what the legal situation is in Tennessee before considering the merits of this particular matter.

The correct corporate name of the publisher of the magazine in question is "Farm and Ranch Publishing Company, Inc." The officers of this company are Tom J. Anderson, President; W. T. Kennedy, Vice President; and David G. Brown, Secretary. The corporation is authorized to issue 4000 shares of stock of no par value, and has issued and outstanding, according to the Secretary of State, stock which was subscribed for at \$60,000.00. The present charter was filed December 14, 1953. This corporation is actually the successor of the old Southern Agriculturist, as I told you over the telephone, and a farm paper in Texas, which were merged here after Equitable Securities Corporation acquired ownership of Southern Agriculturist. The Equitable Securities Corporation is one of the largest security houses in the South, and for that matter in the country. My information is that they no longer own any interest in Farm and Ranch. My understanding is that Tom Anderson is the principal if not the only stockholder. He is a brother of William Anderson, who is one of the owners and officers of Equitable Securities. From the information that I have been able to obtain from reliable sources, I do not believe that Equitable Securities any longer has any interest in Farm and Ranch.

This is not the first occasion that Tom Anderson has written a scurrilous editorial about people in this community, including another situation with which I am familiar, where the accusations made were absolutely false. He has the reputation of being a rather high tempered person. I regard him, especially in view of his recent writings, as a "smart aleck." In my judgment, Farm and Ranch would not accede to any demand that he make a retraction or explanation about this untrue editorial, but if we undertook to get him to make any such retraction, he would in all probability try to make such request a basis for some further defamatory remark. I have undertaken to find out the name of the attorney for Farm and Ranch without success. It might possibly be, if you felt inclined to pursue the matter further, that we could through such attorney negotiate some sort of arrangement where either a letter from you or some other form of retraction would be published. My judgment is that the publication should not be dignified even by an effort to secure a retraction. The magazine, as far as I know, is not

XEROX FROM QUICK COPY

Mr. Paul A. Porter
July 6, 1962
Page 4

widely read. I have heard no comments about this particular article, and I did not about the other one in which I was interested, although it involved a prominent local individual. My feeling is that the publication, although false and scurrilous, should be ignored. However, this is a matter for your decision, and I will be delighted to proceed with it to any extent that you may direct. Frankly, I would not only feel no embarrassment in doing so, but I would rather like the opportunity. Please let me hear from you.

With kindest regards to you and the other members of your firm,
I am

Sincerely,

PHH:t

FROM FROM QUICK COPY

WHO "outdrew" Billie the Kid Estes? The man most responsible for his "capture" is a doctor, a patriot named John Dunn. On Independence Day, 1960, Dr. Dunn and his partner, Dr. Harlow Avery, published the first issue of the *Pecos Independent* under their ownership. They bought the weekly paper to crusade for good government. Dr. Dunn is a member of the much-maligned John Birch Society. He believes in its creed: less government, more individual responsibility, and a better world. About two years ago, he began quietly investigating Billie Sol Estes' activities which out-smelled the ether in his operating room. Dr. Dunn sent photostats of his findings, starting about a year ago, to three people, of whom I was one. In case Dunn was doing in, we had the evidence. Billie Sol's newspaper and friends smeared Dunn and the John Birch Society. When Dunn's evidence became overwhelming, he took it to Dan Smoot, a great Texas conservative and former FBI agent. Smoot sent it through proper chan-

in the poky where he belongs. The main issue is the system which produced Billie Sol Estes. That outrage called the "farm program" will continue to produce big and little Billie Sols until it's killed and buried. The \$200 million Billie Sol Estes fraud is a by-product of the times. He was not really financed by the loan companies—he was financed by the taxpayers.

The New Frontier's investigation of the Estes mess has been as restrained as an undertaker's smile.

The holy pronouncements of the Administration remind me of the young fellow who spent six days sowing his wild oats and on the seventh day went to church and prayed for a crop failure. Corruption is neither Republican nor Democrat—it's criminal. Unless the Administration lets Estes escape the country, he will be tried, after the November elections. The President talks big. The whistle on the peanut wagon makes a lot of noise but it has absolutely nothing to do with the roasting of the peanuts. They are

"investigating." But who's going to investigate the investigators? Some of them—such as the farm congressional leader who's reported to have garnered 48 acres of tobacco allotments for his own family—are in on lots of government goodies themselves.

How do Lyndon Johnson and his enterprising wife fit into the Estes Enterprises? Did LBJ go all the way with Billie the crazy-mixed-up Kid?



T. A. Anderson
Editor-in-Chief

Straight Talk

nels of the FBI and the fat was in the fire. FARM AND RANCH was the first mass publication to print the story. Estes' lawyers, bluffing big in a desperate effort to smother the pending investigation, threatened to sue us.

The *Pecos Independent* proved, once again that a press truly free can more effectively control excesses than can the Constitution itself. The editor was run out of town. They ran some of Dunn's John Birch friends out. They even ran the Chief of Police out. They tried to destroy Dunn's medical practice. But Dr. Dunn wouldn't run, even when countless anonymous telephone callers threatened him and members of his family, including his mother, with death. This "Who Dunn It" is a tribute to the integrity, the perseverance, and the guts of one man. A man who's made a great sacrifice and received no credit. "What can one little person do?" Dr. Dunn is a classic example.

Dr. John Dunn, the hero of Pecos? No. If Pecos has a hero, it's still Billie Sol Estes. "Look what he did for the town!" Dr. Dunn has become one of the most unpopular men in Pecos. "Beezness" is bad because of him. Many townspeople were employees of Estes Enterprises. Many farmers and townspeople will be hurt, even though innocent. Some who're hooked are broke. But the most discouraging aftermath is not that farmers, storekeepers, loan companies, innocent investors, or a fertilizer company got hooked. Most deserved it. Most had larceny in their hearts. They were on the make for a fast buck, a legal way to steal.

One of the most discouraging things I've run across recently is the attitude of the people of Pecos, Tex. toward one of the most despicable characters of our time. The little "SOB Club" lapel buttons businessmen are wearing since the President told them what he learned at his daddy's knee, would have a good market in Pecos, meaning "Save Our Billie." If the American people are that callous and amoral, then our days as a free people are numbered. A citizenry which is incapable of becoming enraged by public corruption is incapable of being saved from slavery.

Neyer kick a man when he's down, the saying goes. I agree. Billie the Kid is not down. He has shown no remorse, asked no forgiveness. He "took the Fifth." He reportedly has confided to friends that if he goes to jail lots of people in Washington are going with him. Goody! Billie Sol Estes is not the important issue. He'll soon be

Is Johnson in it up to his neck, or rather, her neck, as whispered generally? Let the All-American mouse who's studying to become a rat now come forward. Guilty or not guilty, it is long past time that JFK demand that LBJ say whether he went all the way with BSE; that he make a full disclosure of his involvement, now. Does he or any of his family now own or did they ever own any interest in any Billie Sol Estes Enterprises, such as the grain storage facility at Plainview, or in the fertilizer company which is deeply involved with Estes? Did the Vice President ask J. Edgar Hoover to call off the Estes investigation in the beginning? Did Johnson, in a government plane, meet Estes at the Midland-Odessa Airport April 28? And while he's at it, perhaps the Vice President would like to make a statement detailing the net worth of himself, wife and family before getting on the public payroll, compared to now. Why not require this of all our "public servants"?

Morality And Freedom Are Inseparable

We are becoming a Socialist-Labor-Welfare Dictatorship because of lack of morality. Domestically, we have sold out for bread and circuses, like the Romans before us. We have been seduced with our own money, disguised as "federal" aid. Internationally, our amoral leaders—even those who were on our side—have cynically tried to bribe and buy the world, as a substitute for a foreign policy. For the only world they know and believe in is the world of materialism. Without morality there can be no trust, no meaningful treaties, no lasting peace nor prosperity, no freedom.

Estes is an unbelievable Jekyll and Hyde who claims he neither smokes, nor drinks, nor dances. He insists that men and women swim in his pool separately. This hypocrite ruthlessly robbed, rolled, and ruined small competitors, churches, schools, and friends, with a Bible under his arm.

Once upon a time a man picked up a girl on a street corner. She turned down his offer of a cigarette and his offer of a drink. But she did accept his offer, to go to his apartment. "I don't understand your philosophy," he said. "You don't smoke or drink but you do this."

"Well, it's like I always tell my Sunday School Class," she replied, "You don't have to smoke and drink to have a good time."

EROX FROM QUICK COPY

The New Frontiers movement of the East...

The New Frontiers movement of the East...

The New Frontiers movement of the East...



The New Frontiers movement of the East...

Billie Sol Estes and the New Frontiers

The New Frontiers movement of the East...

The New Frontiers movement of the East...

Straight Talk

Billie Sol Estes and the New Frontiers

The New Frontiers movement of the East...

The New Frontiers movement of the East...

The New Frontiers movement of the East...



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SETH H. WALKER
1893-1951

JOHN A. HOOKER
DAVID M. KEEBLE
HARLAN DODSON
TYRRE E. HARRIS

JOHN W. KELLEY, JR.

LAW OFFICES

HOOKER, KEEBLE, DODSON & HARRIS

1106 NASHVILLE TRUST BUILDING
NASHVILLE 3, TENNESSEE

July 5, 1962

Mr. Paul A. Porter
Arnold, Fortas & Porter
1229 Nineteenth Street, N. W.
Washington 6, D. C.

In re: Farm and Ranch publication July 1962

Dear Mr. Porter:

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"How do Lyndon Johnson and his enterprising wife fit into the Estes Enterprises? Did LBJ go all the way with Billie the crazy-mixed-up Kid? Is Johnson in it up to his neck, or rather, her neck, as whispered generally? Let the All-American mouse who's studying to become a rat now come forward. Guilty or not guilty, it is long past time that JFK demand that LBJ say whether he went all the way with BSE; that that he make a full disclosure of his involvement, now. Does he or any of his family now own or did they ever own any interest in any Billie Sol Enterprises, such as the grain storage facility at Plainview, or in the fertilizer company which is deeply involved with Estes? Did the Vice President ask J. Edgar Hoover to call off the Estes investigation in the beginning? Did Johnson, in a government plane, meet Estes at the Midland-Odesa Airport April 28? And while he's at it, perhaps the Vice President would like to make a statement detailing the net worth of himself, wife and family before getting on the public payroll, compared to now. Why not require this of all our "public servants"??

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FROM QUICK COPY

Mr. Paul A. Porter
July 6, 1962
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Mr. Paul A. Porter

July 6, 1962

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Mr. Paul A. Porter

July 6, 1962

Page 4

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With kindest regards to you and the other members of your firm,

I am

Sincerely,

JH:t

ENCLOSURE QUICK COPY

Mud
8/4
OFFICE OF THE VICE PRESIDENT
WASHINGTON

8/4

Walter:

John White was in on Thursday afternoon telling me of the meeting he was to have yesterday morning with Secretary Freeman.

John was going to try to make two points with the Secretary which he said he thought were in the best interest of the Administration. These points were: 1. That no individual or company which was associated with Commercial Solvents in any way be permitted to purchase the Estes properties that are to be sold on August 7th (this to be controlled by advising no license would be issued) 2. That the 15¢ per bushel net worth now required on all grain storage contracts be extended to individuals as it applies to companies and corporations.

After talking with John I became convinced he was here at the request of and in the interest of Morris Jaffe who is seriously considering making an offer of \$6.7 million for the storage facilities. Morris talked to me last week over the telephone just briefly about this and I told him at that time I didn't know much about it but I would sure doubt the wisdom just off hand of such a purchase.

John said Morris wanted to use the net worth of his personal property and not have to involve Fed-Mart. John said there were only 15 grain companies in Texas with a net worth of sufficient amount to handle this and he says they are all big Birchites.

White also said Will was microfilming every record he could get his hands on and Morris was considering employing Will after

OFFICE OF THE VICE PRESIDENT
WASHINGTON

January 1st to help protect the investment in grain storage if this purchase was made.

John observed an additional item that these elevators load out only about $\frac{1}{2}$ as fast as they load in and that despite the fact the USDA was moving grain the new crop was now arriving and the bins would probably be kept near full right along.

Cliff

OFFICE OF THE VICE PRESIDENT

WASHINGTON

July 18, 1962

MEMORANDUM:

The attached letter is being filed on the recommendation of Abe Fortas. It is his suggestion that letters sent to the newspapers and particularly prior to the receipt by our office are written not for the purpose of obtaining information but for the purpose of publicity. It is his opinion that letters of this type do not deserve a reply.

Walter Jenkins

Mr. & Mrs. T. W. Proctor
13105 Louisville Road
Houston 15, Texas

10 July 1962

Honorable Lyndon B. Johnson
Vice President of the United States of America
Capitol Building
Washington, D.C.

Dear Mr. Vice President:

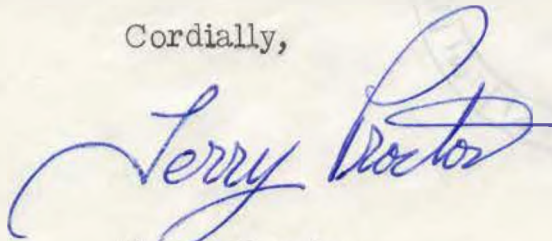
The Billie Sol Estes case has brought many questions to the minds of citizens of the United States and particularly of Texas.

Since it has come to light, that several Texas Political figures (including Sen. Ralph Yarborough) were involved in dealings with Mr. Estes, it is only logical that citizens of this State should wonder who else has been involved and in what manner. Many persons, in Texas, Mr. Vice President, would like to know if you had dealings with Mr. Estes and to what extent.

The reason that no statement has previously come from your office, on this matter, may have been because you were never publicly asked for a statement. Because of the dignity of the Office which you hold, I believe that the holder of that Office should be open to make a statement upon any possible involvement which would harm such dignity.

Therefore, Mr. Vice President, I am mailing a copy of this letter to the Editors of the Houston Chronicle and the Dallas Morning News, for publication in their respective newspapers. This done, you will have been publicly requested for a statement for any possible involvement you might have had in the Estes Case, so that we, the Citizens of Texas might know where you stand. I respectfully look for a statement from you, in the Press, that will clear up this question for Texans and the Nation.

Cordially,



Terry Proctor
13105 Louisville Rd.
Houston 15, Texas

CC: Editor, Houston Chronicle
Editor, Dallas Morning News

Mr. & Mrs. T. W. Proctor
13105 Louisville Road
Houston 15, Texas

AIR MAIL



AIR MAIL
Press Reply Requested

Hon. Lyndon B. Johnson
Vice President of the United States

Capitol Building

Washington, D.C.

AIR MAIL

AIR MAIL

July 28, 1962

Cliff:

We suggest you call Naughton and say as follows:

"Thank you very much. We do not care to file any statements or ask for any special questions. We are relying on you to see that Morris is not permitted to repeat things about public officials which are just hearsay. We don't care to ask that he be questioned about them so that he can have the opportunity of repeating them, but we are looking to you to see that these things that are hearsay and inuendos just don't get into the public testimony. We feel that is the job of a responsible Committee and a responsible counsel."

*7/28 - ccc told Jim Naughton,
Counsel, House Committee the above*

COPY

July 28, 1962

Waiter

Cliff

I talked with Jim Naughton this morning and told him the things Abe had suggested. At the conclusion of my remarks Naughton said, "in reflecting back over the various things Morris said about the Vice President and you, is there anything of consequence or concern in the testimony?" I answered by saying, "no, nothing -- the only thing that bothered me was letting him get by with so much hearsay."

Naughton said if Morris was unclear and indefinite in his recollection about the things in which he has testified, then those things will be dropped from the record. However, he said it would be his guess that the minority members of the committee would vigorously object if an effort was made to drop any part that involved the Vice President, even if it was hearsay. Naughton said you know we must have unanimous consent from all members of the committee in order to strike anything from the record.

Naughton told me that McSpadden in Amarillo yesterday, said Estes had gotten Morris to destroy certain papers relating to Estes' bond on grain storage. The committee plans on asking Morris for more details of this allegation. He also said he understood there was a good possibility that Morris might be called before the McClellan committee this coming week.

Naughton said he would keep me posted before any release was made of the Morris testimony.

CHARLES S. BOND
DIRECTOR

F. B. I. NAT. ACADEMY GRADUATE
GRADUATE TEXAS UNIVERSITY AND
ST. MARY'S UNIV. SCHOOL OF LAW
SPECIAL INVESTIGATOR FOR
CITY OF SAN ANTONIO.
FORMER SPECIAL INVESTIGATOR FOR
ATTORNEY GENERAL.
D. A. CHIEF INVESTIGATOR 5 YRS.
FORMER ASST. DIST. ATTORNEY

Charles S. Bond
Professional Investigators & Security

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May 17, 19 62

To: Mr. Owen Kilday, High Sheriff of Bexar County, Texas

Address Courthouse, San Antonio, Texas

Subject: CONFIDENTIAL INVESTIGATION (Lee Potter & Billy Sol Estes)

Time Spent on Investigation

Traveling Expenses

Telephone Expense

Credit Information

Sound Recording

Photography

Lie Detector

Guard Service

Miscellaneous

Following your instructions I reserved a room next to room number 938 which was reserved by Lee Potter presumably for Billy Sol Estes. I arrived at 9:10 and reserved the room next door which was 937. I carried a recorder and a "contact mike" which will hear through doors and walls. Lee Potter was in his room and received some phone calls but Billy Sol Estes did not show. Asst. Mgr. R.H. Gus cooperated with me in every way and I checked the coffee shops to see if Estes had appeared and at 5:00 P.M. on May 14, 1962 I "pulled off the case" Potter received some phone calls (two) but the conversation was short and did not reveal anything.

Room-----\$ 7.81

Breakfast & Tip-----1.25

Tip to Bell-boy-----.50

Time Expended by Charles S. Bond-----75.00

NO CHARGE for use of recording equipment

TOTAL-----\$ 84.56

The manager and the asst. managers of the Hotel were alerted to let me know if Billy Sol Estes did appear.

"Thank You For The Assignment"

*Mild
x
MSE*

OWEN W. KILDAY

Sheriff

BEXAR COUNTY
SAN ANTONIO 5, TEXAS

May 22, 1962

Hon. Lyndon B. Johnson,
Vice President
United States of America
Washington, D. C.

Dear Mr. Vice President:

As per your request, I put a Private Detective on the Potter case. I was forced to do this because I did not have a plain clothesman available. An extreme urgency existed, so I employed Charles S. Bond. He covered Potter but Billy Sol Estes did not show up.

I am sorry, but I had to run up a bill on this on account of the speed necessary to investigate.

I regret we were not successful. Potter met with all the Republican Candidates who were in San Antonio at the time.

Respectfully,

Owen W. Kilday
OWEN W. KILDAY, SHERIFF
BEXAR COUNTY, TEXAS

OWK/bh

m4
BS 5

OFFICE OF THE VICE PRESIDENT
WASHINGTON

8/8

Walter:

Jim Naughton called me just before noon saying he was just checking back to see if there had been any change regarding giving them a statement. He said the report was going to the printer tomorrow afternoon and anything to be submitted should be in by noon Thursday, 8/9.

Naughton said the Committee didn't consider anything in the report to be defamatory, degrading or incriminating and that the full report would be released on Monday or Tuesday of next week. Minority members of the Committee have the complete text and he said if the whole report was not turned loose these people would probably make a big issue of it.

Jim still said he would call me in advance of the actual release to the press.

Cliff

22
OFFICE OF THE VICE PRESIDENT
WASHINGTON

7-3-62

Walter:

I think this is the way that Cliff
should handle any questions about
the tickets to the dinner.

GER

Yes, I recall a conversation with Mr. Billie Sol Estes about tickets to the Democratic dinner in January.

Mr. Estes called and asked me whether I needed any tickets to the dinner. I told him no, I already had tickets and didn't need any personally. However, in view of the offer I did know where they could be used by people who otherwise could not go.

This did not strike me as being particularly unusual. Many people buy more tickets than they can possibly use because they want to contribute the money to the Democratic Party. At every dinner there are a number of tickets floating around and when I hear about them I use them for stenographers and other people on the lower end of the payroll who otherwise could not afford to attend.

I did not sit at Mr. Estes' table nor was I his guest. I did take some tickets and gave them to some people who were hard-working Democrats and who deserved some recognition but who otherwise could not have attended the dinner.

Question: Did Mr. Estes ask you to do anything in return for these tickets?

Answer: No. In fact, he had no business to transact whatsoever.

Question: Why did you keep this secret until you were asked about it?

Answer: I didn't keep it a secret. I reported it to the FBI sometime after Mr. Billie Sol Estes was arrested.

##

OFFICE OF THE VICE PRESIDENT
WASHINGTON

*Memo
x
for*
Walter,

Here is the press release which I mentioned
to you this morning.

GER-
May 9, 1962

FOR IMMEDIATE RELEASE
TUESDAY, MAY 8, 1962

FROM THE OFFICE OF CONGRESSMAN BOB DOLE
244 HOUSE OFFICE BUILDING
WASHINGTON 25, D. C.

"Secretary of Agriculture Freeman's assurances to newsmen that he has been unable to establish any evidence of favoritism on the part of Department of Agriculture officials toward indicted Texas financier Billie Sol Estes demonstrate the utter futility of having that agency investigate itself," Congressman Bob Dole charged today.

The Kansas Republican, who introduced more than three weeks ago, the first resolution calling for a full-scale investigation of Estes' relationships with USDA officials, reiterated his demand for a thorough Congressional probe.

"Congress appropriates the funds and writes the legislation under which the Department of Agriculture operates," Dole noted. "Congress has the responsibility of determining how those funds are being used and how the farm programs are being administered. Congress should be investigating now. Congress should move before all of the Department records relating to the Billie Sol Estes scandal are removed from the hands of career employees and placed in the 'protective custody' of Mr. Freeman's personal political appointees.

"If the Secretary is unaware of any evidence of favoritism toward Estes, he obviously has not been reading the newspapers or tuning in on radio and television newscasts. He must not have read the Department's own files relating to the Estes case, either. Surely these files are still accessible to Mr. Freeman, though not to the press or even to some of the Department employees who had been investigating the matter.

"The Secretary told the press he had laid down a hard rule with respect to gift-taking by USDA employees. He was quoted as saying, 'You gotta' be pure--you gotta' look pure.' Thus far the heavy emphasis seems to be on the 'look pure' part of the Freeman directive.

"In addition to denying charges of favoritism, the Secretary also said he wished to 'emphasize that the government hasn't lost a dime--not a single dime to Estes.'

"If Mr. Freeman really wants to get at the facts and definitely establish that there was neither favoritism to Estes nor loss to the government, let him take a further look at these charges, most of which have been widely circulated:

1. "The charge that government-owned grain was loaded out of warehouses in the Kansas City area and shipped to Estes-owned storage facilities in the Plainview, Texas, area. The 'in-and-out' charges, plus the transportation cost, on the several trainloads of grain which were allegedly so moved would amount to many thousands of non-recoverable government dollars. With perhaps two phone calls and the expenditure of ten minutes of his time, Mr. Freeman can determine whether or not this happened. He can even get the box car numbers and the total cost of the operation, if there was such an operation. While he is about it, he could also determine whether, as charged, the flat storage facilities owned by Estes in the Plainview area contained a higher percentage of government-owned grain than those of Estes' competitors who operated similar types of storage in the same area. The Secretary might get a real eye-opener if he were permitted to peek at the list of stockholders in United Elevators, the largest of Estes grain storage companies.

2. "The charge that USDA permitted Estes to post a much smaller bond covering his grain storage operations than is required of other warehousemen throughout the nation who store grain for the government. Under the standard formula, Estes should have been bonded for several millions of dollars. He got by on a \$700,000 bond and when it was about to be raised to \$1,000,000 a USDA official ordered a cutback to the original \$700,000 on the basis of an allegedly uncertified audit which showed Estes to have a net worth of \$12,000,000 when he apparently was actually insolvent. In this connection, Mr. Freeman would do well to refer to File No. D-3-595, dated Nov. 17, 1961, if it is still among the records which he is protecting. This is a memorandum to Thomas H. Miller, Acting Director, Southwest Area, ASCS, from William H. Duggan, Director of ASCS Investigative Division. The Subject is 'Billie Sol Estes, Pecos, Texas--Purchase of Pooled Cotton Allotments.' Attached is a Dun & Bradstreet Report on Estes' financial condition, dated Oct. 30, 1961. This report shows his net worth to be not \$12,000,000 but \$6,802,434. It notes further, "Current condition not fully determined but it is believed that debt would continue moderately heavy in relation to worth." On the last page of the 4-page Dun & Bradstreet report is the information that on several of the Estes operations, including United Elevators, Inc., 'Statement has been declined.' A prudent public official, with access to both the uncertified audit of Estes and the Dun & Bradstreet report of Oct. 30, 1961, could hardly have believed that Estes had a net worth of \$12,000,000 and that the government grain which he held in storage was under adequate bond. Was it "favoritism" to continue the Estes bond at \$700,000 in the light of these known facts? Let Mr. Freeman investigate and decide for himself."

3. "The charge that when three top political appointees of USDA overruled the career technicians and administrators on the legality of the Estes pooled cotton acreage allotments there was abundant evidence in the Department's own files that Estes' sales of land to farmers were fraudulent and were made under impossible payment conditions. Mr. Freeman might want to read a USDA 'Brief'--'Subject Billie Sol Estes, Pecos, Texas--Purchase of Pooled Cotton Allotments.' It notes that Estes 'sold' (the word is in quotes in the brief) undeveloped land in Pecos and Reeves Counties, Texas, to displaced holders of cotton allotments at prices ranging from \$200 to \$400 an acre. Most of the 'farms' sold by Estes to farmers, the brief notes, were a mile in length and as narrow as 41 feet. Imagine a farm a mile long and 41 feet wide! Can Mr. Freeman still conclude, after reviewing the Department's own records in this matter, that three of his top political appointees in USDA might not have shown perhaps just a wee bit of favoritism toward Estes in deciding that the pooled cotton allotment operation was all on the up and up?

"I strongly urge that Mr. Freeman check out these three charges. When he completes that job, I will be more than happy to supply him with some more leads on what has been happening in his own Department."

COPY

July 28, 1962

Cliff:

We suggest you call Naughton and say as follows:

"Thank you very much. We do not care to file any statements or ask for any special questions. We are relying on you to see that Morris is not permitted to repeat things about public officials which are just hearsay. We don't care to ask that he be questioned about them so that he can have the opportunity of repeating them, but we are looking to you to see that these things that are hearsay and inuendos just don't get into the public testimony. We feel that is the job of a responsible Committee and a responsible counsel."

WJ:ms

med
7
1/56
TO: Mr. Walter Jenkins

*Something I thought you would be
interested in seeing*

RICHARD E. BERLIN, President
The Hearst Corporation

Mon 5/21
By Westbrook Pegler.

BERLIN
MAY 10 1962
REFD TO
BY

no date line -- The Billie Sol Estes case in Texas has

into of remembrance to the Teapot Dome scandal which made the
Warren G. Harding Administration notorious far beyond the the deserts
of Justice. On sight, Albert B. Fall, the lanky

New Mexico rancher, lawyer and gun-slinger who went to prison in a wheel-
chair in his old age, is *(much less deplorable)* by normal American stand-
ards than the soft-soap *(and breaker)* over in Texas, Tex., who

talked most of *(Fall was Lyndon's secretary of the Interior)* the substantial cotton-
speculators of Reeves County into the jaws of bankruptcy.

ground in New Mexico from *(that time)* the Presidency,
starting in 1920, was bloody ground strewn with the fallen in the abrupt
personal adjudication of rights and wrongs.

neck of the woods
Sol would have been much other than a good clerk who Al Fall went

into the streets of dirty little back towns and fought for office
with his life at stake. They lived and wrought their quaint achievement
a stretch of mountain and plain within a circle of 200 miles and a span
75 years.

(both)
We have not yet heard how intimate the association was between
Vice President Lyndon Johnson and Billie Sol but the Kennedy

(They aren't telling.)
Administration has only issued a promise for them.

no date line -- The Billie Sol Estes case in Texas has

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chair in his old age, is *(much less deplorable)* by normal American stand-

ards than the soft-soap *and crooked* over in Pecos, Tex., who

talked most of his life about the substantial cotton-

(Fall was Harding's secretary of the Interior) speculators of Reeves County into the jaws of bankruptcy, battle-

ground in New Mexico from 1919 until the end of the presidency,

starting in 1920, was bloody ground, strewn with *that time* in the abrupt

personal adjudication of *neck of the woods* rights and wrongs. Billie Sol

neck of the woods was rough and tough. It seems doubtful that Billie

Sol would have been much other than a dry goods clerk whereas Al Fall went

into the streets of dirty little black towns and fought for office *often*

with his life at stake. They lived and wrought their quaint achievement a stretch of mountain and plain within a circle of 200 miles and a span 75 years.

(We have not yet heard how intimate the association was between)

Vice President Lyndon Johnson and Billie Sol but the Kennedy *(They aren't telling.)*

Association has only itself to blame for this.

two beglar

the ranch became so ripe that he took off in a military plane, with

ladybird, as she calls herself, ~~and~~ at public expense and vanished into

Washington prior to what he had been all over ~~the~~ ^{Texas} and there had

been ~~comment~~ ^{sprightly} on the allotment of expensive Air Force

equipment to his private airplane fields at ~~the~~ ^{his own} little town of

Johnson City. ~~This was justified because nowadays many~~

Very Important People were flying ~~down~~ ^{down} to confer with him. ~~But~~

~~the~~ ^{maintain} the Republic ~~of~~ ^{maintain} an office

for him in Washington, a much more convenient place than a ranch on

the Texas prairie. ~~Why~~ ^{then} was he so often in Texas?

~~Lyndon~~ ^{Lyndon} certainly did carry on with Billie Sol long

after the nest began to spoil ~~for~~ ^{for} that matter so did President Kennedy

~~His~~ ^{His} telegram ~~was~~ ^{was} in ~~the~~ ^{the} new daily paper in Pecos was

dispatched not before but after the monkey business in ~~the~~ ^{the} cotton

agents in the Department of Agriculture had become ~~an~~ ^{an} official issue

in addition ~~to~~ ^{to} Ralph Yarborough, ~~an~~ ^{an} United Senator from Texas, and

Cliff Rutherford, the Congressman of Billie Sol's district ~~was~~ ^{are} deeply in

elicted. ~~He~~ ^{He} ever innocent of graft, then

their position

and Regler

throw in with him and he was a sixth wished Democrat and a solitary in

machines. and at the same time he was playing solitaire with

preferential cotton allotments and grain storage contracts from the Department of Agri-

culture and buying suits of clothes and gaudy jewelry for chaps

that only a Saturday night sport could wear as gifts to

employees of the Department. That is gift

The Democrats, or Radicals, had a hall-front porch in the

Senate when Al Fall got the Harding Administration into

Burton K. Wheeler, who favored recognition of Soviet Russia that long ago

and was one of the Senator Tom Walsh, of Montana, was the

the Republicans of today's opposition are flagrant is AMOEBC

It would be futile to hope for excitement from Harry Goldwater, a

itally concerned for the feelings and the respect of his former colleague in

the White House and the Chair of the Senate's Dignity and Dignity are

vaudeville act and Earl Hunt is just waking up to the Maraca of Earl Browder

acquit themselves So the Democrats may be accused of assault. Here's Al Fall was burned at

the stake for accepting a bribe of \$100,000 from his old friend, Henry

who, by subsequent verdict of a jury did not pay him the bribe. Moreover,

inexpensive

James Begler

throw in with him and he was a distinguished Democrat and a military in
their machines. And at the same time he was playing solitaire with
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was one of them and Senator Tom Walsh, of Montana, was the Tongue. But
the Republicans of today's opposition are flagrant AMOEBIC
It would be futile to hope for former excitement from Barry Goldwater, pol-
itely concerned for the feelings and the respect of his former colleagues in
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vaudeville act and Earl Buntick is just waking up to the menace of Earl Browder
acquitting themselves
So the Democrats may by default whereas Al Fall was burned at
the stake for accepting a bribe of \$100,000 from his old friend, Doherty
who, by subsequent verdict of a jury did not pay him the bribe. Moreover,

four pages

though Fell was old and brushed and broke, DeLong's "interests"

~~On 11-11-1944~~ made him repay the ~~loan~~ loan proving that it was a loan

after Fall had been slaughtered for accepting the ~~money~~ as a bribe.

7. Harry Daugherty, the attorney general under Harding, never

for gave Fall but the offense which he held against him was not the \$100,000

He more than half believed Fall did get the money for a lease on Government

oil lands but worse than that, the unforgivable offense, was Fall's kittenism.

instability. 2. ... after terms in the ...

Legislature as a Democrat he turned Republican, and the

could have hardly have been worse. But he did do worse. ~~He did worse.~~ In

1912 he ~~joined the track~~ went Bull-Moosing with Theodore Roosevelt.

and, horror upon horrors, with Burton E. Wheeler, too.

For that reason old Daugherty ~~was~~ cautioned

Harding against him and he did insist that anything that happened to

much of the day. The day was served him right.

There is no proof, ~~however~~, that President Harding ever knew

about the \$100,000 ~~man~~, but there is no inducement to ~~man~~ just trial-

cent Kennedy and his attorney general are unaware of the works of London

Johnson's Wonder Boy, Billie Sol Estes

four pager

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There is no proof, ~~that~~ ^{deal} that President Harding ever knew about the \$100,000 ~~man~~ ^{believe} but there is no inducement to ~~know~~ that President Kennedy and his attorney general are unaware of the works of Lyndon Johnson's Wonder Boy, Billie Sol Estes. ^{Per}

Don 3921
By Westbrook Pegler

BERLIN
MAY 10 1962
REF'D TO
BY

no date line -- The Billie Sol Estes case in Texas has

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two pager

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in addition ~~to~~ ^{to} ~~the~~ ^{the} ~~fact~~ ^{fact} ~~that~~ ^{that} ~~he~~ ^{he} ~~was~~ ^{was} ~~born~~ ^{born} ~~in~~ ⁱⁿ ~~Texas~~ ^{Texas}, and
Elick Rutherford, the Congressman of Billie Sol's district ~~was~~ ^{was} ~~born~~ ^{born} ~~in~~ ⁱⁿ ~~Texas~~ ^{Texas}

alleged. ~~However~~ ^{However} ~~much~~ ^{much} ~~of~~ ^{of} ~~graft~~ ^{graft}, they

three pegler

three pegler

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four pegler

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For that reason old Daugherty ~~mentioned~~ *Daugherty* cautioned Harding against him and ~~advised~~ *advised* insisting that a warning that happened to ~~such a~~ *turncoat* ~~man~~ *man* ~~was~~ *was* ~~his~~ *his* ~~figure~~ *figure*.

There is no proof, ~~that~~ *deal*, that President Harding ever knew about the \$100,000 ~~but~~ *believe* there is no inducement to ~~invest~~ *invest* that President Kennedy and his attorney general are unaware of the works of Lyndon Johnson's Wonder Boy, Billie Sol Hates.

Pegler

May 21, 1962

PERSONAL & ~~CONFIDENTIAL~~

Mr. Vice President,

Bob Ruth of U. S. News and World Report called and asked the following questions:

1. Has the President asked the Vice President any questions about the Estes matter?

(I replied that I wouldn't have the slightest idea, but that I would submit the question to the Vice President for his consideration.)

2. Ruth asked if the Vice President had talked to Estes on the telephone.

(I told him the Vice President had not.)

3. Ruth asked if other telephone calls had been made by Estes to the Vice President's office.

(I told him the office kept no record of incoming telephone calls.)

4. Ruth asked what correspondence and on what subjects has Estes written the Vice President or the office.

(I told him that the office system was to keep correspondence by subject matter and that we had no Estes file as such.)

5. Ruth then asked if Estes had written in to the office any time on the Church of Christ missionaries, as he had written Senator Yarborough.

(I replied that I did not know, that I would be glad to check the files.)

6. Ruth asked if Mrs. Johnson ever had owned any stock in any of Estes' companies. He stated that he had heard such rumors and considered them to be rumors, but nevertheless felt required to ask the question.

(I replied that Mrs. Johnson did not own and never had owned any stock in any of Estes' companies.)

7. He asked if Mrs. Johnson owned any stock in Commercial Solvents.

(I again replied that Mrs. Johnson did not.)

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8. Ruth asked about ownership of the plane that crashed and did Estes own it or any part of it.

(I replied he did not.)

9. Ruth asked if there was anything that would come out of this that will embarrass the Vice President.

(I replied that the rumor-mongers were barking up the wrong tree.)

Ruth related that he had been to Austin and to Pecos on assignment by U. S. News and World Report on the Estes story and that all of the rumors were heard in the Texas area.

Ruth said he was not "holding the presses" on the story and was not pressing for an answer today, but would like an answer in the next 2 or 3 days.

Charlie Boatner -

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PSE

Ramsey said that a complaint had been filed with the Justice Department regarding this latest activity on the part of Billy Sol Estes. When a complaint is filed then it had to be investigated. The FBI is now investigating this complaint. It is being investigated along three lines of charges.

- (1) Mail fraud
- (2) Fraud by telephone, telegraph, radio, television
- (3) Interstate Transportation of stolen securities.

They started looking into this on March 26 and Ramsey says the investigation has just gotten started. He can't tell just now what to make of it. All of the information they have is basically what we already know. It was stated in the preliminary report that Billy Sol claimed friendship with the Vice President, with Senator Yarborough and various Department of Agriculture officials. ~~They have the preliminary report which~~ Ramsey says this is not unusual. Most citizens do know their public officials. There is nothing unusual about this. Ramsey's latest thought was he thinks it is fairly dangerous to divulge the scope, nature and effect of the findings and suggests that absolutely nothing be divulged that we might find out.

✓ ~ Belton West + ~

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Seven citizens of our state, including one representing New Mexico land owners, made inquiries of our office pertaining to the agricultural allotments decision and without reference to individual cases or names I asked the Secretary's office to supply the necessary information for reply or forwarding when a decision was available to the public. The information was furnished our office and it was routinely transmitted to the individuals inquiring, one of whom was Mr. Estes. My participation was solely to ask for a copy of the decision and send it to the individuals inquiring, as the office normally does in thousands of Departmental cases each year.

M. A. X

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