

90TH CONGRESS }
1st Session }

SENATE

}
REPORT
No. 193

REPORT
OF THE
SELECT COMMITTEE ON
STANDARDS AND CONDUCT
UNITED STATES SENATE
ON THE
INVESTIGATION OF
SENATOR THOMAS J. DODD
OF CONNECTICUT
TO ACCOMPANY S. RES. 112

Under the Authority of
S. Res. 338
(88th Congress, Second Session)



APRIL 27, 1967.—Ordered to be printed

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SELECT COMMITTEE ON STANDARDS AND CONDUCT

(Pursuant to S. Res. 338, 88th Cong.)

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Calendar No. 186

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No. 193

INVESTIGATION OF SENATOR THOMAS J. DODD OF CONNECTICUT

APRIL 27, 1967.—Ordered to be printed

Mr. STENNIS, from the Select Committee on Standards and Conduct,
submitted the following

REPORT

[To accompany S. Res. 112]

The Select Committee on Standards and Conduct, under authority of Senate Resolution 338 (88th Cong., second sess.), reports the following findings of fact, conclusions with respect thereto, and recommendations to the Senate.

PART 1
RELATIONSHIP WITH JULIUS KLEIN

I. INTRODUCTION

A. ORIGIN AND DEVELOPMENT

About January 24, 1966, there began appearing in newspapers throughout the country a series of syndicated articles alleging that Senator Dodd engaged in certain activities of an ostensibly unethical character. On February 2, 1966, the Select Committee on Standards and Conduct took note of the charges, which up to that point had been limited to Senator Dodd's association with Julius Klein, a public relations representative of certain German interests. No formal investigation was started, but the Committee staff began accumulating background information on the source and extent of the allegations.

On February 18, 1966, the Committee staff made a preliminary report of the matter to the Chairman. Five days later, Senator Dodd formally requested the Committee to investigate the charges and allegations that had been made against him concerning his relationship with Klein.

Subsequent meetings were held by the Committee for the principal purposes of authorizing further investigation by and receiving reports from the Committee staff. In addition, the Chairman and Vice Chairman met with Senator Dodd on several occasions and requested him to furnish certain information and to answer interrogatories by the Committee. A Subcommittee took sworn testimony from several witnesses in executive sessions in order to determine whether there was sufficient cause for a formal investigation. After consideration of all the facts at hand, the Committee concluded that it would have to obtain complete facts from independent sources. It therefore authorized a continuing staff investigation into all allegations against Senator Dodd and ordered particular hearings on Senator Dodd's relationship with Julius Klein.

Public hearings were accordingly conducted by the Committee on June 22, 23, 24, and 27; and July 19, 1966, on Senator Dodd's relationship with Julius Klein. These hearings have been published as Part 1 of the Investigation of Senator Thomas J. Dodd. The public hearings were preceded by two days of closed hearings to explore preliminary matters which therefore were not made part of the printed hearings upon which the findings and conclusions of the Committee were based.

Further investigation of additional allegations continued and ultimately culminated in public hearings on "Political and Official Finances." These hearings have been published as Part 2 of the Investigation of Senator Thomas J. Dodd and are discussed in Part 2 of this report.

B. METHOD OF INVESTIGATION

Following the decision of the Committee to limit the initial hearings to the relationship of Senator Dodd with Julius Klein, the staff investigation was concentrated principally on the several charges concerning this relationship. During March, April, May and June, 1966, the

staff conducted about seventeen interviews and reviewed many documents furnished to the Committee by Senator Dodd and through the voluntary offer of various persons and organizations.

II. EVIDENCE AND FINDINGS OF FACT

Julius Klein, owner and managing director of a public relations firm based in Chicago, Illinois, registered with the U.S. Department of Justice under the Foreign Agents Registration Act, for various periods of time including 1964 (pp. 7, 8, 509 Hgs.). His clients included the Society for German-American Cooperation (Foerderkreis fuer Deutsch Amerikanische Zusammenarbeit) of Wiesbaden, Germany (p. 9, Hgs.). Klein's testimony before the Senate Foreign Relations Committee on May 14, 1963, indicated that the Federal Republic of Germany contributed financially to the Society (p. 14, Hgs.). Before the Select Committee on Standards and Conduct, Klein stated that the Society was interested in the political and economic "fate" of Germany and the United States, and acknowledged that he had previously provided Senator Dodd with information that the German Foreign Office subsidized or contributed heavily to the Wiesbaden group, and that there was a "strong likelihood" that the German government gave financial support to the Society (pp. 46, 509, 512, 513, Hgs.). Klein stated he would furnish the Committee with a list of the contributors to his Wiesbaden client, but has failed to do so (p. 516, Hgs.).

As a consequence of the hearings held by the Senate Foreign Relations Committee in 1963 on the activities of nondiplomatic representatives of foreign principals in the United States, Klein began to lose some of his German commercial clients and by February 1964 was especially worried about the most important one, the Foerderkreis (p. 39, Hgs.). Starting in December 1963, Klein began to address to Senator Dodd numerous letters, telephone calls, telegrams, and biographies, as well as visits from his employees, in a concerted effort to convince Senator Dodd to go to Germany to intervene on his behalf with German officials and clients (pp. 29-60, 196, 198, Hgs.). Klein insisted in his testimony that his purpose was to correct what he considered to be an unfair judgment of the Senate Foreign Relations Committee (p. 523, Hgs.).

Senator Dodd did make a trip to Germany in April 1964 (p. 469, Hgs.). He testified that it was not made to assist Julius Klein but was for the Subcommittee on Internal Security of which Senator Dodd was Vice Chairman, it being a subcommittee of the Senate Committee on the Judiciary, for the declared purpose of interviewing one Bogdan Stashynsky. Stashynsky was a Soviet citizen who had been convicted in the Federal Republic of Germany for murder and who was imprisoned at Karlsruhe (pp. 470, 473, 479-481, Hgs.). Senator Dodd testified that it was necessary to interview Stashynsky to expose a practice of murder as a Soviet instrument of international policy (pp. 470, 480, Hgs.). He further stated that the Subcommittee had planned for over a year to interview Stashynsky and that February 1964 was the first opportunity he had to make the trip (p. 470, Hgs.). In Germany, Senator Dodd interviewed Stashynsky (p. 471, Hgs.). With the exception of Senator Dodd's admission that he briefly mentioned Julius Klein to Chancellor Adenauer, there is

no direct evidence that Senator Dodd intervened with German officials or clients of Klein in Klein's behalf (pp. 454, 455, Hgs.).

There were other facts adduced of which the Committee took notice. Senator Dodd's report on the Stashynsky case was not made until eleven months after his trip to Germany and contained little information that was not available to him before the trip (pp. 326, 408, 409, 413, 419, 420, Hgs.). Testimony was given that Julius Klein provided Senator Dodd with background material on various German officials whom he asked Senator Dodd to see and suggested what Senator Dodd should say to them in Klein's behalf (pp. 44-54, Hgs.). Testimony was also given that these instructions were taken to Germany by Senator Dodd (pp. 197-199, Hgs.). Senator Dodd denied that he took the documents to Germany (p. 454, Hgs.). Evidence was also introduced that Julius Klein provided to Senator Dodd certain favors, but the Committee could not establish their validity with the exception of the repeated use of the Klein suite in the Essex House hotel in New York City (pp. 67, 211, 212, 228, Hgs.). The Committee heard evidence that Senator Dodd signed and sent two letters to Dr. Ludger Westrick, an official of the Federal Republic of Germany, five and eight months after Senator Dodd's return from Germany. The letters were almost verbatim copies of ones that Klein had provided and contained considerable praise for Klein (pp. 289-297, Hgs.). In addition, many of Klein's letters to Senator Dodd in 1963 and 1964 used presumptive, demanding, and disrespectful language, which should not have been countenanced by the Senator (e.g., pp. 273, 274, 284, 289, 290, Hgs.).

III. CONCLUSIONS

1. Senator Dodd traveled to Germany in April 1964 on Senate business under circumstances that suggest that he was also influenced to go by Julius Klein, owner of a public relations firm based in Chicago, Illinois. Klein sought to improve his image because he was losing his German clients.

2. Because a sovereign foreign Government was involved, the Committee was unable to obtain evidence to reveal whether Senator Dodd made any representations in Germany on behalf of Julius Klein, except in a brief conversation with the late Chancellor Adenauer. In view of these circumstances, the Committee could not pursue this phase of the case further.

IV. RECOMMENDATIONS TO THE SENATE

After drawing its conclusions, the Committee was of the opinion that the relationship of Senator Dodd with Julius Klein was indiscreet and beyond the responsibilities of a Senator to any citizen, but that there was not sufficient evidence of wrongdoing to warrant recommendation of disciplinary action by the Senate.

PART 2
POLITICAL AND OFFICIAL FINANCES

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I. INTRODUCTION

A. ORIGIN AND DEVELOPMENT

The Investigation of Senator Dodd by the Select Committee on Standards and Conduct began formally in April 1966, although the interest of the Committee in the allegations that had been made against Senator Dodd had its antecedents in January and February of 1966, as described in more detail in Part 1 of this Report.

By March 1966, the syndicated newspapers articles concerning Senator Dodd's activities had extended beyond his relationship to Julius Klein. The Committee staff began to accumulate evidence relating to alleged financial improprieties and to other allegations. A very complex series of activities involving Senator Dodd was gradually reconstructed.

Before a decision was made to hold hearings, the Committee gave Senator Dodd the opportunity to submit a statement of fact and legal construction of the apparent financial improprieties that had been disclosed by the Committee staff investigation.

After Senator Dodd's refusal to provide such a statement, the Committee unanimously decided on June 9, 1966, that it had no alternative except to conduct hearings on the financial matters, and accordingly notified Senator Dodd on June 15, 1966. The Committee then continued to develop the evidence in detail.

On October 26, 1966, the Committee re-affirmed its intention to hold hearings. Such hearings, Senator Dodd was notified, would additionally inquire into the acceptance of certain Senate travel payments and the loan of automobiles.

Public hearings were conducted by the Committee from March 13 to 17, 1967, on the issues of which Senator Dodd had been given notice. These hearings have been published as Part 2 of the Investigation of Senator Thomas J. Dodd.

B. AUTHORITY OF SELECT COMMITTEE ON STANDARDS AND CONDUCT

The Constitution provides in Article 1 that "Each House may determine the Rules of its Proceedings, punish its Members for disorderly Behaviour, and, with the Concurrence of two thirds, expel a Member." The Supreme Court in interpreting the provision has held that the power to punish necessarily involves the ascertainment of facts and application of appropriate rules of law. *Barry v. U.S. ex rel. Cunningham*, 279 U.S. 597 (1929).

That Constitutional authority was delegated to the Select Committee on Standards and Conduct by Section 2 (a)(1) of Senate Resolution 338 of the 88th Congress which states:

It shall be the duty of the Select Committee to—
receive complaints and investigate allegations of improper conduct which may reflect upon the Senate, vio-

lations of rules and regulations of the Senate, relating to the conduct of individuals in the performance of their duties as Members of the Senate, or as officers or employees of the Senate, and to make appropriate findings of fact and conclusions with respect thereto.

The Committee is further authorized by Section 3(a)(2) to "hold such hearings * * * as it deems advisable."

At their first meetings the Members reviewed the legislative history of the resolution which had established the Committee and observed that sufficient power had been conferred by the Senate to enable the Committee to undertake investigations of misconduct. The Committee's interpretation of its powers was enhanced by the fact that its membership included the author of the resolution.

Anticipating that it might someday require the opinion of outside counsel on legal problems that might arise, the Committee retained the services of former Supreme Court Justice Charles E. Whittaker as Consulting Counsel in April 1966.

The Committee faced the first test of its jurisdiction when it contemplated holding public hearings on the financial aspects of the Investigation of Senator Dodd. On May 25, 1966, Senator Dodd's counsel presented an argument to the Chairman and the Vice Chairman that the Committee lacked jurisdiction over Senator Dodd's finances which, counsel maintained, were essentially tax matters. The Senators answered that the Committee had a responsibility to inquire into the ethical implications of Senator Dodd's conduct. Shortly thereafter, Senator Dodd's counsel requested that the Committee give further consideration to the prejudicial effect that hearings on finances might have on the determination by the Internal Revenue Service of Senator Dodd's Federal income tax liability.

On June 9, 1966, the full Committee considered the question of jurisdiction and unanimously agreed to hold hearings on the financial matters. Thereafter, Senator Dodd's counsel renewed his plea on several occasions that the Committee lacked jurisdiction over the finances. On January 30, 1967, the Committee granted a special hearing to Senator Dodd's counsel to receive his formal argument on the question. The Committee then considered the argument and ruled unanimously that the anticipated evidence fell within the Committee's jurisdiction.

Upon completion of hearings, the Committee met on March 21, 1967, and agreed unanimously that the evidence, as presented, related directly to Senator Dodd's conduct as a sitting Senator and was within the jurisdiction of the Committee.

C. METHOD OF INVESTIGATION

Although the Committee began collecting evidence of Senator Dodd's political and official finances in March 1966, the staff intensified its investigation of allegations relating to all apparent improprieties of Senator Dodd in June 1966. Because of the seriousness of the charges relating to the use of funds received by Senator Dodd or by persons and committees acting on his behalf and of the charges relating to the acceptance of payments from both the Senate and other sources for travel expenses, the major portion of the Committee staff's effort was directed to a review of these matters.

The Committee staff was compelled to reconstruct the events and financial transactions relating to the monies raised by the several events during the period 1961 through 1965 and during the 1964 campaign from interviews with the organizers of the events and other participants and from bank account records. The purposes of about 75 percent of the disbursements made from Senator Dodd's bank accounts were independently verified by correspondence with the various payees. In addition, 36 loans made to Senator Dodd by 22 lenders were analyzed.

Approximately eighty trips made by Senator Dodd during the period July 1960 through December 1965, for which reimbursement was received from the United States Senate or from other organizations, were reviewed by the staff for instances of reimbursement from more than one source.

The information and financial data developed by these investigative processes formed the basis for substantially all of the factual matters contained in the stipulations of March 11 and 13, 1967.

During the investigation of this phase by the Committee, 105 interviews were conducted, 106 subpoenas duces tecum were served, and documents and statements were received from 174 organizations and persons.

The investigation was conducted in Washington, D.C., New York, New York, Los Angeles, California, and at various locations in the state of Connecticut.

D. ORGANIZATION AND PROCEDURE OF HEARINGS

PROCEDURE

Establishing hearing procedure

The Constitution provides express authority for Congress to punish or to expel members for disorderly behavior, but it does not set forth procedural guidelines for conducting misconduct proceedings. Court decisions have established that the action of a House of Congress in judging the conduct of one of its Members is "judicial in nature," *Kilbourn v. Thompson*, 103 U.S. 168 (1880), and must be carried out in proceedings consistent with the due process of law requirement of the Fifth Amendment of the Constitution. *Barry v. U.S. ex rel Cunningham*, 279 U.S. at 620.

On February 2, 1966, the Committee adopted rules of procedure which were supplemented when the Committee held its first hearings. In complying with Constitutional requirements of due process of law, the Committee took into account as a general guide the practice and procedures of the Federal courts.

Burden of proceeding

The Committee assumed the burden of proceeding with the evidence and instructed its counsel to present all facts pertinent to the matter under investigation.

EVIDENCE

In general

In general the Committee was guided by the rules of evidence applicable to the Federal courts. All testimony from witnesses was taken under oath and by personal appearance. Hearsay evidence was limited and assigned appropriate probative value. Affidavits in

lieu of personal appearance by witnesses were admitted only on restricted matters or where the calling of witnesses was impractical or impossible. All documents and records were properly authenticated before being accepted by the Committee.

Documents taken from Senator Dodd's files

At Senator Dodd's request, in April and May 1966, the Committee obtained copies of several thousand documents taken from Senator Dodd's office by former staff members. (The removal of these documents is discussed in the Supplement to this Report.) Copies of the documents were given to Senator Dodd.

The Committee decided that it would be improper to use documents taken without consent from a Senator's office and therefore obtained all facts through its own independent investigation.

Stipulation

Soon after authorizing investigation into the financial matters, the Committee recognized the difficulty of presenting the facts in an understandable and concise manner. The Chairman and the Vice Chairman thereupon offered Senator Dodd an opportunity to furnish a statement of all financial facts to the Committee. After Senator Dodd advised the Committee that he would not do so, the Committee launched a thorough and independent fact-finding investigation.

By November 1, 1966, when the investigation was substantially complete, the staff offered to stipulate those facts which were apparently incontrovertible with Senator Dodd's counsel. No agreement was reached at that time. On January 30, 1967, the Chairman again suggested that a stipulation of fact would save a great deal of time and effort for all parties involved. The draft stipulation previously prepared by the Committee staff was revised and given in its entirety to Senator Dodd's counsel on February 2, 1967.

On February 23, 1967, Senator Dodd's counsel proposed a revised draft of the Committee stipulation which contained a substantial amount of opinion evidence and conclusions of law and fact. The staff refused to accept such opinion and conclusions and its decision was confirmed by the Committee on March 1, 1967.

On March 3, 1967, Senator Dodd's counsel agreed to accept the Committee stipulation of facts and to eliminate the opinion and conclusions. The stipulation was formally signed March 11, 1967, two days prior to opening hearings, and at the outset of the second phase of hearings was accepted in evidence by the Committee.

Affidavits of contributors

At the hearings, Senator Dodd offered about 400 affidavits as evidence of the intent of contributors to the fund-raising events. The affidavits were form language statements with blank spaces for the affiant to fill in his name and the dates of any fund-raising events he had attended for Senator Dodd. The remaining form language indicated that any contributions were given as a gift to Senator Dodd out of respect and admiration and not as political contributions. According to Senator Dodd's counsel, the language of the affidavit was prepared by his office. The forms were then given to Edward Sullivan, an employee of Senator Dodd, who distributed them to 21 individuals

who in turn attempted to obtain the signatures of persons whose names had been taken from printed programs of fund-raising affairs. Contact was made by letter, telephone, and personal visit. In total some 400 signatures were obtained.

At the time the affidavits were offered as evidence, the Committee had ruled out the use of testimony by affidavit; however, because of the unusual nature of the problem of taking the testimony of a large number of persons and the relevance of their testimony, the Committee did accept the documents for the record and did review and consider the documents in reaching its conclusions.

RIGHTS AND PRIVILEGES

Subject of hearing

Senator Dodd, as the subject of the Investigation, was afforded the opportunity to attend all hearings and to be accompanied and represented by counsel. He was given notice of the charges to be investigated and given time to prepare for hearings. He was also given the names of witnesses and a summary of their expected testimony prior to hearings. He and his counsel were permitted to cross-examine witnesses called by the Committee and to call and examine additional witnesses and to present additional evidence. The Committee did not call Senator Dodd as a witness, respecting his right to remain silent. He was however, offered the opportunity to testify and did, in fact, take the stand. At his request, Senator Dodd was examined by Members of the Committee, rather than by Committee counsel. In addition, Senator Dodd was given opportunity to raise, and be heard on, procedural and jurisdictional questions prior to and during hearings and to object and present argument on the admissibility of evidence.

Witnesses

All witnesses were advised of their right to be accompanied by legal counsel. Witnesses were permitted to examine their testimony following hearings. Any person named in public hearings was afforded opportunity to request to appear as a witness or to file a sworn statement relevant to the evidence. All witnesses were treated with respect.

Posthearing procedures

Following the hearings on Part II of the Investigation, the Committee held regular meetings to review the evidence taken at the hearings. All members participated fully in the Committee meetings and discussions.

The Committee carefully reviewed and exhaustively analyzed the expenditures from funds raised for Senator Dodd. This review and analysis resulted in the Committee's conclusions on amounts of funds expended for personal purposes.

In addition to the expenditures which were found to be clearly personal, the Committee regarded the evidence supporting the purpose of certain additional expenditures as inconclusive. Those expenditures were not included in the personal expenditures listed by the Committee in its conclusions.

