

10/16/79 [1]

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memo w/ att.	From Owen to The President (3 pp.) re: U.S.-Japan Economic Relations/enclosed in Hutcheson to Brzezinski 10/16/79	10/5/79	A

FILE LOCATION

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MEMO TO THE PRESIDENT (1) BOX 121
OFFICE OF THE PRESIDENT - OFFICE OF THE STAFF SEC. - PRES. HAND-

MEMO TO THE PRESIDENT
FROM ECONOMIC RELATIONS/ENCLOSED IN HIS OFFICE TO
FROM MEMO TO THE PRESIDENT (3 pp.) re: U.S.-19- 10/2/70 Y

THE WHITE HOUSE

WASHINGTON

October 13, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ALONZO L. MCDONALD *ALM*

SUBJECT: October Program

With the subsequent changes in your schedule and reorientation of several speaking opportunities, all of the suggestions included in my memorandum of September 25 on getting impact in your upcoming schedule have been covered for October.

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for Preservation Purposes**

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

October 15, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Industrial Production in September

Estimates of industrial production in September will be released by the Federal Reserve Board tomorrow (Tuesday, October 16) at 9:30 a.m.

Total industrial production rose by 0.5 percent in September, compared with an 0.9 percent decline in August. About three fourths of the September increase reflected a rebound of auto production from depressed levels in August. Outside of autos, production increases last month were relatively small but widespread.

While variations have occurred from month to month, industrial production averaged over the quarter has been essentially flat for the first three quarters of 1979.

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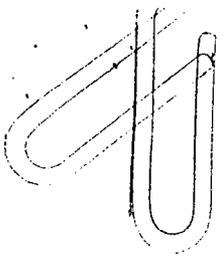
THE WHITE HOUSE
WASHINGTON

10/16/79

Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson



Stu
Q

THE WHITE HOUSE
WASHINGTON
October 15, 1979

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MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Domestic Policy Staff Status Report

ENERGY

Solar Bank: The Senate Banking Committee has reported a bill substantially like your proposal, but with financing to be provided out of general revenues rather than the Energy Security Trust Fund. The House Housing Subcommittee has approved a similar bill, but as a result of Lud Ashley's efforts on our behalf, the House bill presently is tied to the windfall profits tax, as we requested. Further efforts to cut the bank loose from the windfall profits tax are expected in the House Banking Committee and on the House Floor.

Residential Conservation: The Department of Energy, as lead agency, has expressed the Administration's support for a legislative package which combines elements of bills sponsored by Senators Bradley and Tsongas. Our proposal envisions a \$5.8 billion 10-year program of reduced-interest loans to finance the weatherization of homes of persons of below median income. It would also permit states to implement weatherization programs financed by utilities. In addition, the existing program employing CETA workers to weatherize the homes of the poor would be extended. Prospects for Congressional approval of legislation along these general lines appear reasonably good at this time.

BANKING AND FINANCE

Small Savers Reform: The Senate Banking Committee has approved legislation incorporating all the major elements of your message seeking the phaseout of Regulation Q. Favorable Senate action is probable. The House has approved a narrower bill which provides for interest-bearing checking accounts but does not address Regulation Q. We have at least a fair chance of enacting the basic elements of your reform package.

Good

*per phone -
Check on Treasury
Certificates of \$1000
denomination*

Federal Reserve Membership: The Fed's new reserve requirements on certain bank liabilities increased the need for and thus the chances of passage for legislation to halt the exodus of banks from the Federal Reserve System. The House has approved a bill, and we are working with Chairman Volcker to seek Senate action, perhaps as part of the Regulation Q package.

McFadden Act Study: By November 1 you will have our recommendations on the Administration's study on geographic restraints on bank branching, which we will submit to Congress before Thanksgiving.

*See this
reference
competition?*

Bank Revenue Bond Underwriting: On October 18 Treasury will testify on whether commercial banks should be permitted to underwrite revenue bonds, which they have been prohibited from doing since 1933. The securities industry strongly opposes this legislation. We are tentatively inclined to permit banks to compete, but to eliminate certain tax advantages banks would have over the securities dealers.

HOUSING AND COMMUNITY DEVELOPMENT

Condominium Legislation: Last week I sent a letter to members of the Florida delegation expressing our support for a new condominium protection bill they will introduce. I also spoke with the chairman of the Florida condominium league at your request. At Senator Chiles' and Senator Stone's urging, we also agreed to extend coverage to include cooperative as well as condominium owners, although your only commitment was on the condominium issue.

Middle-Income Housing Program: HUD has developed a proposal to shift some Section 8 funds to support a new program to construct multifamily housing for middle-income tenants. This proposal was published in trade periodicals earlier this fall, and OMB has authorized HUD to seek the views of the affected constituencies on this proposal. These consultations are being undertaken with the understanding that the White House has made no judgment about supporting this program.

Small Business: The SBA Reauthorization Bill has been held up in conference because of a dispute over our proposal to transfer SBA's farm disaster lending responsibilities to the Department of Agriculture. There is some evidence that the impasse may be broken and that a compromise which substantially accomplishes our objective may emerge.

*hold as
firm as
possible*

National Consumer Cooperative Bank: Board officially sworn in two weeks ago. Search Committee formed to seek candidates for President.

HUD 1980 Appropriation Bill: Senate insistence on retaining start-up funds for our Livable Cities urban arts program has delayed final Congressional action. We are working with HUD to reach accommodation with House and Senate.

NATURAL RESOURCES

Alaska Lands Substitution: The Senate Energy Committee has begun mark-up of the Alaska lands bill. Senator Jackson wants to report out the bill as quickly as possible, although numerous Committee amendments are now under review. We are working closely with Frank Moore and Secretary Andrus to move the bill through Committee, but the overall timing of Senate action is still unclear. Secretary Andrus is prepared to take appropriate administrative action to withdraw the proposed National Wildlife Refuges (not made Monuments in December 1978) if Senate action does not occur. *good*

Endangered Species Act: The endangered Species Act reauthorization bill was sent to the House floor late last week. We are coordinating with Anne, Frank and outside groups to build support.

Oceans: We are working with relevant agencies to consider the suggestion of Congressman Bill Alexander, et al., to designate the 1980's as the "Decade of Ocean Resource Use and Management." Such a possible designation would focus attention on the oceans and on the many programs and activities planned by the government for the ocean in the 1980's. This is a non-budgetary initiative, similar to the designation by President Johnson regarding the 1970's. That initiative led to many great strides in ocean research and development.

East/West Crude Oil Pipeline: Title V of the Public Utility Reform Act of 1978 requires you to make a decision on competing applications for a pipeline to transport Alaskan crude oil from the west coast to the northern tier and inland states. Secretary Andrus will make his recommendations to you with respect to the three outstanding applications on October 15. This issue involves considerable regional significance in Washington State and Montana. *done*

GENERAL GOVERNMENT

Regulatory Reform Legislation: The Regulatory Process Reform Bill has stalled in Senate Government Affairs because of staff fears that anti-regulating forces will use a reported bill as a vehicle for anti-regulatory gestures like the Bumpers' Amendment. Culver's Subcommittee will mark-up first, probably by early November.

If it gets out of hand, veto it.

Legislative Veto: In the House, there are more than 225 cosponsors of Congressman Levitas' bill to provide for a legislative veto for all regulatory programs. In the Senate, there are more than 30 cosponsors for Senator Schmitt's bill. In addition, we are expecting a test vote on legislative veto in the Senate when the FTC's reauthorization bill is considered within the next month.

what is legis vehicle?

Trucking Deregulation: Your new appointees to the ICC have convinced the industry that the Commission is going to move toward some deregulation, as Fred Kahn did at the CAB two years ago. As a result, the truckers are now begging to urge passage of legislation, and the House and Senate Commerce Committees expect to announce a schedule leading to mark-up early next year. The task will be to ensure we get a good bill, not one that prevents the ICC from taking deregulation action.

Good

Telecommunications Deregulation: Your Message to Congress drew praise from the House and Senate leaders on this issue and from most of the affected interest groups. Legislative prospects remain uncertain, however, as bargaining continues with AT&T over the specific provisions.

Privacy: The last two bills in the privacy package went to Congress October 2. Hearings are now underway on all five bills in the package, and prospects for 1980 passage of some of them look good.

Sunset: The House Rules Committee expects to circulate its draft next week. The Senate Governmental Affairs Committee says it will mark-up Senator Muskie's sunset bill late this month, but no date has been set.

Federal Compensation Reform: Hearings began in Senate Governmental Affairs Committee on August 2. First House hearings began October 9, and the House Subcommittee plans to hold hearings around the country.

Lobby Law Reform: House Judiciary Committee mark-up should be completed on October 16. Senate Governmental Affairs Committee hearings were held September 25 and 26. Legislation is moving well.

Judicial Reform Initiative: Federal Courts Improvement Act creating a new Federal Court of Appeals and other important judicial rule-making and administrative changes was reported from Senate Committee, but unacceptable Bumpers' amendment was added on Senate floor. The Bumpers' amendment would reverse precedent of court deference to agency decisions, and greatly hurt administrative process. Also, amendment creating new procedures for complaining against federal judges was added. We are working on how to deal with this in House legislative strategy.

Voter Participation Proposals. Per your decision, we are working with the Vice President's and Frank Moore's staffs to explore congressional reaction to the blue ribbon commission on voter participation.

AGRICULTURE AND RURAL DEVELOPMENT

Target Price Legislation: Tom Foley will try to offer an amendment to the bill introduced by Glenn English to make the 7% increase in target price applicable to the 1980 crop as well as 1979. With this change, Foley believes we can avoid a fight on farm legislation next year. Without it, he feels we are almost certain to see unreasonable legislation, legislation that would probably have to be vetoed. We believe Foley's arguments deserve very careful consideration and that his position probably merits our support. Your advisors have not taken positions yet but we anticipate that there will be differences among them.

Sugar Legislation: The sugar bill is expected to come to a vote in the House next week. It will be close. If it fails, we will urge prompt ratification of the International Sugar Agreement. For your information, the world price of sugar has strengthened materially over the past 2 months and prospects are that it will remain strong into the foreseeable future. As a result of this price strength, we lowered our import fees 0.6 cent per pound on October 1 and expect further reductions in the near future.

1980 Feed Grain Program: Secretary Bergland will soon be forwarding his recommendation. We expect unanimous agreement that there be no acreage diversion next year.

JUSTICE AND CIVIL RIGHTS

Fair Housing: The Senate Judiciary Subcommittee on the Constitution has postponed for at least two weeks the mark-up on S. 506 which was scheduled for October 12. The bill should emerge from the Subcommittee although the vote count remains uncertain. On the House side, Chairman Edwards plans to bring the House counterpart, H.R. 5200, before the full Judiciary Committee on October 23 where the outlook is good.

- 6 -

FBI Charter: Five more days of hearings are scheduled in the Senate Judiciary Committee and the Attorney General and FBI Director are expected to testify at the final session on November 15. (The ACLU expressed general approval of the Charter earlier this week.)

Criminal Code: House Judiciary Subcommittee on Criminal Justice Chairman Drinan has requested the Judiciary Committee to schedule mark-up sessions on the bill for November 6, 7, and 8, the same days the Senate Judiciary Committee has scheduled mark-up of its bill, S. 1722.

DRUG ABUSE POLICY

Opium Production in South Asia: We are participating in a meeting of U.S. narcotics officers from Europe and South Asia to develop a strategy to deal with the rapidly expanding production of opium in Afghanistan, Pakistan, and Iran (estimated at 1000+ tons). While most of the illicit production is now aimed at Western Europe, we are closely monitoring the potential impact on availability in the U.S. *gob*

Narcotics Assistance for Colombia: On October 9, Senator Chiles amended the Security Assistance Appropriation to add \$14 million for assistance to Colombia (Total \$16 million) to combat marijuana and cocaine trafficking. This conforms to the House version and is consistent with Governor Graham's interest in supporting Colombia's efforts. *ell*

TERRITORIES

Territories Policy: Territorial comments on interagency task force draft responses to the six study questions were due October 12 following which the interagency report to the White House will be written. Presidential decision document should be ready mid-November so that decisions can be factored into the FY '81 Budget. There is continuing sentiment in Guam for status talks. Much sentiment in the territories for altering the existing Interior organizational approach. Economic development is the least well developed section of the report.

Puerto Rico Submerged Lands: Governor Romero and Congressman Corrada continue to press for a Presidential proclamation recognizing the island's claim to title to submerged lands out to a boundary three marine leagues from the island's coastline. Justice and Interior will shortly complete a review of the island's latest legal memo. Geological Survey reports of potential oil and gas deposits have made this their priority issue but the claims of Gulf Coast states to similar boundaries make this politically sensitive. A decision memo will follow the Justice and Interior review.

Jones Act Extension: In conjunction with Lloyd Cutler's office we are discussing the possible extension of the law requiring the shipment of cargo between U.S. ports in U.S. flag ships to the Virgin Islands for petroleum. The territory has long been exempt from the statute but the location there of the nation's largest oil refinery (Amerada-Hess) has made this a concern of the maritime unions. Since the refinery is a major supplier of the Northeastern market (including heating oil) there are energy policy ramifications. No extension move is contemplated until next Spring. The territory is concerned about the impact on it's largest industrial citizen.

*NE
oil
prices*

IRS Assuming Tax Collection Responsibilities in the Territories: The Senate Energy Committee seems likely to drop a section requiring IRS to assume tax collection functions now performed by the governments of four territories from a Phil Burton omnibus territories bill. It would become a conference issue. Our territorial policy review is developing alternatives. We will promote one prior to the territorial decision document action only if conference action seems likely on this issue. The territories claim the measure is colonialistic. Proponents note that it would save then administrative expenses and probably be more efficient, raising revenues. It would not, however, deal with the basic problems of territorial tax systems.

HUMAN RESOURCES

Low-Income Weatherization: We are into our first month of operation of a detailed program action plan, signed by the Departments of Labor and Energy and the Community Services Administration. The action plan was developed and implemented because of severe (CETA) labor shortages in the last two years that resulted in shutdowns of local projects across the country; practically no weatherization outlays had been made by DOE in FY 1979. The action plan is designed to short-circuit problems at the local level through the cooperation of the three agencies nationally and locally. We hope that this short-term solution will be successful and point the way for a more realistic re-design of this very important program.

ACTION: The House has finally passed ACTION's reauthorization; the Senate version passed last June. The agency has been operating under a continuing resolution for the last two years. While there are some troublesome amendments to the House version, we believe that they will be successfully resolved in conference.

Refugees: The House Judiciary Committee completed mark-up on our comprehensive bill last month. Both the House and Senate increased the number of years of full federal reimbursement to the states for refugees and made other minor changes. The House Foreign Affairs Subcommittee on International Operations also decided to mark-up the bill, which has created some jurisdictional disputes and has slowed down the bill's progress to the Floor. Overall, the bill is in good shape, however the Congressional delegation from California has been lobbying and proposing different legislative solutions to what they consider their state's heavy refugee burden.

National Health Insurance: Senator Long is planning to mark-up the low-income and system reform parts of national health insurance probably beginning October 23rd.

Hospital Cost Containment: The Commerce Committee reported the Administration's bill favorably, with fewer weakening amendments than in Ways and Means. We expect a very close vote on the House Floor within the next 2-3 weeks.

Welfare Reform: Ways and Means has reported out a welfare reform measure similar to our bill. The issue is now pending before the Rules Committee. There are two major problems facing us in Rules and later on the floor: the bill came out of Ways and Means without any Republican support; and Ways and Means asked for a closed rule which may backfire by leading to a losing fight over the rule.

Youth Employment: The Vice President's Task Force concluded the public portion of its agenda with a highly successful conference in Baltimore on "Workplaces and Classrooms". We hope to have our policy and budget recommendations to you by October 22nd.

THE WHITE HOUSE
WASHINGTON

10/16/79

Frank Moore

The attached was returned
in the President's outbox
today and is forwarded to
you for appropriate handling.

Rick Hutcheson

cc: Lloyd Cutler
Phil Wise
Fran Voorde

THE WHITE HOUSE
WASHINGTON

Frank -

Arrange for Joe
to meet 15 min.
with Lloyd Cutler
& me

J

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Polled 14 running -
none - except Durkin - said prefer TK
Call them -

THE WHITE HOUSE
WASHINGTON

October 16, 1979
3:50 p.m.

MR. PRESIDENT:

Senator Biden

called. Frank believes
he wants to talk about
SALT and recommends you
return the call.

FRAN

SALT in bad shape = No hill
station

THE WHITE HOUSE
WASHINGTON

10/16/79

Frank Moore

The attached was returned in the President's outbox today and is forwarded to you for your information.

Rick Hutcheson

cc: Zbig Brzezinski

THE WHITE HOUSE
WASHINGTON

October 16, 1979

MR. PRESIDENT:

Senator Baker called.

Frank says he wants to
discuss Cambodia.

FRAN

*Wants to help re
food → Cam J*

THE WHITE HOUSE
WASHINGTON

16 Oct 79

Jack Watson
Arnie Miller:

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

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ACTION
FYI

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<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SANDERS
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<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WISE

THE WHITE HOUSE

WASHINGTON

October 12, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON

ARNIE MILLER

Jack
AM

SUBJECT:

Department of Energy Appointments

Secretary Duncan has proposed these nominations:

1. Assistant Secretary - Nuclear Energy: George W. Cunningham, 49, of Tennessee. Dr. Cunningham is the Counselor for Atomic Energy Matters and Deputy Chief of Mission at the U.S. Mission to the International Atomic Energy in Vienna. He previously served as Program Director for Nuclear Energy at DOE, and in several senior management positions at ERDA, the AEC, and Battelle Memorial Laboratories. Dr. Cunningham has a Ph.D. from Ohio State University. He is well informed on nuclear energy issues and is an experienced administrator and public speaker. The position to which Dr. Cunningham is to be nominated was created by Departmental reorganization on October 1, 1979.

2. Assistant Secretary - Conservation and Solar: Thomas E. Stelson, 51, of Georgia. Dr. Stelson is Vice President for Research at Georgia Institute of Technology. He previously was Dean of the College of Engineering at that university and a Professor at Carnegie-Mellon University in Pittsburgh. Dr. Stelson is an expert on solar technology as well as an experienced administrator, and has served on numerous federal and state advisory committees. He would replace Omi Walden, who has been offered a position as Special Assistant to Secretary Duncan.

We and Stu (on the basis of his staff's experience with both gentlemen) concur with the Secretary's proposals.

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RECOMMENDATION:

That George W. Cunningham be nominated as Assistant Secretary - Nuclear Energy and Thomas E. Stelson be nominated as Assistant Secretary - Conservation and Solar:

 ✓ approve

 disapprove

A handwritten mark, possibly a signature or initials, consisting of a large, stylized letter 'J' or 'I' with a diagonal stroke extending upwards and to the right.

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GEORGE WOODY CUNNINGHAM
Newbern, Tennessee

PROFESSIONAL

1978 - Present Counselor for Atomic Energy Matters and Deputy Chief of Mission at the U.S. Mission to the International Atomic Energy, Vienna, Austria

1977 - 1978 Program Director for Nuclear Energy, U.S. Department of Energy

1977 Acting Deputy Assistant Administrator for Nuclear Energy, Energy Research and Development Administration and Director, Waste Management Division.

1976 Deputy Director for Technology - Reactor Research and Development Division.

1973 - 1975 Assistant Director, Engineering and Technology, Reactor Research and Development Division

1970 - 1973 Chief, Liquid Metal Projects Branch, Reactor Research and Development Division

1966 - 1970 Metallurgical Engineer, Fuels and Materials Branch, Reactor Development and Technology Division

1955 - 1966 Battelle Memorial Institute, Division Chief

EDUCATION

1948 - 1955 B.S. and M.S., University of Tennessee

1955 - 1960 Ph.D., Ohio State University

MEMBERSHIPS

American Institute for Mining and Metallurgical Engineering
American Association for Advancement of Science

PERSONAL

Age 49

THOMAS E. STELSON
5500 Arundel Dr., N.W.
Atlanta, Georgia 30327

PROFESSIONAL:

1974 - present Vice President for Research, Georgia Institute of Technology, College of Engineering, Atlanta, Georgia

1971 - 1974 Dean, Professor of Civil Engineering, Georgia Institute of Technology, College of Engineering, Atlanta, Georgia

1961 - 1971 Alcoa Professor, Carnegie-Mellon University, Pittsburgh, Pennsylvania

EDUCATION:

1952 Doctor of Science, Carnegie Institute of Technology

1950 Masters of Science, Carnegie Institute of Technology

1949 Bachelor of Science, Carnegie Institute of Technology

CIVIC ACTIVITIES:

1974 - present Council of Engineers, Council for Professional Development

1971 - present Executive Committee of Skidway Institution of Oceanography

1971 - 1974 Government's Science Advancement Council

Also member of:

Georgia Society for Professional Engineers
American Geophysical Union
American Concrete Institute
International Association of Hydraulic Research

PERSONAL:

Born - August 24, 1928, Iowa City, Iowa

ASSISTANT SECRETARY OF ENERGY

Department of Energy

AUTHORITY: 42 U.S.C. 7133
P.L. 95-91, Title II, Sec. 203, August 4, 1977

METHOD: Nominated to the Senate

NUMBER: EIGHT

At the time the name of any individual is submitted for confirmation to the position of Assistant Secretary, the President shall identify with particularity the function or functions for which such individual will be responsible.

For information concerning the functions the Secretary shall assign to the Assistant Secretaries see the attachment to this sheet.

TERM: Pleasure of the President

SALARY: Level IV (5 U.S.C. 5315)

THE WHITE HOUSE

WASHINGTON

October 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON
ARNIE MILLER

SUBJECT: Deputy and Associate Director of the International
Development Cooperative Agency (IDCA)

We join Tom Ehrlich, Director of IDCA, in recommending that you nominate Harry L. Freeman, 47, as Deputy Director of IDCA, and David Bronheim, 47, as Associate Director for Policy and Budget. Ambassador Owen believes Tom should have discretion in choosing the persons for these positions and therefore concurs in these recommendations.

Deputy Director

Harry Freeman held increasingly responsible positions during a period of seven years at AID and the Overseas Private Investment Corporation, both of which are now components of IDCA. He has been employed in the private sector for the past seven years and is currently Senior Vice President of the American Express Company. His presence in IDCA would be a clear sign of our intention to encourage increased involvement of the private sector in developing countries.

Associate Director

David Bronheim would bring to the position of Associate Director for Policy and Budget a broad background in international development assistance efforts, as well as significant administrative experience. He is currently Assistant Administrator of AID for Intergovernmental and International Affairs. He served as Executive Director of the Center for Inter-American Relations in New York, and was Deputy Coordinator of the Alliance for Progress, a \$2 billion AID program in Latin America.

We have stressed to Tom Ehrlich your concern for affirmative action. He has agreed that the remaining Presidential appointment will be responsive to that concern.

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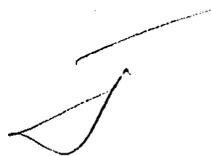
RECOMMENDATIONS:

(1) Nominate Harry L. Freeman to be Deputy Director of IDCA.

 ✓ approve disapprove

(2) Nominate David Bronheim to be Associate Director of IDCA for Policy and Budget.

 ✓ approve disapprove



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HARRY L. FREEMAN

EXPERIENCE

1977 - Present	Corporate Senior Vice President American Express Company
1975 - 1977	Corporate Vice President American Express Company
1974 - 1975	Vice President, Finance Overseas Private Investment Corporation, Washington, D.C.
1972 - 1974	Manager, Operation/Commercial Development Department, Bechtel Corporation, San Francisco, California
1970 - 1972	Vice President, Corporate Planning Overseas Private Investment Corporation, Washington, D.C.
1967 - 1970	Director, Insurance Division, Office of Private Resources, Agency for International Develop- ment, Washington, D.C.
1957 - 1966	Partner, Jamin, Morgan, Brenner & Freeman, San Francisco, California

EDUCATION

1956	LL.B., Harvard Law School
1953	B.A., University of Michigan

PERSONAL

White Male
Age 47
Democrat

DAVID BRONHEIM
Washington, D.C.

EXPERIENCE

1978 - Present	Assistant Administrator of the Agency for International Development for Intergovernmental Affairs
1976 - 1978	Consultant, The Futures Group, Glastonbury, Connecticut
1970 - 1976	Vice President, Finance, Dreyfus Corporation, New York
1968 - 1970	Executive Director, Public Affairs and Education, Center for International Development, Department of State
1960 - 1968	Deputy Coordinator of the Alliance for Progress, Agency for International Development
1958 - 1960	Attorney, World Bank, Washington, D.C.
1956 - 1958	Attorney, Tax Court, Washington, D.C.

EDUCATION

1953	A.B., University of Michigan Ann Arbor, Michigan
1956	LL.B., Harvard Law School

PERSONAL

White Male
Age 47
Democrat

THE WHITE HOUSE

WASHINGTON

October 11, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT: Federal Co-Chairman of the Appalachian Regional
Commission - PAS

We recommend the appointment of Albert P. Smith, Jr. as Federal Co-Chairman of the Appalachian Regional Commission. The position has been vacant since Governor Bob Scott resigned in June.

Al Smith publishes several weekly newspapers in Southwestern Kentucky and Northwestern Tennessee. He is producer and moderator of a weekly Kentucky Educational Television program that covers political and state events, and he serves as Chairman of the Kentucky Arts Commission.

Smith's supporters include Senators Huddleston and Ford and Governor Julian Carroll. John Y. Brown, Senator Randolph and Governor Rockefeller also will support the nomination.

Frank Moore concurs in our recommendation.

RECOMMENDATION

Nominate Albert P. Smith, Jr. of Russellville, Kentucky, to be Federal Co-Chairman of the Appalachian Regional Commission.

✓
_____ approve _____ disapprove

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AL SMITH
(Albert P. Smith, Jr.)

Al Smith is editor and publisher of the Russellville, Ky., News-Democrat and Logan Leader and head of a publishing company, Al Smith Communications, Inc., which owns these and four other weekly newspapers--at Leitchfield, Morgantown, and Cadiz in Western Kentucky, and at Brentwood (a suburb of Nashville) in Tennessee. Since 1974, he has been producer and moderator for the weekly Kentucky Educational Television program, "Comment on Kentucky."

He is chairman of the Kentucky Arts Commission and chairman of the Kentucky Oral History Commission. He is on the Advisory Board of the Tennessee River Valley Association. He is a trustee of the Frontier Nursing Service at Wendover, in eastern Kentucky, and is a trustee of Shakertown at Pleasant Hill in central Kentucky. He is a past president of the Kentucky Press Association and helped draft Kentucky's two "sunshine laws" for open meetings and open records.

He was born in Sarasota, Fla. in 1927, reared on a farm in middle Tennessee, served in the Army in World War II, attended Vanderbilt University, and spent the first 10 years of his journalism career on the daily newspapers in New Orleans. He is married and has three children.

The Smith newspapers are published in a 100-year-old building which was restored as a central printing plant. It has won two design competition awards for architects and has been featured in several national publications devoted to preservation.

His newspapers have won many awards for editorial writing. This year (1978), Kentucky Educational Television has nominated Al Smith for the Distinguished Broadcast Journalist Award given by Western Kentucky University. This is in recognition of a 17-part series of interviews with outstanding Kentuckians which Al Smith wrote and produced for KET, as well as the weekly "Comment on Kentucky" series. Smith also narrated and helped write a 60-minute documentary on Kentucky's heritage for WAVE-TV, the Louisville NBC affiliate.

Al Smith's Kentucky papers are rural county seat weeklies, each with an independent political view. His Tennessee paper, which was started in 1977, is more urban oriented and is in one of the state's fastest growing areas. All of his papers are in communities served by the Tennessee Valley Authority (TVA).

As a "Main Street," smalltown editor, Al Smith has been deeply involved for 20 years in regional and local resource development and energy and conservation programs. He grew up in a family that

was pre-occupied with the economic and social significance of electric power and sharply divided over public power/private power issues. His father, who was a farmer and lawyer, and grandfather, an engineer and one time weekly newspaper publisher, were public power advocates and supported the TVA in Tennessee. One uncle, the late McGregor Smith, Sr., a native of Tennessee, was head of Florida Power and Light Co. from 1940 to 1972. He was a chairman of the Florida Industrial Development Commission and had been president of Louisiana Power and Light Co. in the 1930's. He and another uncle, who was a vice president of Louisiana Power and Light, were hostile to TVA. Al Smith, who sided with his father and grandfather, believes in public power and in the TVA Act.

ADDRESS:

120 Public Square, Russellville, Ky., 42276
Telephone 502-726-9507 (business)

540 South Main, Russellville, Ky., 42276
Telephone 502-726-9343 (residence)

YOUTH-EDUCATION-JOURNALISM-TELEVISION:

Born January 9, 1927, Sarasota, Florida. Parents were natives of middle Tennessee who returned there in 1939, buying a farm at Hendersonville, near Nashville

1940-44 Hendersonville, Tenn., farm

1942 Winner, National American Legion High School Oratorical Contest and \$4000 scholarship, some 100,000 contestants. Same contest won the previous year by Frank Church, now U.S. Senator

1944 Graduate, Cum Honore (top 5 seniors), Castle Heights Military Academy, Lebanon, Tenn. Edited Newspaper, Year Book

1945-46 U. S. Army, Field Artillery instructor, U.S. Army Commendation Medal, discharged as Technical Sergeant

1946-47 Attended Vanderbilt University

1947-50 Assistant State Editor, The New Orleans Times-Picayune

1950-52 State Editor, The Times-Picayune

1952-54 Day Police, Criminal Courts Reporter, The Times-Picayune

1954-57 Assistant City Editor, New Orleans Item

1957-63 Editor, part owner, Russellville, Ky. News-Democrat

- 1968 Founded Logan Leader (weekly) Newspaper, bought News-Democrat, organized Logan Ink, Inc., publishing Company
- 1969 Organized Green River Ink, Inc., bought Morgantown Green River Republican
- 1971 Organized Grayson Ink, Inc., bought Leitchfield Gazette
- 1972 Organized LBL Inc., bought Cadiz Record
- 1973 Bought, remodeled historic property Russellville Public Square for central printing plant, winning two honor awards from Kentucky-Ohio Society of Architects for environmental concern and design
- 1974 Bought Trigg County Times, Cadiz, merged with Cadiz Record
- 1974 Narrated, helped write 60-minute documentary, "Three for Kentucky", for WAVE-TV, Louisville NBC affiliate, dealing with three families with deep roots in different regions of the state and how Kentucky traditions have affected their lives. Film shown in Indiana, Kentucky, Tennessee
- 1974 Began producing, moderating "Comment on Kentucky", a weekly public affairs program on Kentucky Educational Television (KET), similar to "Washington Week in Review"
- 1975 President, Kentucky Press Association
- 1975 Produced, moderated Kentucky's first statewide television debate between gubernatorial nominees (Julian Carroll, Dem., Robert Gable, Repub.)
- 1976-77 Producer, writer, interviewer for "Bicentennial Profiles", individual television interviews "on location" with 17 Kentuckians from all walks of life. Funded by grants to KET from American Revolutionary Bicentennial Administration, Kentucky Historical Events Celebration Committee
- 1976-77 Producer-moderator for new weekly series of "Comment on Kentucky" funded for KET by Kentucky Humanities Council
- 1977 Consolidated all companies into Al Smith Communications, Inc. and acquired Grayson County News through merger
- 1977 Founded Harpeth Herald (weekly) newspaper and organized Harpeth Publishing Co., Brentwood, Tennessee

Al Smith
Page four

1978 Nominated as Kentucky Broadcast Journalist of the Year (Award from Western Kentucky University)

1978 Programming schedule of "Comment on Kentucky" expanded from 36 weeks to 52 weeks a year

ARTS:

Organized Logan County Committee for the Arts, 1966

Organized Russellville Conference, Kentucky Arts Commission, 1967

Chairman, Kentucky Arts Commission 1977--
(Responsible for \$1 million annual budget)

CONSERVATION:

Promoted, wrote many articles about Mud River Watershed, 4-county project based in Russellville, named Watershed of the Year in U.S. at National Soil Conservation Congress in Little Rock, 1964 at ceremony attended by Al Smith and group of Logan farmers

Promoted, helped raise funds for 900-acre Western Kentucky Boy Scouts Wilderness Camp, Lake at Russellville, 1966

Conducted editorial campaign which blocked State Highway Department plans to cut down 100 maple trees along U.S. Highway 68 from Bowling Green to Russellville, 1975

Numerous speeches, editorials, columns on conservation, environmental protection

First weekly editor to win State Farm Bureau Communications Award, 1964

Distinguished Journalism Award from North, South Logan Soil Conservation Districts, 1965

DEVELOPMENT:

Organized Logan Industry Appreciation Fair and Dinner, 1965

Participated in locating E. R. Carpenter Co., urethane foam plant in Russellville, 1969. Involved in expansions, other activities of these Russellville plants: Rockwell, Emerson Electric, Illinois Tool Works, Blue Bell

Author of three community reports which won All Kentucky City Awards for Russellville, 1964-65-66

Director, Russellville-Logan County Chamber of Commerce; Member, Industrial Committee, 1969--

Traveled in other states in behalf of local industrial program, long time close affiliation with South Kentucky Industrial Development Association funded by TVA electric power distributors

Led campaign to block takeover of local hospital by for-profit chain, 1973, many articles, speeches on community health needs, worked on doctor recruitment, helped locate new dentist, surgeon, physician

Trustee, Frontier Nursing Service, Wendover, Ky., 1977-- (demonstration in family-centered primary health care, including Mary Breckinridge Hospital at Hyden, outpost nursing and primary care centers, FMS home health agency, Frontier School of Midwifery and Family Nursing)

EDUCATIONAL:

Secretary-Treasurer, 1964-1977, of \$200,000 scholarship loan fund for local college, trade school students, providing loans and counseling for several hundred youths

First professional member of board of "The Kernel", independent daily at the University of Kentucky, 1971-72

One of five professional journalists on select committee to advise UK president on reorganization of journalism program, 1975

Guest lecturer on journalism at UK, Murray State, Western State, Eastern State Universities since 1971

Author, Louisville Chapter, Society of Professional Journalists, Sigma Delta Chi, report censuring Western Kentucky University for suspension of 5 student editors, 1965, contributing to reorganization and upgrading of Western's journalism program

Trustee, Logan County Public Library, 1974--

Winner, Kentucky Education Association "School Bell" statewide award for outstanding coverage of public schools, 1967

Attended: Ford Foundation-SNPA seminars, Vanderbilt, "Courts and Constitution", 1966, "Ethical Issues in American Life", 1967; American Press Institute's first week long seminar on "management of weekly newspapers", 1976; various seminars on freedom of press; member, Louisville Chapter, Society of Professional Journalism, Sigma Delta Chi

Lecturer, News Content of Weekly Papers, American Press Institute, Reston, Va., January, 1978

ENERGY:

Organized, promoted, presided at "Goals for Coal" conference in Russellville, 1974, drawing 600 persons for regional program on development of coal resources, featuring Gov. Wendell Ford, U.S. Senator Marlow Cook, Former Senator Albert Gore, technical experts from universities, utilities, TVA

Presented reports on Kentucky energy research and development at TRVA board meetings in 1975-76-77-78

Organized Kentucky participation in 1974 midsouth energy rally at Fayetteville, Tennessee, featuring Senator Henry Jackson, Congressmen Bob Jones, Joe Evins, Frank Stubblefield

Attended 1974 Senate hearings on TVA pollution control efforts, Washington, D. C.

Produced 30-minute program for KET on issues confronting TVA, with Aubrey Wagner, 1975

Panelist, new directions for TVA-symposium, Gilbertsville, Ky., 1977

Producer, writer, 60-minute documentary (for KET) on Tom Gish, publisher of "Mountain Eagle" newspaper at Whitesburg, Ky. and his editorial positions on Appalachian resource use, 1977

GOVERNMENT AND POLITICS:

Advisory committee to Council on Higher Education

Advisory Board to KET

Cultural Complex Task Force Committee (downtown Louisville)

PRESERVATION AND HERITAGE:

Chairman, Kentucky Bicentennial Oral History Commission, established by Governor Julian Carroll and an act of the Legislature as nation's first state-funded oral history program, 1976; project was proposed by Al Smith through Kentucky Press Assn. in 1975

Author of application and descriptive material about Russellville leading to designation of old section of town as "Historic District" and listing on National Registry of Historic Places and Landmarks, 1976

Bought and restored two historic downtown buildings as printing plant (1973) and personal residence (1975)

Sponsor of campaign to save the trees along Hwy. 68 (See Conservation)

Past president, Logan County Historical Society

Author, "History in Towns", article on Russellville for "All Kentucky" issue of "Antiques" magazine, April, 1974

Producer, TV program on Shakertown at South Union, Ky., 1975

Producer, TV program on Kentucky Heritage Commission, 1975

Trustee, Shakertown at Pleasant Hill, Ky., 1977--

Organized, Russellville Conference of Ky. Heritage Commission, with Mrs. Harvey Sloan, Chairman, 1977

Attended regional conference on humanities and public policy--"The Peoples of the South: Heritages and Futures", Nashville, May, 1976, for Ky. Humanities Council

FAMILY:

Son of Albert P. and Elvira Mace Smith, both deceased, Hendersonville, Tenn. Father was a lawyer-farmer, mother a weekly editor in her youth, Lebanon, Tenn.

Paternal grandparents, Rutledge and Graeme McGregor Smith, Nashville. He was a weekly publisher at Cookeville, Tenn., later assistant to the president of a Tennessee railroad, director of Tennessee

Selective Service in World War I and receiver in bankruptcy during the depression for Caldwell and Co., the largest financial institution to go under in Nashville

Maternal grandparents, Brice Martin and Ella Cook Mace, Lebanon, Tenn. He was farmer, school teacher

Sister, Robin Smith Burrow, Abilene, Texas, married to James Burrow, PhD, professor of history, Abilene Christian College and author of two histories of American medicine. Robin Smith Burrow is social worker and runs an advocacy program for retardates

Wife, Martha Helen Disharoon Smith, formerly of Hopkinsville, Ky., a professional photographer, graduate of Austin Peay State University, Clarksville, Tenn., and of University of Tennessee, Graduate School of Social Work; former social worker, administrator for mental health program

Three children: Catherine Hancock, 17; Carter Hancock, 16; and Virginia Lassiter Smith, 6

RELIGION:

Episcopal. Former member of vestry, Trinity Church. Gave the nominating speech in 1971 for election of David B. Reed as the present Bishop of the Diocese of Kentucky.

OTHER:

Published nationally in "Newsweek", as free lance correspondent; "Antiques", "Bulletin of Society of American Newspaper Editors", various conservation magazines

REFERENCES:

Circuit Judge William G. Fuqua, Russellville, Ky.; Attorney Granville Clark, Clark Bldg., Russellville, Ky.; Attorney George Street Boone, Elkton, Ky.; Robert Carter, president, the Kentucky New Era, Hopkinsville, Ky.; George Wilson, retired secretary-manager, Kentucky Press Association, Irvington, Ky.; John Ed Pearce, the Courier-Journal and Times Sunday Department, Louisville, Ky.; Barry Bingham, Jr., Editor and Publisher, the Courier-Journal and Times, Louisville; Alfred Shands, Alfred Shands Television Productions, 334 East Broadway, Suite 327, Louisville, Ky., 40202; Nat Caldwell, reporter, the Nashville

Tennessean, Nashville, Tenn.; Walter Durham, president, Durham Mfg. Co., Gallatin, Tenn.; Nancy Green, student publication adviser, the University of Kentucky; James Ausenbaugh, assistant professor of journalism, Western Kentucky University; Attorney Frances Weller, 1 Shell Square, Suite 4640, New Orleans, La. 70139; Attorney Herman Kohlman, Pere Marquette Bldg., New Orleans; Phil Johnson, news director, WFL-TV, New Orleans; Larry Forgy, attorney, Tarrant, Bullitt and Combs, Citizens Plaza, Louisville; O. L. Press, Executive Director, Kentucky Educational Television, 600 Cooper Drive, Lexington, Ky. 40502; Robert L. Kirkpatrick, Jr., president, Southern Deposit Bank of Russellville; Peter Mahurin, vice president, Hilliard & Lyons, Inc., 511 East 10th, Bowling Green, Ky.; Jonathan Gibson, Sierra Club, 330 Pennsylvania Ave. S.E., Washington, D. C. 20003

THE WHITE HOUSE

WASHINGTON

October 11, 1979

C

MEMORANDUM FOR THE PRESIDENT

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FROM: JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT: Commissioner and Assistant Commissioner of Patents
and Trademarks, Department of Commerce

We join Secretary Kreps in recommending the appointment of Sidney Diamond as Commissioner of Patents and Trademarks and the appointment of Margaret Muth Laurence as Assistant Commissioner of Patents and Trademarks.

You appointed Sidney Diamond to be Assistant Commissioner of Patents and Trademarks in March 1979. Prior to that, he was a partner in the New York City law firm of Kaye, Scholer, Fierman, Hays and Handler. He has been active in the New York Democratic Party.

Margaret Muth Laurence is an attorney with Millen & White, an Arlington, Virginia firm. She has been involved in patent and trademark law for over 30 years, has served as President of the Women's Bar Association of the District of Columbia and as a Member of the Board of the American Patent Law Association. She is a member of the Presidents Club of the National Democratic Party and is active in the National Women's Political Caucus.

RECOMMENDATIONS

Nominate Sidney Diamond of Washington, D.C. to be Commissioner of Patents and Trademarks.

approve disapprove

Nominate Margaret Muth Laurence, of Virginia, to be Assistant Commissioner of Patents and Trademarks.

approve disapprove

MARGARET MUTH LAURENCE
of Virginia

EXPERIENCE

1978 - Present Counsel, Millen and White
Arlington, Virginia

1974 - Present Consultant, Atomic Safety and
Licensing Board, U.S. Nuclear
Regulatory Commission

1976 - 1978 Attorney, self employed

1974 - 1976 Partner, Laurence, Stokes & Nelson

1970 - 1974 Partner, Laurence, Hueschen &
Laurence, Virginia

1958 - 1970 Consultant, Environmental Protec-
tion Agency

1956 - 1970 Partner, Laurence & Laurence,
Virginia

1944 - 1956 Attorney, Laurence, Woodhams &
Mills, St. Johns and Kalamazoo,
Michigan; Washington, D.C.

EDUCATION

1953 LL.B. Blackstone College of Law

CIVIC ACTIVITIES AND
AWARDS

American Bar Association
Member, Bar Associations of Mississippi, Virginia,
and the District of Columbia
Board of Trustees, Catholic University of America
President, Women's Bar Association of the District
of Columbia, 1964 - 1965
Presidents Club, National Democratic Party

PERSONAL

White Female
Age 63
Democrat

THE WHITE HOUSE

WASHINGTON

October 12, 1979

9
1

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
ARNIE MILLER *AM*

SUBJECT: U.S. Civil Rights Commission

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We recommend Richard Alatorre, of California, and Jill Ruckelshaus, of Washington State, to be members of the U.S. Civil Rights Commission. Chairman Arthur Flemming of the Commission concurs in our recommendations.

The Commission is an advisory body which holds public hearings and issues reports and recommendations to the President and Congress.

We have worked with leaders in the civil rights community and Chairman Flemming in making the following recommendations:

Richard Alatorre, of California, is presently serving as a Democratic State Legislator in California, where he is the Chairman of the State Human Resources Committee of the Assembly; he has also served as Director of the Southwest Region NAACP Legal Defense Fund. Rick Hernandez and Ambassador Torres support this appointment.

Jill Ruckelshaus, of Washington State, is the former Presidential Advisor on Women during the Nixon and Ford Administrations. She was the first Presiding Officer of the International Women's Conference in 1977 and one of three U.S. Delegates to the United Nations Conference on Women in 1975 in Mexico City. Sarah Weddington supports this appointment.

It is our intention to ask a present Commission member, Manuel Ruiz, a Republican, to step aside in favor of Assemblyman Alatorre, a Democrat. It is also our intention in the near future to recommend to you a Black American to complete the present composition of the Commission.

RECOMMENDATION:

Appoint Richard Alatorre and Jill Ruckelshaus as members of the United States Civil Rights Commission.

 ✓ approve disapprove

A handwritten signature, possibly "Jill", written in black ink.

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RICHARD ALATORRE
Los Angeles, California

EXPERIENCE

1972 - Present	Assemblyman, 55th District of Los Angeles
1968 - 1972	Aide to Assemblyman Walter Karabian and State Senator Alfred Song

EDUCATION

1965	B.A., California State University
1967	M.P.A., Univeristy of Southern California

PERSONAL

Hispanic Male
Age 33
Democrat

JILL STRICKLAND RUCKELSHAUS
of Washington State

EXPERIENCE

1978 - Present President's Advisory Committee
on Women

1976 - 1978 Regional White House Fellow
Selection Committee

1975 - 1976 Presiding Officer, Presidential
Commission for International
Women's Year

1974 - 1975 National Center for Voluntary Action

1972 - 1974 Special Assistant to the President
for Women's Affairs

1970 - 1972 Republican National Committee

EDUCATION

1964 LL.B., Indiana School of Law

1958 B.A., Indiana Univeristy

CIVIC ACTIVITIES AND
AWARDS

Honorary LL.B. Degree, St. Bonaventure, 1974
Hoosier Woman of the Year, 1973
Indiana Woman of the Year for Communication, 1974

PERSONAL

White Female
Age 43
Republican

THE WHITE HOUSE

WASHINGTON

October 12, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*

ARNIE MILLER *AA*

SUBJECT:

Presidential Appointment

We join Secretary Harris in recommending John A. Calhoun to be the new Commissioner of the Administration for Children, Youth and Families/Chief of the Children's Bureau in the Department of Health, Education, and Welfare.

Mr. Calhoun is currently studying as Littauer Fellow at the Kennedy School of Government at Harvard University. He served as Commissioner of the Department of Youth Services of the State of Massachusetts from January 1976-79.

RECOMMENDATION:

We recommend that you nominate John Calhoun to be the new Commissioner of the Administration for Children, Youth and Families/Chief of the Children's Bureau.

 ✓ approve disapprove

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

October 5, 1979

MEMORANDUM FOR THE PRESIDENT

I recommend that you nominate Mr. John A. Calhoun for the position of Commissioner of the Administration for Children, Youth and Families (ACYF)/Chief of the Children's Bureau.

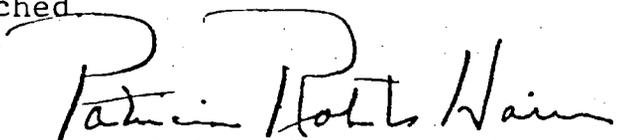
The Commissioner of ACYF administers the Head Start Program, Runaway Youth Program and other child welfare programs. In this role, the Commissioner serves as an Administration spokesman for child and family related programs and policy.

Mr. Calhoun's experience in youth services makes him uniquely qualified for the position. He currently is studying as a Littauer Fellow at the Kennedy School of Government at Harvard University. Mr. Calhoun served as Commissioner of the Department of Youth Services of the State of Massachusetts from January 1976 - 1979. From 1973 until 1976 he was Executive Director of the Justice Resource Institute. From 1971 through 1973 he served as Director of The Court Resource Project in Boston.

My recommendation comes after a lengthy search process during which we contacted child development interest groups and interested parties around the country to solicit their recommendations. We have also conducted extensive interviews with candidates, including four who I personally interviewed.

I highly recommend Mr. Calhoun. I believe he will be a credit to your Administration and a loyal and dedicated Presidential Appointee.

Mr. Calhoun's resume is attached.


Patricia Roberts Harris

RESUME

John A. Calhoun
81 Oliver Road
Belmont, MA 02178
(617) 484-6121

Health: Excellent
Born: 12/1/39
Married, Two Children

I. Vocational Experience

- A. Commissioner, Department of Youth Services, 1/76 - Present
Appointed by Governor in January of 1976 to run the State agency serving delinquents. Job involves supervising State staff of over 600, with a budget of \$24 million in State and Federal monies, and monitoring the performance of 250 private service vendors. Salary - start, \$30,000; end, \$31,100.
- B. Executive Director, Justice Resource Institute, 5/73 - 1/76
Helped to found and then directed this non-profit, criminal justice reform agency modeled after the Vera Institute in New York. JRI designed and ran experimental programs and performed short-term consulting tasks. Wrote, negotiated and started:
1. The Court Resource Project (pre-trial diversion for young adult offenders);
 2. Diversion of Female Offenders;
 3. Urban Court (a program which involved victims with their victimizers and local citizens on mediation panels and sentencing boards. Program became one national prototype for the "community court" or "Neighborhood Justice Center" concept);
 4. Lowell Diversion Program (diversion of juvenile offenders);
 5. Specialized Training and Advocacy Program (diversion of retarded offenders);
 6. Occupational Education (experimental work/study education program for diversion clients);
 7. Advocacy Center (program for female Status Offenders);
 8. Drug Evaluation and Referral Program;
 9. Treatment Alternatives to Street Crime (drug diversion).

Helped to draft and saw subsequent passage of the Pre-Trial Diversion Law (MGL, Chap. 276A). Salary - \$20,000.

- 221
- C. Vice President, Technical Development Corp. (TDC), 2/70 - 5/73
Chief function (including directorship of TCRP - see below) was the program development and administration in field of corrections and technical assistance to various private, State and Federal agencies whose functions related to criminal justice. Was with TDC when it grew in two and one-half years from a staff of two to a staff of more than eighty.
- D. Director, The Court Resource Project (TCRP), 5/71 - 5/73
Wrote, negotiated and secured funding which introduced pre-trial diversion into Massachusetts. Chief problem was to convince district court judges to allow a new element in the criminal justice system. Salary - \$16,500.
- E. Action for Boston Community Development (ABCD), 9/66 - 2/70
1. Director, ABCD Manpower Program Development Department and Special Assistant to Manpower Director and to Executive Director, 9/68 - 2/70
Basic duties were trouble shooting, program development and program operation. Wrote and negotiated various programs (e.g., Action Center for Spanish-Speaking citizens; Residential Youth Center, etc.); Chairman, Task Force vs. City Council when Council was contemplating ABCD takeover; Chairman, Task Force vs. new Labor Department guidelines which threatened principle of community action. Salary - \$12,000.
 2. Director, ABCD Summer Work and Cultural Enrichment Programs, 6/68 - 9/68 (and 6/67 - 9/67)
Designed and administered program which involved supervision of staff of 224; program found work for 1200 of Boston's 14- and 15-year olds and involved between 20,000 and 25,000 of Boston's citizens in cultural enrichment programs. Salary - \$10,000.
 3. Director, ABCD New Careers Program, 9/67 - 6/68
Began the New Careers Program in Boston. Project goal was to convince private, city and state human service agencies to train and hire the "para-professional"; staff supervision of 24. Salary - \$9,500.
 4. Director, ABCD Job Corps, 9/66 - 6/67
In charge of recruitment, assessment, counseling and eventual placement of teenage boys in job corps camps throughout the country. Recruitment and placement rate went from lowest in northeastern region to highest. Salary - \$6,200.
- F. Teacher, Sixth Grade in Inner-city area of Philadelphia, 9/65 - 6/66
Salary - \$4,200.



UNITED STATES DEPARTMENT OF JUSTICE

100 PEACHTREE STREET N.W.

Atlanta, Georgia 30303

①

SPECIAL COUNSEL

Phone 404-221-6470

October 16, 1979

BY HAND

Hon. Walter F. Mondale
President of the Senate
Capitol
Washington, D.C. 20510

Dear Vice President Mondale:

I submit herewith my report to the Senate on the investigation of Carter's Warehouse, which I have conducted since March 23, 1979 as Special Counsel by appointment of the Attorney General. This report is being issued publicly today and my investigation is concluded. In accordance with my charter, I have today also reported in writing to the Attorney General. A copy of the letter of transmittal to Mr. Civiletti is enclosed.

As I have stated in its introduction, this public report to the Congress is incomplete because, as you know, Federal Rule of Criminal Procedure 6(e) forbids disclosure of matters occurring before the grand jury, and this was very largely a grand jury investigation. Moreover, there are other legal and ethical considerations governing my release of any matters of a testimonial nature.

My report to the Attorney General, on the other hand, is complete and summarizes fully all that has been done and found in this investigation. Should the Congress in its wisdom decide that the public interest in favor of disclosure of that full report outweighs in this case the policy reasons underlying existing requirements of secrecy, Congress undoubtedly may act to release the full report.

I and my associates stand ready to respond to any inquiries the Congress may have on these matters.

Sincerely,

Paul J. Curran
Special Counsel

PJC:ed
Enclosure

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INVESTIGATION OF CARTER'S WAREHOUSE AND
THE NATIONAL BANK OF GEORGIA
REPORT TO THE CONGRESS
OF THE UNITED STATES

PAUL J. CURRAN
SPECIAL COUNSEL

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PART I

INTRODUCTION

This public report is submitted by Special Counsel Paul J. Curran to the Congress pursuant to the March 23, 1979 charter from the Attorney General to investigate and prosecute:

"any offenses against the United States arising from financial transactions between the Carter Warehouse and the National Bank of Georgia or any other financial institution, from related financial or business transactions, or from the use of loan proceeds."

I have also submitted today, pursuant to my charter, a separate report to the Attorney General. That report summarizes all that has been done and found in this investigation, and details the facts and the law in support of the conclusions I have reached. Because of the strictures placed on an attorney for the Government by Federal Rule of Criminal Procedure 6(e) and other legal and ethical considerations prohibiting the release of testimonial matters, this report to the Congress is based solely on our analyses of documents, and is, therefore, incomplete. As I have stated in letters transmitting this report to the President of the Senate and the Speaker of the House of Representatives, the Congress undoubtedly has the power to obtain my full report. Moreover, if Congress decides the public interest requires, Congressional action can release it. In any event, I may not lawfully release the report I have made to Attorney General Civiletti and I will not do so.

Thus, I stress right here at the beginning, this

public document cannot and does not purport to set forth the totality of the investigation and, in fairness to the parties involved and to the Government, it must be examined with that understanding. No significant information that may lawfully be made public has been withheld and only the evidence that may lawfully be disclosed has been set forth here.

This part of the report briefly outlines the staffing and conduct of my investigation. The body of the report is contained in Part Two, which will provide an "Overview," Part Three which will describe the major areas of this investigation as gleaned solely from relevant documentary evidence, Part Four dealing with our audits and financial examinations, and Part Five my conclusions.

This investigation was conducted over a six-month period with the assistance of a federal grand jury empaneled in the United States District Court for the Northern District of Georgia in Atlanta. During the course of this investigation the grand jury: (i) heard testimony from 64 witnesses, whose transcribed testimony covers over 3,800 pages; and (ii) issued 72 subpoenas duces tecum.

My staff of lawyers and accountants reviewed over 80,000 documents produced pursuant to the grand jury's subpoenas and conducted 34 witness interviews to complement the 21 additional interviews conducted in the investigation by agents of the Federal Bureau of Investigation.

On September 5, 1979 in the White House, I and my staff conducted a four hour deposition under oath of President Jimmy Carter.* We also have, among other items,

* Jimmy Carter was subject to prosecution under Title 18, United States Code, Section 1001 and 1623 for any false statements made during the course of his deposition.

reviewed: extensive financial and other documents produced by the President pursuant to a grand jury subpoena duces tecum, as well as voluminous records of Carter's Warehouse (the "Warehouse"), and the National Bank of Georgia ("NBG").

In addition, my accounting staff conducted a detailed special audit of the Warehouse for years ending December 31, 1975, 1976, and 1977,* and in connection therewith, among other things: (i) calculated total peanuts bought and sold and reconstructed end of year inventories, (ii) analyzed receipts and disbursements of all the Warehouse bank accounts; prepared proofs of cash of all accounts, and prepared a detailed source and application of funds covering all the Warehouse activities, (iii) prepared a complete analysis of all loan transactions with NBG, (iv) prepared an analysis of the investment credit, (v) conducted numerous other audit procedures including analysis of partners' drawing accounts, (vi) analyzed records of Carter Farms, Inc. ("Carter Farms"), personal accounts of the Warehouse partners, Billy Carter, Inc., Billy Carter's Service Station, certain records of the Federal Election Commission, and certain records of Gerald A. Rafshoon Advertising Agency, Inc., and (vii) examined records of companies doing business with the Warehouse and Billy Carter's Service Station.

We also investigated allegations that (i) the investment tax credits taken by Jimmy Carter, Billy Carter, and Mrs. Lillian Carter on their 1975-1977 federal income tax returns were overstated; and (ii) the Gerald Rafshoon

* This was an extremely laborious task. The Warehouse records were disorganized and much effort was needed first to put them in order and then to analyze them.

Advertising Agency had access to unexplained cash which was used in Jimmy Carter's primary campaigns for the Presidential nomination.

This investigation has been conducted independently of the Department of Justice and its personnel, and at no time has any representative of the Department been involved in any way in the substance of any aspect of our work.*

A. Appointment and Staffing

On March 23, 1979 Attorney General Griffin B. Bell appointed me to conduct this inquiry into the activities of the Warehouse and NBG. The Attorney General gave me total independence in the selection of staff and the conduct of the investigation. The broad language of my charter insured that we had full authority to scrutinize the Warehouse and its partners, NBG, and other banks, as well as loans and other transactions involving or affecting the Warehouse or its partners.

Prior to my appointment the Justice Department and the Federal Bureau of Investigation had conducted a preliminary inquiry to determine: (i) whether monies from NBG had been diverted illegally from the Warehouse into President Jimmy Carter's 1976 primary or general election campaigns, and (ii) whether any federal crimes had been committed in connection with the several loans made by NBG to the Warehouse.

After my appointment I reviewed the Justice Department's preliminary inquiry and decided that this investigation required a complete audit of the operations

* The Department of Justice has cooperated completely with me, when requested.

of the Warehouse from 1975 through 1977, as well as a thorough analysis of the finances of the Warehouse's three partners. Thus, it was clear that the investigation had to be staffed by first-rate investigative accountants who could perform the required analyses and work closely with the lawyers. Albert Sohn, C.P.A., the Chief Accountant and Assistant Commissioner of the New York State Commission of Investigation, agreed to become Chief Investigator. Mr. Sohn has performed his duties superbly and merits special praise for the thoroughness and competence which he has displayed throughout this long and difficult investigation. Mr. Sohn was assisted by Jerry Klein and Eugene Vinyard, each of whom is a Certified Public Accountant with extensive investigative experience and by Jacob Brown, a former investigative accountant for both the F.B.I. and the New York State Commission of Investigation.

I selected as Associate Counsel Thomas J. Cahill, John H. Gross, and James E. Nesland. Mr. Cahill is a former Chief Assistant and United States Attorney and all had served as Assistant United States Attorneys in the Southern District of New York. All were fully familiar with the conduct of grand jury investigations of this nature.

In addition to the staff of lawyers, accountants, and research assistants, whom I personally selected, agents of the Federal Bureau of Investigation, headed by Special Agent Glen J. Hunter, have worked as an integral part of the staff from the very beginning of this inquiry. The F.B.I.'s cooperation in this investigation has been outstanding.

B. Conduct of the Investigation

After becoming familiar with the information gathered by the F.B.I. and the Justice Department, I

determined that this investigation should be conducted with the assistance of a federal grand jury. The reasons were obvious. Only a grand jury could compel the production of books and records and the testimony of witnesses. Both were vital to a thorough inquiry. Issuance of grand jury subpoenas duces tecum insured to the fullest extent possible that the investigation would proceed without delay while, at the same time, minimizing insofar as possible any claimed misunderstandings as to documents to be produced.

Accordingly, in early April, 1979, we prepared and issued the first group of a large number of grand jury subpoenas duces tecum. They were made returnable in mid-April before the grand jury in the Northern District of Georgia which was assigned to our work on a full-time basis. Continuing from the first session on April 16, 1979 down to October 5, 1979, the grand jury convened on 31 separate days, with most sessions lasting full days.

The following sections of this report summarize the findings of this investigation. The final section (Part V) summarizes my conclusions and the reasons for them.*

* Again, I stress that this public report to the Congress, by law, may contain no references to testimony and is, therefore, not complete. As noted earlier, my report to the Attorney General is total and complete.

PART II

GLOSSARY AND OVERVIEW

A. Glossary

To avoid confusion, below is a list identifying persons and entities frequently mentioned in this report and their abbreviated names.

Carter's Warehouse: "the Warehouse." A general partnership under Georgia law consisting of three partners: James E. "Jimmy" Carter, Jr. (62 per cent); Mrs. James E. "Lillian" Carter (23 per cent); and William A. "Billy" Carter, III (15 per cent).

Carter Farms, Inc.: "Carter Farms." A Georgia corporation, approximately 91 per cent of the stock of which is owned by President Jimmy Carter. On January 19, 1977, the stock of Jimmy Carter in Carter Farms as well as his partnership interest in the Warehouse were transferred to Charles H. Kirbo ("Kirbo"), who became trustee for Jimmy Carter. The remaining stock is owned by the children of President Carter.

National Bank of Georgia: "NBG." A national bank located in Atlanta, Georgia, which became the principal bank to the Warehouse and which made loans to the Warehouse in 1975 and 1976.

T. Bertram Lance ("Lance"), President and Chief Executive Officer of NBG from February 1975 to January 20, 1977, when he became Director of the United States Office of Management and Budget.

John H. Strickler ("Strickler"), Vice President

of NBG in charge of its commercial loan department during 1975-77 and the original loan officer assigned to prepare and administer the Warehouse loans.

Robert D. Flynt ("Flynt"), an Assistant Vice President of NBG in the commercial loan department assigned to administer the Warehouse loans in place of Strickler.

Citizens Bank of Americus: "CBA." A state bank chartered under Georgia law located in Americus, Georgia. CBA was the principal bank used by the Warehouse prior to the NBG loans. The Warehouse maintained an operating account with it until the end of 1977.

Commercial State Bank: "CSB." A state bank chartered under Georgia law located in Donalsonville, Georgia. CSB purchased a participation in the 1975 peanut loan from NBG in December, 1975.

Trust Company Bank: "TCB." A state bank chartered under Georgia law located in Atlanta, Georgia. TCB became the principal bank for the Warehouse in 1977, replacing NBG. TCB made loans to Carter Farms in 1977 at the request of Kirbo to repay the Warehouse debts.

Perry, Chambliss, Sheppard & Thompson: "Perry, Chambliss." A firm of certified public accountants located in Americus, Georgia. Perry, Chambliss has done the accounting and tax returns for the Warehouse, Carter Farms and Jimmy, Billy, and Lillian Carter.

Robert S. Perry ("Perry") served as the accountant

responsible for all of the above accounts in 1975 through 1977.

Arthur Andersen & Co.: "AA." A national firm of certified public accountants who audited the books of NBG during 1975 through 1977.

Collateral Control Corp.: "NYTCO." A field warehousing company formerly known as NYTCO Services, Inc. with offices in Atlanta and Albany, Georgia. NYTCO served as the bonded warehouseman for NBG at the Warehouse.

B. Overview

Prior to 1975 the Warehouse operated a business of supplying goods and services to farmers in the area of Plains, Georgia. In 1975 the business was expanded into a commercial peanut shelling operation, whereby peanuts would be purchased from farmers, shelled, and then sold by the Warehouse to large commercial users.

Beginning in June 1975 the Warehouse borrowed substantial sums from NBG to purchase a peanut sheller, to build a warehouse, and to purchase unshelled peanuts for its sheller. Each of the Warehouse's partners was liable for the full amount of the NBG loans. Jimmy Carter, the majority partner, had substantial assets, including 91 per cent of Carter Farms which owned some 2,000 acres of productive farm land near Plains, and 3,240 shares of stock in American Can Company.

Under the NBG peanut loan agreements, peanuts purchased with NBG funds were held in bond by NYTCO which

issued warehouse receipts to NBG as security for the loans. Accordingly, when peanuts were released to be shelled, the Warehouse was required by the agreements to repay NBG the value of the released peanuts as specified in the agreements.

The Warehouse made the loan repayments by checks drawn on an NBG account. The checks accompanied warehouse releases indicating that peanuts covered by the release were no longer in bond. However, because the Warehouse was undercapitalized and sold shelled peanuts on account, it could not make repayments to NBG as required in the agreements. As a result, shortly after initiation of the 1975 peanut loan in September, 1975 when peanuts were released from bond, Billy Carter wrote checks drawn on the NBG account payable to NBG, without having sufficient funds in the account. NBG honored those checks and others to third parties, thereby causing overdrafts in the Warehouse checking account.

Subsequently, checks drawn on the NBG account payable to NBG to accompany warehouse releases were not processed, and collateral was released without payment to NBG.

NBG's records did not disclose that peanuts were being released from bond without contemporaneous repayment to NBG.

In the spring of 1976, all peanuts under NYTCO's warehouse receipts were released from bond and the balance outstanding on the 1975 peanut loan exceeded \$1 million. At that point the 1975 peanut loan was unsecured, although the Warehouse had an inventory of shelled peanuts which could have been placed in bond, and accounts receivable which

could have been pledged. In May, 1976, \$665,000 in shelled peanuts were put in bond under NYTCO receipts but the peanut loan exceeded the value amount of that security, a fact which was not apparent from an examination of NBG's books because the loan had been sold by NBG to another bank, CSB.

On July 9, 1976 the sheller loan and a warehouse line of credit were consolidated into a single loan of \$1,008,057.90. The security for that loan, consisting of all the personal and real property of the Warehouse, also served as security for the 1975 peanut loan. On August 26 the unpaid balance of the 1975 peanut loan, \$520,936, was rolled over into the 1976 peanut loan, a \$9 million line of credit.

In the summer of 1976 the Warehouse contracted with Walter Heller & Co. ("Heller") to factor its accounts receivable. Because of the immediate cash flow generated by this factoring arrangement during the early operation of the 1976 peanut loan, the failure to process Warehouse checks temporarily stopped. However, because Heller did not factor all of the Warehouse's accounts receivable, and because the Warehouse remained under capitalized, loan repayment checks to NBG still frequently lacked sufficient funds and were not processed when presented to NBG.

The evidence establishes that none of the proceeds of the peanut loans was used in Jimmy Carter's primary or general election campaigns for the Presidency.

On November 2, 1976 Jimmy Carter was elected President of the United States. Upon his inauguration on January 20, 1977 Kirbo became the trustee of the President's

assets, including his partnership interest in the Warehouse. Later in 1977 when Kirbo learned that the Warehouse was encountering difficulties, he leased it to Gold-Kist, Inc. ("Gold-Kist").

In March 1978 the peanut loans were repaid in full. NBG had earned interest of approximately \$400,000 on its loans to the Warehouse.

PART III

THE INVESTIGATION SUMMARIZED

A. The Warehouse Before 1975

Following the death of his father in 1953, Jimmy Carter left the Navy and returned to Plains to operate the Warehouse. In the next twenty years the business expanded to include operation of a cotton gin, sale of seed peanuts, service of drying and cleaning peanuts, operation of a warehouse for the storage of peanuts and cotton, acting as a purchasing agent for shellers, and selling fertilizers and other chemicals. The Warehouse also gradually acquired additional real estate contiguous to its original site.

The following table shows the unaudited total sales, cost of sales, and gross profits of the Warehouse for the years 1972 through 1974 as prepared by the Warehouse's accountant.

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Total Sales:	\$718,876.79	\$871,164.34	\$1,055,358.47
Cost of Sales:	598,562.33	685,328.02	887,085.51
Gross Profit:	120,314.46	185,836.32	168,272.96
Net Income (Loss)			
Before Providing			
for Taxes or			
Partners' With-			
drawals	(\$10,872.38)	\$ 95,232.65	\$ 33,470.33

The sales and earnings figures for the major component parts of the business can be segregated as follows:

	<u>1972</u>	<u>1973</u>	<u>1974</u>
General and Liquid			
Fertilizer			
Sales	309,000	344,000	701,000
Gross Profits	63,000	124,000	82,000
Seed Peanuts			
Sales	266,000	198,000	229,000
Gross Profits	46,000	10,000	23,000
Cottonseed, Ginning,			
Baled Cotton			
Sales	136,000	326,000	119,000
Gross Profits	5,000	50,000	58,000

During the same three year period prior to 1975, the assets and liabilities grew as follows:

	<u>1972</u>	<u>1973</u>	<u>1974</u>
Assets:			
Current	\$268,540.13	\$464,869.95	\$666,544.28
Fixed	131,457.48	222,355.15	269,164.01
Other	<u>101,230.70</u>	<u>73,576.80</u>	<u>63,980.90</u>
Total	<u>\$501,228.31</u>	<u>\$760,801.90</u>	<u>\$999,689.19</u>
Liabilities:			
Current	138,975.83	352,443.64	628,971.20
Partners' Capital			
Accounts:	<u>362,252.48</u>	<u>408,358.26</u>	<u>370,717.99</u>
Total			
Liabilities			
& Capital	<u>\$501,228.31</u>	<u>\$760,801.90</u>	<u>\$999,689.19</u>

B. The Warehouse Loans from NBG

The Warehouse borrowed money from NBG to finance:

(i) the acquisition and construction of a peanut sheller

("the sheller loan"), (ii) the construction of a new warehouse for peanut storage ("the warehouse loan"), and (iii) the purchase of peanuts ("the peanut loans").*

The sheller loan was made in June, 1975 and involved a line of credit of up to \$600,000 to construct a peanut sheller. The warehouse loan was authorized in December, 1975 and involved an additional line of credit of up to \$300,000 to build a new warehouse. That loan was not implemented until July 9, 1976 when it and the sheller loan were eventually consolidated into a single term loan of \$1,008,057.90 ("the consolidated loan").

The peanut loans covered two periods. The first peanut loan agreement provided for a maximum line of credit of up to \$3 million. It commenced on September 6, 1975 and expired August 31, 1976. The second peanut loan agreement provided for a maximum line of credit of up to \$9 million. It covered a period from August 26, 1976 until terminated by either party on ten days notice.

1. The Sheller Loan

The first loan by NBG to the Warehouse was a line of credit for \$600,000 to finance the acquisition and construction of the peanut sheller which the partnership had contracted to purchase from companies operated by Lewis Carter and Charles Carter, who are not related to Jimmy and Billy Carter.

The sheller loan was discussed by NBG's Loan Administration Committee on June 9, 1975 and reported to that Committee on June 12, 1975. The loan was approved by NBG's Executive Committee on June 23, 1975, and by its Board

* Technically these loans were lines of credit, as will become clear in the discussion.

of Directors on July 9, 1975.

The documentation for this loan consisted of a Security Agreement signed as of June 23, 1975 by Billy Carter on behalf of himself and as agent for his partners.* A promissory note may have been executed when this loan was made originally. None has been found. Several renewal notes exist, one as early as November, 1975.

The loan was secured by the sheller equipment, which was scheduled as Exhibit A to the Security Agreement. The agreement provided that this equipment remained personal property, whether affixed to realty or not. This provision purported to exempt the equipment from earlier security given to CBA. The Warehouse then owed CBA \$190,000 on an earlier loan and CBA had obtained the Warehouse's realty as partial security for its loan. On September 5, 1975 CBA subordinated any prior security interest it may have had to the sheller equipment.

2. The Warehouse Loan

On December 18, 1975 NBG's Loan Administration Committee approved a \$300,000 line of credit to the Warehouse to finance the construction of a new warehouse for peanut storage. This loan was approved by NBG's Executive Committee on December 29, 1975 and by its Board of Directors on January 14, 1976.

The loan was originally approved by the Loan Administration Committee with an interest rate of prime

* The Security Agreement was not prepared or executed until mid-August, 1975. June 23 reflects the date that Billy Carter executed a Bill of Sale to Secure Debt as security for the sheller loan. The latter instrument was not valid and, when this was discovered by NBG, it was replaced by the Security Agreement.

plus 3 per cent. Subsequently, the interest rate was lowered to prime plus 2-1/2 per cent and on January 22, 1976 the Loan Administration Committee approved that change. The loan was to be secured by real estate.

Because of legal difficulties encountered in obtaining adequate title reports the warehouse loan was not implemented until July 9, 1976, when it was consolidated with the sheller loan. Details of this consolidation are set forth in a subsequent section of this report.

3. The 1975 Peanut Loan

This loan was approved by the Loan Administration Committee on July 18, 1975, and reported to the Executive Committee and Board of Directors on July 28, 1975 and August 13, 1975 respectively. Flynt, the NBG loan officer responsible for administering the loan, notified Billy Carter on August 19, 1975 by letter of NBG's commitment.

a. The 1975 Agreement

On September 6, 1975 the Warehouse and NBG entered into a loan agreement which provided the Warehouse with a line of credit of up to \$3 million to buy peanuts. The security for this line of credit was limited to the peanut inventory of the Warehouse. The agreement provided for warehouse receipt financing. NBG was to advance the Warehouse up to 80 per cent of the dollar value of peanuts in bond upon receipt by NBG of nonnegotiable warehouse receipts issued by the bonded warehousemen reflecting the dollar value of peanuts placed in bond by the Warehouse. It was the first warehouse receipt financing arrangement entered into by NBG.

The agreement limited NBG's advances to 80 per

cent of the market value of peanuts in bond. In order to release peanuts from bond the Warehouse was required to obtain a warehouse release from NYTCO accompanied by a check payable to NBG in an amount equal to 80 per cent of the value of the peanuts released. Under the loan agreement, and NBG's instructions to NYTCO, the Warehouse could withdraw from bond peanuts having a value of up to \$200,000 without executing a release and issuing a loan repayment check to NBG, provided that within 30 hours of withdrawal the Warehouse either paid NBG 80 per cent of the value of the peanuts withdrawn or deposited in bond peanuts of equal or greater value.

When this agreement was made, the Warehouse had a loan outstanding with CBA in the amount of \$215,000. CBA held a security interest in the Warehouse's real and personal property. At NBG's request CBA subordinated this security interest to NBG to the extent that Warehouse inventory was deposited in bond and reflected in warehouse receipts issued by NYTCO.

The loan agreement also provided that loan proceeds were to be used "exclusively" to buy peanuts and that nonpayment when due of any amount payable or failure to perform any agreement by the Warehouse constituted a default. It also provided that NBG was not obliged to lend in excess of its legal lending limits.

Billy Carter signed the agreement on behalf of the Warehouse and Strickler signed for NBG. Billy Carter also executed a promissory note dated September 6, 1975, payable to NBG providing for interest at the rate of 2-1/2 per cent above NBG's prime rate. The note also

provided that any balance due on the loan after maturity could bear an interest rate of 15 per cent or 2-1/2 per cent above prime, whichever was greater.

b. Operation of the 1975 Peanut Loan

The following schedule sets out every transaction between NBG and the Warehouse involving the first peanut loan, which terminated on August 31, 1976, as reflected on NBG's records. The first column, "Loan Discount Date" sets forth the date on which the loan advance was made and, accordingly, also is the date upon which interest is calculated for such advance. The column "Loan Proceeds" sets forth the monies advanced by NBG to the Warehouse on the dates shown in the first column.

The column "Loan Repayments" sets forth loan repayments by the Warehouse credited by NBG on the date shown in the first column, and also the date on which the loan was reduced for purposes of calculating interest on the outstanding loan balance. The column "Loan Balances" is self-explanatory, and the last column "Date Loan Proceeds Credited to Carter's Warehouse" sets forth the actual date that the "Loan Proceeds" were credited to the Warehouse's bank account at NBG.

Operation of the 1975 Peanut Loan

Carter's Warehouse
Analysis of Loans With National Bank of Georgia

The 1975 Peanut Loan

Loan Discount Date	Loan Proceeds	Loan Repayments	Loan Balances	Date Loan Proceeds Credited To Carter's Warehouse	
	\$	\$	\$	9/9	\$ 70,000.00
9/15/75	190,000.00		190,000.00	9/15	120,000.00
9/18/75	60,000.00		250,000.00	9/18	60,000.00
9/18/75	250,000.00		500,000.00	9/19	250,000.00
9/23/75	50,000.00		550,000.00	9/24	50,000.00
9/23/75	100,000.00		650,000.00	9/29	100,000.00
9/23/75	150,000.00		800,000.00	9/29	150,000.00
9/25/75	200,000.00		1,000,000.00	9/30	200,000.00
9/29/75	200,000.00		1,200,000.00	10/6	200,000.00
10/2/75	50,000.00		1,250,000.00	10/7	50,000.00
10/4/75	100,000.00		1,350,000.00	10/10	100,000.00
10/6/75	200,000.00		1,550,000.00	10/13	200,000.00
10/7/75	250,000.00		1,800,000.00	10/14	250,000.00
10/10/75	60,000.00		1,860,000.00	10/16	60,000.00
10/14/75	212,000.00		2,072,000.00	10/23	212,000.00
10/21/75		50,006.88	2,021,993.12		
10/23/75	228,000.00		2,249,993.12	10/27	228,000.00
10/27/75		199,993.12	2,050,000.00		
10/28/75	150,000.00		2,200,000.00	10/30	150,000.00
10/31/75		100,000.00	2,100,000.00		
11/13/75		118,000.00	1,982,000.00		
11/12/75	32,000.00		2,014,000.00		
11/13/75	correction	32,000.00	1,982,000.00		
11/19/75		50,000.00	1,932,000.00		
11/26/75	102,000.00		2,034,000.00	12/2	102,000.00
12/3/75		212,000.00	1,822,000.00		

Carter's Warehouse
 Analysis of Loans With National Bank of Georgia

The 1975 Peanut Loan

Loan Discount Date	Loan Proceeds	Loan Repayments	Loan Balances	Date Loan Proceeds Credited To Carter's Warehouse
12/15/75	\$	\$222,000.00	\$1,600,000.00	\$
12/18/75	90,000.00		1,690,000.00	12/31 90,000.00
12/31/75	Interest Added	17,075.80	1,707,075.80	
1/8/76		82,075.80	1,625,000.00	
1/12/76		125,000.00	1,500,000.00	
1/29/76		100,000.00	1,400,000.00	
2/25/76		100,000.00	1,300,000.00	
3/4/76		100,000.00	1,200,000.00	
3/4/76		50,000.00	1,150,000.00	
5/17/76		125,000.00	1,025,000.00	
5/26/76		75,000.00	950,000.00	
6/3/76		50,000.00	900,000.00	
6/7/76		50,000.00	850,000.00	
7/9/76		204,064.00	645,936.00	
8/4/76	25,000.00		670,936.00	8/3 25,000.00
8/4/76		50,000.00	620,936.00	
8/31/76		100,000.00	520,936.00	

Our audit traced every advance by NBG as set out in this schedule and determined that each advance was received, recorded, and accounted for in the accounts of the Warehouse. It also traced every repayment of the loan and determined that each repayment was recorded and accounted for in the accounts of the Warehouse and NBG's loan liability ledger. The end of year loan balance on the Warehouse's books and records reconciled with the balance in NBG's records.

All loan advances except one were deposited in the Warehouse's peanut loan account no. 0-28881-0 at NBG opened on September 8, 1975. The single exception was the advance of \$102,000 on November 26, 1975. This advance was apparently credited in error to the Warehouse's account - no. 0-28668-0 - at NBG. This latter account was opened on June 11, 1975 for purposes of receiving and depositing the funds advanced by the bank under the sheller loan and was closed out by the Warehouse at the end of October 1975. Thereafter, the Warehouse maintained only one account with NBG, account no. 0-28881-0, in which all loan proceeds from NBG were deposited.

NBG's error in depositing the \$102,000 into account no. 0-28668-0 caused this previously closed account to be re-opened. The mistake was not corrected until March 4, 1976 when the funds were transferred to the Warehouse's only active account at NBG - account no. 0-28881-0. When this correction was made \$101,958.90 was transferred to the existing Warehouse account with NBG.*

* The difference between the original advance and the March 4, 1976 transfer was \$41.10. This charge of \$41.10 was attributable to Canadian funds exchange and constituted another NBG error in that it should have been made against the active account - no. 0-28881-0.

All other funds advanced under the 1975 peanut loan were deposited into account no. 0-28881-0 at NBG. The one exception previously noted was also deposited to this account by virtue of the transfer made in March 1976. Other deposits were made to this account from proceeds of peanut sales and proceeds of the sheller and warehouse construction loans.

Disbursements were made from this account for purchases of peanuts and peanut related costs, loan repayments to NBG with interest, transfers to the Warehouse account with CBA for general business use, payments in connection with sheller and warehouse construction, and payments for agricultural purchases such as fertilizers and other chemicals.

The disbursements made through this account during the period September 9, 1975 through August 31, 1976 fall substantially into the following categories and percentages:

	<u>Per Cent of Total Disbursements</u>
Peanut purchases and related costs	54.06
Principal repayments and interest on NBG loans	36.70
Payments on sheller and warehouse construction	4.30
Transfer of funds to CBA account, used for general business purposes	2.53
Payments for agricultural supplies	<u>2.41</u>
Total Disbursements	<u><u>100</u></u>

The section in Part IV of this report entitled "Source and Application of Funds" analyzes by calendar years all sources of funds and all disbursements of funds by the Warehouse.

Additional information which bears significantly upon the operation of the 1975 peanut loan follows:

(1) The advances shown on loan discount date of 9/15/75 in the amount of \$190,000 were made up of \$70,000 actually advanced on 9/9/75 and \$120,000 advanced on 9/15/75. Although reported in the peanut loan account no. 0-28881-0, the \$70,000 advance was recorded in the bank's loan liability records of the sheller loan on 9/8/75 and was reversed on that record by an entry on 9/15/75. Interest charges on the \$70,000 are not affected because such charges were accrued between 9/8/75 and 9/15/75 on the bank record of the sheller loan.

(2) The loan repayment of 7/9/76 in the amount of \$204,064 represents the application of a portion of the proceeds of the consolidated loan on that date.*

An analysis of NBG account no. 0-28881-0 covering the entire one year period of the 1975 peanut loan indicates that the Warehouse issued checks totalling approximately \$260,000 in payment of the Warehouse's obligations on the sheller and warehouse construction projects. However, over this same one year period only

* Details of the total disposition of funds under the consolidated loan of July 9, 1976 are discussed later in the section which deals with the operation of that loan.

\$50,000 of sheller loan proceeds were deposited into this account. Thus, it would appear that over \$200,000 in construction costs were paid by the Warehouse out of loan funds advanced from the 1975 peanut loan.

(3) Except for three loan advances, NBG's liability ledger states that "Warehouse Receipts" constituted the security for each advance under the 1975 peanut loan. The three exceptions, which showed the security as "Carter Building and Peanut Sheller and All Related Accessories Endorsed by Billy Carter, J. E. Carter and Lillian Carter," were:

<u>Date</u>	<u>Amount</u>
9/18/75	\$250,000.00
9/23/75	50,000.00
10/4/75	100,000.00

Examination of the written instructions underlying these three advances indicates that this inaccurate description stemmed from clerical errors by NBG.

(4) In tracing the loan advances made by NBG, a number of discrepancies were found between the loan discount date and the date the loan advance was actually credited to the Warehouse bank account. The significant discrepancies follow:

<u>Amount of Advance</u>	<u>Loan Discount Date</u>	<u>Date Credited To Carter's Warehouse</u>
\$ 100,000.00	9/23/75	9/29/75
150,000.00	9/23/75	9/29/75
200,000.00	9/25/75	9/30/75
200,000.00	9/29/75	10/6/75
50,000.00	10/2/75	10/7/75
100,000.00	10/4/75	10/10/75

200,000.00	10/6/75	10/13/75
250,000.00	10/7/75	10/14/75
60,000.00	10/10/75	10/16/75
212,000.00	10/14/75	10/23/75
228,000.00	10/23/75	10/27/75
102,000.00	11/26/75	12/2/75
90,000.00	12/18/75	12/31/75

Interest on the above advances started to run on the loan discount date. Thus, the Warehouse was charged for interest expense on substantial sums of monies during varying periods of time when it did not have the money available for use. This activity occurred at a time when the Warehouse's account was in substantial overdraft status.

(5) Although the loan agreement required repayment by August 31, 1976, there was \$520,936 unpaid at that date. This sum was rolled over into the second peanut loan entered into on August 26, 1976.

c. Insufficiency of Peanuts in Bond

The first peanut loan provided for advances equal to 80 per cent of the value of the peanuts in bond with the warehousemen. However, the records establish that, except for a brief period during the early phase of this loan, the warehouse receipt collateral did not meet the requirements of the loan agreement.

The extent of this problem throughout 1975-1977 is reflected in the following schedule "Carter's Warehouse - Value Reports - NYTCO - Value of Bonded Inventory."*

* The values of peanuts shown in this schedule on the dates indicated were obtained from the records of NYTCO. The columns headed "Date," "Daily Balances Peanuts in Shell", "Daily Balances Shelled Peanuts" and "Total Daily Value" are all self-explanatory. The last column, "Outstanding Balance of NBG Commodity Loan" represents commodity loan balances on selected dates taken from the records of NBG.

Carter's Warehouse
Value Reports - NYTCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NEB Commodity Loan
9/10/75	\$ 237,500.93		\$ 237,500.93	\$
9/14/75	312,500.73		312,500.73	
9/16/75	499,953.13		499,953.13	190,000.00
9/16/75	624,575.91		624,575.91	
9/18/75	687,076.00		687,076.00	500,000.00
9/22/75	874,575.99		874,575.99	
9/24/75	999,576.05		999,576.05	800,000.00
9/25/75	1,249,575.97		1,249,575.97	1,000,000.00
9/29/75	1,499,575.89		1,499,575.89	1,200,000.00
10/2/75	1,562,075.93		1,562,075.93	1,250,000.00
10/4/75	1,687,076.02		1,687,076.02	1,350,000.00
10/6/75	1,937,076.07		1,937,076.07	1,550,000.00
10/7/75	2,249,576.13		2,249,576.13	1,800,000.00
10/10/75	2,324,576.10		2,324,576.10	1,860,000.00
10/14/75	2,589,576.18		2,589,576.18	2,072,000.00
10/16/75	2,527,067.96		2,527,067.96	
10/20/75	2,464,953.38		2,464,953.38	
10/21/75	2,402,453.29		2,402,453.29	2,021,993.12
10/22/75	2,339,953.16		2,339,953.16	
10/23/75	2,277,453.23		2,277,453.23	2,249,993.12
10/24/75	2,214,953.30		2,214,953.30	
10/27/75	2,151,856.37		2,151,856.37	2,050,000.00
10/28/75	2,089,953.24		2,089,953.24	2,200,000.00
10/29/75	2,027,453.31		2,027,453.31	
10/31/75	1,987,653.51		1,987,653.51	2,100,000.00
11/3/75	1,941,740.63		1,941,740.63	
11/5/75	1,839,953.32		1,839,953.32	

Carter's Warehouse
Value Reports - NYTCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
11/6/75	1,807,434.53		1,807,434.53	
11/7/75	1,761,403.84		1,761,403.84	
11/10/75	1,801,069.40		1,801,069.40	
11/10/75	1,752,616.08		1,752,616.08	
11/14/75	1,691,883.41		1,691,883.41	1,982,000.00
11/17/75	1,650,365.52		1,650,365.52	
11/18/75	1,623,714.58		1,623,714.58	
11/19/75	1,573,232.60		1,573,232.60	1,932,000.00
11/21/75	1,533,142.23		1,533,142.23	
11/25/75	1,478,715.35		1,478,715.35	
11/26/75	1,440,115.35		1,440,115.35	2,034,000.00
12/1/75	1,382,215.35		1,382,215.35	
12/2/75	1,324,315.35		1,324,315.35	
12/3/75	1,279,707.07		1,279,707.07	1,822,000.00
12/4/75	1,229,162.91		1,229,162.91	
12/9/75	1,150,497.35		1,150,497.35	
12/11/75	1,088,998.79		1,088,998.79	
12/12/75	1,027,500.23		1,027,500.23	
12/15/75	965,000.08		965,000.08	1,600,000.00
12/17/75	902,500.14		902,500.14	
12/28/75	834,300.09		834,300.09	1,690,000.00
1/6/76	766,100.04		766,100.04	1,707,075.80
1/8/76	697,899.99		697,899.99	1,625,000.00
1/13/76	652,500.09		652,500.09	1,500,000.00
1/14/76	589,582.14		589,582.14	
1/21/76	528,684.59		528,684.59	
1/27/76	481,400.03		481,400.03	

Carter's Warehouse
Value Reports - NYTCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
1/28/76	430,900.03		430,900.03	1,400,000.00
2/6/76	385,450.03		385,450.03	
2/9/76	340,000.03		340,000.03	
2/13/76	265,000.06		265,000.06	
2/27/76	207,344.20		207,344.20	1,300,000.00
3/2/76	131,945.94		131,945.94	
3/10/76	56,547.68		56,547.68	1,150,000.00
3/23/76				
3/31/76				
4/7/76				
4/14/76				
4/21/76				
4/28/76				1,150,000.00
5/6/76				
5/13/76				
5/14/76		220,400.00	220,400.00	
5/14/76		665,550.00	665,550.00	
5/20/76		653,950.00	653,950.00	1,025,000.00
5/24/76		642,350.00	642,350.00	
5/25/76		630,750.00	630,750.00	
6/1/76		619,150.00	619,150.00	950,000.00
6/2/76		571,300.00	571,300.00	
6/15/76		559,700.00	559,700.00	850,000.00
6/25/76		524,900.00	524,900.00	
6/29/76		513,300.00	513,300.00	
6/30/76		466,900.00	466,900.00	
7/8/76		432,100.00	432,100.00	

Carter's Warehouse
Value Reports - NYTCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
7/16/76		420,500.00	420,500.00	645,936.00
7/23/76		408,900.00	408,900.00	
7/26/76		385,700.00	385,700.00	
7/27/76		362,500.00	362,500.00	
7/28/76		350,900.00	350,900.00	
7/29/76		339,300.00	339,300.00	
7/29/76		316,100.00	316,100.00	
7/30/76		304,500.00	304,500.00	
8/3/76		281,300.00	281,300.00	
8/4/76		269,700.00	269,700.00	620,936.00
8/5/76		258,100.00	258,100.00	
8/6/76		246,500.00	246,500.00	
8/10/76		223,300.00	223,300.00	
8/10/76		211,700.00	211,700.00	
8/12/76		200,100.00	200,100.00	
8/13/76		176,900.00	176,900.00	
8/18/76		165,300.00	165,300.00	
8/19/76		153,700.00	153,700.00	
8/19/76		142,100.00	142,100.00	
8/20/76		130,500.00	130,500.00	
8/23/76		107,300.00	107,300.00	
8/24/76		72,500.00	72,500.00	
8/25/76		60,900.00	60,900.00	
8/27/76		49,300.00	49,300.00	
8/31/76		37,700.00	37,700.00	520,936.00
9/17/76	242,941.06		280,641.06	
9/17/76	291,615.50		329,315.50	

Carter's Warehouse
Value Reports - NYTCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
9/20/76	733,408.08		771,108.08	
9/20/76	651,735.50		689,435.50	
9/21/76		76,100.00	727,835.50	420,936.00
9/22/76	1,032,747.01		1,108,847.01	
9/22/76	949,544.22		1,025,644.22	640,936.00
9/24/76		88,900.00	1,038,444.22	
9/24/76		114,500.00	1,064,044.22	969,263.42
9/25/76	1,634,901.54	127,300.00	1,762,201.54	
9/25/76	1,533,437.99	140,100.00	1,673,537.99	
9/27/76	1,856,226.58		1,996,326.58	
9/27/76	1,735,793.98		1,875,893.98	1,056,060.63
9/28/76	1,977,286.03		2,117,386.03	
9/28/76	1,838,612.43		1,978,712.43	1,141,060.63
9/29/76		178,500.00	2,017,112.43	
9/29/76		194,500.00	2,033,112.43	
9/29/76		201,500.00	2,040,112.43	
9/29/76		175,900.00	2,014,512.43	1,140,508.67
10/3/76	2,255,958.48		2,431,858.48	1,360,508.67
10/5/76	2,907,897.80		3,083,797.80	
10/5/76	2,793,698.72		2,969,598.72	1,659,184.23
10/7/76		188,700.00	2,982,398.72	
10/7/76		201,500.00	2,995,198.72	
10/7/76		215,500.00	3,009,198.72	2,119,184.23
10/9/76	3,220,135.62		3,435,635.62	
10/9/76	3,046,872.19		3,262,372.19	2,119,025.06
10/11/76		202,700.00	3,249,572.19	1,865,691.80
10/13/76	3,301,907.27		3,504,607.27	

Carter's Warehouse
Value Reports - NYTCCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
10/13/76	3,201,899.12		3,404,599.12	
10/16/76	3,575,123.81		3,777,823.81	
10/16/76	3,402,363.51		3,605,063.51	2,504,628.37
10/18/76	3,402,363.51	253,900.00	3,656,263.51	
10/20/76		239,400.00	3,641,763.51	2,724,620.22
10/21/76	3,722,098.25		3,961,498.25	
10/21/76	3,573,213.14		3,812,613.14	2,651,859.93
10/22/76		303,400.00	3,876,613.14	
10/22/76		345,400.00	3,918,613.14	2,977,359.93
10/25/76		331,320.00	3,904,533.14	3,157,359.93
10/26/76	3,490,158.42	275,320.00	3,765,478.42	
10/29/76		300,920.00	3,791,078.42	
10/29/76		332,920.00	3,823,078.42	3,155,340.10
11/1/76	3,636,384.43		3,969,304.43	3,325,340.10
11/8/76	3,665,411.22	320,120.00	3,985,531.22	
11/8/76	3,576,696.86		3,896,816.86	
11/10/76	3,504,880.21		3,825,000.21	3,548,825.74
11/11/76	3,506,261.07	358,520.00	3,864,781.07	
11/11/76	3,416,778.31		3,775,298.31	3,598,825.74
11/15/76	3,340,564.52		3,699,084.52	
11/18/76	3,263,274.68	371,320.00	3,634,594.68	3,512,526.33
11/22/76	3,131,997.49		3,503,317.49	
11/23/76	3,057,550.96		3,428,870.96	
11/29/76	3,005,416.72		3,376,736.72	3,359,022.70
11/30/76		403,320.00	3,408,736.72	
12/2/76	2,912,932.30		3,316,252.30	
12/6/76	2,922,618.49		3,325,938.49	

Carter's Warehouse
Value Reports - NYTCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
12/7/76	2,821,943.96	435,320.00	3,257,263.96	3,403,822.70
12/10/76		448,120.00	3,270,063.96	3,187,649.93
12/13/76	2,750,727.66	473,720.00	3,224,447.66	
12/16/76	2,668,767.00		3,142,487.00	3,032,890.98
12/21/76		505,720.00	3,174,487.00	
12/21/76		519,720.00	3,188,487.00	
12/31/76		533,720.00	3,202,487.00	
12/31/76		565,720.00	3,234,487.00	
1/4/77		552,920.00	3,221,687.00	
1/4/77		540,120.00	3,208,887.00	2,879,713.72
1/7/77	2,580,861.36		3,120,981.36	2,946,113.72
1/10/77	2,494,078.95	585,560.00	3,079,638.95	
1/10/77		572,760.00	3,066,838.95	
1/14/77	2,395,570.63		2,968,330.63	
1/18/77		613,080.00	3,008,650.63	
1/18/77		625,880.00	3,021,450.63	
1/18/77		613,175.00	3,008,745.63	
1/18/77		581,175.00	2,976,745.63	2,706,557.35
1/31/77		504,375.00	2,899,945.63	
2/2/77	2,395,570.63	517,175.00	2,912,745.63	
2/2/77		459,575.00	2,855,145.63	
2/3/77	2,278,560.52		2,738,135.52	2,661,852.35
2/8/77		420,535.00	2,699,095.52	
2/10/77	2,179,763.91		2,600,298.91	2,476,362.24
2/11/77		433,335.00	2,613,098.91	
2/15/77	2,125,746.80	446,135.00	2,571,881.80	
2/15/77	2,078,845.55		2,524,980.55	

Carter's Warehouse
Value Reports - NYTCCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
2/16/77	1,964,624.94	458,935.00	2,423,559.94	
2/24/77	1,823,263.21	433,335.00	2,256,598.21	2,284,508.52
2/25/77	1,666,925.49		2,100,260.49	
2/26/77	1,513,564.79		1,946,899.79	
2/28/77	1,359,484.41	446,135.00	1,805,619.41	2,020,424.93
2/28/77		471,735.00	1,831,219.41	
3/7/77		497,335.00	1,856,819.41	
3/8/77	1,285,269.01	522,935.00	1,808,204.01	
3/10/77		535,735.00	1,821,004.01	
3/14/77		548,535.00	1,833,804.01	
3/15/77		586,935.00	1,872,204.01	
3/16/77		612,535.00	1,897,804.01	
3/21/77		625,335.00	1,910,604.01	
3/22/77		638,135.00	1,923,404.01	
3/31/77		679,535.00	1,964,804.01	
3/31/77		653,585.00	1,938,854.01	1,902,726.51
4/4/77		666,385.00	1,951,654.01	1,715,830.73
4/11/77		691,985.00	1,977,254.01	
4/11/77		704,785.00	1,990,054.01	
4/11/77		658,705.00	1,943,974.01	
4/12/77	1,155,274.57		1,813,979.57	
4/14/77	1,042,390.15	680,785.00	1,723,175.15	
4/19/77		666,705.00	1,709,095.15	1,513,606.30
4/20/77	962,235.09		1,628,940.09	
4/21/77		679,505.00	1,641,740.09	
4/22/77		687,205.00	1,649,440.09	
4/26/77	884,489.37	672,855.00	1,557,344.37	

Carter's Warehouse
Value Reports - NYTICO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
4/27/77		698,455.00	1,582,944.37	
4/27/77		660,055.00	1,544,544.37	
4/29/77	724,637.68		1,384,692.68	1,514,431.24
5/5/77		634,455.00	1,359,092.68	
5/6/77	564,785.99		1,199,240.99	
5/9/77		647,160.00	1,211,945.99	1,433,855.51
5/10/77		659,960.00	1,224,745.99	
5/10/77		672,760.00	1,237,545.99	
5/10/77		647,160.00	1,211,945.99	
5/11/77	516,111.55	659,960.00	1,176,071.55	1,433,855.51
5/16/77		672,760.00	1,188,871.55	
5/16/77		698,360.00	1,214,471.55	1,320,971.09
5/17/77	429,473.86		1,127,833.86	1,295,276.09
5/20/77		711,160.00	1,140,633.86	1,333,676.09
5/23/77	317,858.58	723,960.00	1,041,818.58	
5/23/77		707,960.00	1,025,818.58	
5/24/77		720,760.00	1,038,618.58	
5/25/77	234,496.43		955,256.43	1,157,824.40
5/26/77	155,012.58	733,560.00	888,572.58	
6/1/77		746,360.00	901,372.58	
6/2/77		671,280.00	826,292.58	
6/7/77		645,680.00	800,692.58	979,582.99
6/10/77		698,240.00	698,240.00	
6/10/77		744,835.00	744,835.00	
6/10/77		719,235.00	719,235.00	
6/16/77		694,835.00	694,835.00	
6/16/77		680,755.00	680,755.00	

Carter's Warehouse
Value Reports - NYTCCO

Value of Bonded Inventory

Date	Daily Balances Peanuts in Shell	Daily Balances Shelled Peanuts	Total Daily Value	O/S Balance of NBG Commodity Loan
6/17/77		653,960.00	653,960.00	
6/17/77		601,400.00	601,400.00	
6/17/77		575,800.00	575,800.00	
6/22/77		582,160.00	582,160.00	
6/23/77		569,360.00	569,360.00	
6/26/77		543,760.00	543,760.00	
6/30/77		530,960.00	530,960.00	973,460.30
7/1/77		543,760.00	543,760.00	
7/5/77		530,960.00	530,960.00	
7/7/77		519,440.00	519,440.00	
7/11/77		505,360.00	505,360.00	
7/13/77		530,960.00	530,960.00	
7/14/77		543,760.00	543,760.00	
7/14/77		530,960.00	530,960.00	
7/15/77		505,360.00	505,360.00	
7/19/77		383,160.00	383,160.00	
7/19/77		357,560.00	357,560.00	
7/25/77		370,360.00	370,360.00	837,538.15
7/28/77		344,760.00	344,760.00	
7/29/77		298,080.00	298,080.00	
8/1/77		285,280.00	285,280.00	
8/5/77		272,575.00	272,575.00	
8/17/77		170,175.00	170,175.00	
8/18/77		116,415.00	116,415.00	
8/19/77		90,815.00	90,815.00	
8/24/77		78,015.00	78,015.00	
8/30/77		52,415.00	52,415.00	
8/31/77		-0-	-0-	

A chart, Exhibit 1 to this report, showing the information contained on this schedule in a more graphic fashion is included. The blue line indicates the value of peanuts under bond and the red line indicates the loan balance as of the last day of each month.

NYTCO maintained a perpetual inventory record of peanuts owned by the Warehouse for which nonnegotiable warehouse receipts and releases were executed. NYTCO forwarded a monthly report of the dollar value of peanuts (shelled and unshelled) under bond to NBG. In addition, each nonnegotiable warehouse receipt, evidencing peanuts placed in bond by the Warehouse, was forwarded to NBG. Each warehouse release, accompanied by a Warehouse check payable to NBG, was similarly forwarded to the bank. The warehouse release evidenced a withdrawal of peanuts by the Warehouse and, accordingly, a reduction in the value of peanuts under bond. These documents -- the monthly value reports issued by NYTCO, the warehouse receipts, and the warehouse releases -- enabled NBG to know the value of peanuts in bond.

Mechanically, the process began when unshelled peanuts were purchased and nonnegotiable warehouse receipts were issued on the peanuts by NYTCO and sent to NBG to hold as security for the loan advances. As the unshelled peanuts were withdrawn from bond for shelling, warehouse releases were issued by NYTCO. These releases reduced the peanut inventory under NYTCO's control and, as previously noted, the releases had to be accompanied by a loan repayment check payable to NBG. After shelling, the peanuts were bagged and either shipped to customers or to cold storage warehouses. A new warehouse receipt could be issued for the shelled

peanuts shipped to a cold storage warehouse.

In mid-March 1976 the Warehouse withdrew the last of the unshelled peanuts. Although the Warehouse had receipts issued by cold storage warehouses, until May 14, 1976 it did not obtain from NYTCO warehouse receipts for shelled peanuts in bond in cold storage.

As the schedule makes plain, the inadequacy of the collateral began on or about October 23, 1975 and continued throughout the 1975 peanut loan period. From March 23, 1976 through May 13, 1976 the Warehouse had no peanuts in bond. During this same time there was an outstanding indebtedness to NBG of \$1,150,000. There were peanuts in cold storage during this period which were later put in bond and the Warehouse had accounts receivable which were subsequently pledged to NBG.

The inadequacy of the peanuts in bond is illustrated by the following selected examples from October 1975 to the end of the first peanut loan:

<u>Date</u>	<u>Total Peanut Value</u>	<u>80% of Total Peanut Value</u>	<u>Loan Balance</u>	<u>Collateral Insufficiency</u>
10/23/75	\$2,277,453	\$1,821,962	\$2,249,993	\$ 428,031
11/26/75	1,440,115	1,152,092	2,034,000	881,908
12/28/75	834,300	667,440	1,690,000	1,022,560
1/28/76	430,900	344,720	1,400,000	1,055,280
2/27/76	207,344	165,875	1,300,000	1,134,125
3/31/76	-0-	-0-	1,150,000	1,150,000
5/25/76	630,750	504,600	1,025,000	520,400
6/30/76	466,900	373,520	850,000	476,480
7/30/76	304,500	243,600	645,936	402,336
8/31/76	37,700	30,160	520,936	490,776

Since the agreement limited advances to 80 per cent of the value of the bonded peanuts, NBG plainly ex-

tended credit beyond the loan to value ratio contemplated by that agreement.

d. Checks to NBG Issued to Repay the Loan
Not Processed

The Warehouse drew loan repayment checks on its NBG account payable to NBG to accompany warehouse releases. The first five checks drawn in October 1975 totalled \$250,000 and were deposited by NBG in repayment of the loan. From then until August 31, 1976 all checks to NBG accompanying releases were not processed. In lieu of processing these checks NBG debited the Warehouse account as funds became available and sent debit memoranda ("debit memos") with the bank statements to the Warehouse. The debit memos, although repaying the loan in place of the unprocessed checks, had no dollar-for-dollar relationship to them, but related instead to the funds on hand in the Warehouse account when debited.

The total amount of unprocessed checks was approximately \$2,380,000. During the period September 15, 1975 to August 31, 1976 total loan repayments by debit memos amounted to \$1,709,075. The loan also was reduced by \$204,064 from proceeds of the consolidated loan and an additional \$250,000 by the Warehouse checks processed during October 1975. Accordingly, the total credits to the peanut loan up to August 31, 1976 were as follows:

By processed checks	\$ 250,000.00
By debit memos	1,709,075.00
By consolidated loan transfer	<u>204,064.00</u>
Total loan repayment	<u>\$ 2,163,139.00</u>

These unprocessed checks were never charged against any of the Warehouse bank accounts and were reversed in the books of the account at the Warehouse.

e. Sale and Repurchase of a Participation in the Peanut Loan

1. Sale of the Participation

The balance of the peanut loan on December 1, 1975 was \$2,034,000. On that date, NBG sold a participation in the loan of \$1.5 million to CSB at an interest rate of prime plus 1 per cent.

The certificate of participation recited:

"Participant's pro rata share of any funds coming into our hands in payment of such loans be paid over to Participant."

By January 12, 1976, the loan had been reduced to \$1.5 million. None of the approximately one-half million dollars of funds used to reduce the loan from December 1, 1975 until January 12, 1976 was paid to CSB. Accordingly, after January 12, 1976 and until July 12, 1976 when NBG repurchased the participation from CSB, the peanut loan, although on NBG's books, belonged to CSB.

2. The Loan Participation is Criticized by State Bank Examiners

By June 15, 1976 the peanut loan had been reduced to \$850,000. On that date, examiners of the Department of Banking and Finance of the State of Georgia commenced an examination of CSB. The examiner criticized the loan because, among other things, the amount remaining with CSB, \$450,000 (after sub-participating out \$400,000 to each of two other related state banks),* was in excess of CSB's lending limits and was not adequately secured by warehouse receipts.** Under Georgia state regulations, a commodity loan which exceeds a state bank's lending limits must be

* CSB sold participations in the Warehouse loan to Bank of Terrell, and Citizens State Bank of Reynolds, Georgia.

**The examiners also criticized the loan because CSB had inadequate documentation.

adequately secured by warehouse receipts of a value of 125 per cent of the loan. The value of the warehouse receipts for the peanut loan was much less than 125 per cent. The examiner did not classify the loan as substandard, doubtful, or loss.

This examination resulted in a letter to CSB from NBG on June 21, 1976. This letter was found in the records of NBG's correspondent banking section. (It was not in NBG's credit file for the Warehouse.) An officer in NBG's correspondent banking section wrote:

"This is to confirm my conversation with you today that the loan in which you are holding a participation, Carter's Warehouse, Inc., will be paid in full on or before July 12 at which time we will remit to you payment in full on your participation.

"In the fall we will rework this loan agreement to better perfect our margin in warehouse receipts. At that time I will be touch with you about possible participations."

3. NBG Repurchases the Loan Participation

On July 12, 1976, CSB's demand deposit account at NBG was credited with \$850,000. The following day that amount was transferred by wire to CSB's account at TCB. The July 12 credit memorandum to CSB recites:

"Reduction on your participation on the Carter's Warehouse due to customer pay-down."

The Warehouse did not repay the peanut loan on July 12, but NBG reduced it by \$204,064 on that date applying proceeds from the consolidated loan.

The NBG credit memorandum of July 12, 1976 incorrectly stating that the participation was reduced "due to customer pay-down" was typed by a clerk in NBG's Central

Discount and Loan Accounting section. There are no documents establishing who caused this entry to be made.

The fact that the commodity loan was recorded as fully participated by NBG on June 30, 1976 had the effect of removing it from the review of NBG's auditors when they conducted the June 30, 1976 audit in connection with NBG's September, 1976 public stock offering.

We note that, if the June 21, 1976 letter from NBG to CSB constituted a "commitment" by NBG to repurchase the participation and not a prediction that the Warehouse would repay the loan on July 12, the commitment should have been recorded in NBG's records as a liability due other banks and reported to the Comptroller of the Currency in the Call Report required to be filed with the Comptroller for the quarter ended June 30, 1976. It was not recorded as a liability and, accordingly, was not included in that Call Report.

f. Liquidation of Balance of 1975 Peanut Loan

As noted, the loan agreement required the loan be repaid by August 31, 1976. It was not. The loan balance unpaid at that date was \$520,936. This sum was rolled over into the second peanut loan entered into between NBG and the Warehouse on August 26, 1976.

4. The Consolidated Loan

On July 9, 1976 NBG and the Warehouse entered into a loan agreement which consolidated the sheller and warehouse loans and broadened and tightened considerably NBG's security interests. The agreement was signed by Lance for NBG and by Billy Carter for the Warehouse. On July 9, 1976 Billy Carter gave NBG a note on behalf of the Warehouse for

\$1,008,057.90, the amount of the consolidated loan. The note provided for an interest rate of 2-1/2 per cent above NBG's prime lending rate, with an after maturity interest rate of the higher of 15 per cent or that provided in the note. This note extended the collateral to include the Warehouse realty, all property on the realty, and other personal property of the Warehouse.

Under the terms of the loan agreement NBG agreed:

(1) To advance up to \$175,000 to satisfy the Warehouse's debt to CBA and thereby cancel the security held by that bank on the Warehouse's realty as well as to secure release of a security deed held by Swift Chemical Company;

(2) To establish a \$300,000 line of credit to finance construction of the new peanut storage warehouse;
and

(3) To refinance \$533,891.23 which the Warehouse owed NBG on its sheller loan.

5. Operation of the Sheller Loan, Warehouse Loan,
and Consolidated Loan of July 9, 1976

The following schedule sets forth all transactions involving these three loans.*

* The column headings in this schedule are the same as those in the two peanut loan schedules except for the added column, headed "Interest Added to Loan." That column records the interest accrued on the sheller loan which was added to the total loan balance until it was paid.

Carter's Warehouse
Analysis of Loans with National Bank of Georgia

Sheller, Warehouse, and Consolidated Loans

Discount Date	Loan Proceeds	Interest Added To Loan	Loan Repayments	Loan Balances	Date Loan Proceeds Credited to Carter's Warehouse
6/11/75	\$ 75,000.00	\$ 1,968.75	\$	\$ 76,968.75	6/11 \$ 75,000.00
6/26/75	25,000.00	546.88		102,515.63	6/26 25,000.00
8/7/75	50,000.00	510.42		153,026.05	8/5 50,000.00
8/13/75	11,000.00	86.63		164,112.68	8/14 11,000.00
8/29/75	40,000.00	128.33		204,241.01	8/29 40,000.00
9/2/75	50,000.00	102.08		254,343.09	9/2 50,000.00
9/3/75	100,000.00	175.00		354,518.09	9/3 100,000.00
9/8/75	70,000.00	20.42		424,538.51	See 9/15/75
9/10/75	—	7,553.25		432,091.76	
9/15/75	Reversal		70,000.00	362,091.76	
9/11/75	40,000.00	700.00		402,791.76	9/15 40,000.00
9/18/75			70,000.00	332,791.76	
9/23/75	40,000.00	560.00		373,351.76	9/23 40,000.00
10/2/75	40,000.00	455.00		413,806.76	10/2 40,000.00
10/8/75	50,000.00	481.25		464,288.01	10/8 50,000.00
10/14/75	35,000.00	275.43		499,563.44	10/14 35,000.00
10/23/75	5,402.70	28.56		504,994.70	10/27 5,402.70
10/28/75	40,000.00	151.67		545,146.37	10/30 40,000.00
11/17/75			(Int.) 9,155.16	535,991.21	
11/18/75		9,361.47		545,352.68	
11/19/75			(Int.) 1,050.00	544,302.68	
1/19/76			(Int.) 9,218.13	535,084.55	
1/20/76		9,343.10			
		(143.34)		544,284.31	
2/12/76			(Prin.) 1,050.00	543,234.31	
3/9/76			(Int.) 9,343.10	533,891.21	

Carter's Warehouse
 Analysis of Loans with National Bank of Georgia

Sheller, Warehouse, and Consolidated Loans

Discount Date	Loan Proceeds	Interest Added To Loan	Loan Repayments	Loan Balances	Date Loan Proceeds Credited to Carter's Warehouse
7/9/76		1,301.36			
7/9/76	50,000.00				7/12 50,000.00
7/9/76	204,064.00				To Reduce Commodity Loan
7/9/76	174,166.67			963,423.24	Repaid Citizens Bank of Americus
7/27/76			9,280.00	954,143.24	
7/29/76	9,280.00			963,423.24	7/28 9,280.00
9/14/76	50,000.00			1,013,423.24	9/14 50,000.00
12/8/76			5,365.34	1,008,057.90	
7/22/77			39,086.65		
7/25/77			913.35	968,057.90	
8/26/77			168,000.00		
8/26/77	40,000.00			840,057.90	To reverse 7/22 & 7/25/77
3/31/78			10,000.00	830,057.90	
5/24/78			5,000.00	825,057.90	
6/14/78			4,000.00	821,057.90	
7/10/78			61,000.00	760,057.90	
8/30/78			4,000.00	756,057.90	

Every advance by NBG was traced into the accounts of the Warehouse. Every advance was found to have been received, recorded, and accounted for by the Warehouse. Conversely, with one exception, every repayment was traced from the records of the Warehouse to the bank loan records. The sole exception was a repayment facilitated by a loan from Carter Farms paid by check of TCB to NBG in the amount of \$120,000.*

Between June 11, 1975 and October 30, 1975 \$601,402.70 was deposited in the Warehouse's account no. 0-28668-0 from advances under the sheller loan agreement. The error with respect to the 9/8/75 advance and 9/15/75 reversal correction was discussed previously in the section "Operation of the 1975 Peanut Loan."

Deposits of \$50,000 advanced on 7/9/76, \$9,280 on 7/29/76, and \$50,000 on 9/14/76 were all made to NBG account no. 0-28881-0.

The \$601,402.70 deposited to account no. 0-28668-0 were disbursed by 10/30/75 when that account was reduced to a zero balance as follows:

(1) Transferred to CBA and used for sheller construction and equipment	\$128,850.00
(2) Paid to Carter Mfg. Co. in connection with sheller installation	440,359.66
(3) Miscellaneous Sheller Costs	
(a) P. J. Wise Electrical	31,959.94

* This transaction is fully discussed in Part IV in the "Carter Farms" section.

(b) Robert Albett, Jr.	<u>215.60</u>
Total Checks Issued	\$601,385.20
(4) Bank Service Charges	<u>17.50</u>
Total	<u><u>\$601,402.70</u></u>

The \$70,000 loan repayment on 9/18/75 and all subsequent interest and principal payments through 12/8/76 were made by debit memos to account no. 0-28881-0, with the single exception of the \$9,280 payment on 7/27/76 made by a Warehouse check drawn on that same account.

The sheller loan originated as a line of credit of \$600,000 to enable the Warehouse to finance, purchase, and construct the peanut sheller. By March 9, 1976 a total of \$601,402.70 in principal advances had been made, and \$70,000 had been repaid. Adding unpaid interest, the loan balance then was \$533,891.21.

The loan balance of \$1,008,057.90 from the consolidated loan breaks down:

Outstanding sheller loan put into July 9, 1976 consolidated loan \$ 533,891.21

Additional accrued interest added to loan on July 9, 1976 1,301.36

July 9, 1976 additional cash advance to account no. 0-28881-0 50,000.00

July 9, 1976 credit to reduce outstanding 1975 peanut loan 204,064.00

July 9, 1976 payment of loan of \$170,000 plus interest of \$4,166.67 to CBA to satisfy obligation of the Warehouse to that bank 174,166.67

September 14, 1976 additional cash advance to account no. 0-28881-0 50,000.00

Total \$ 1,013,423.24

December 8, 1976 consolidated loan repayment by debit memo to account no. 0-28881-0 5,365.34

Loan balance 12/8/76 and amount of promissory note executed July 9, 1976 \$ 1,008,057.90

The July 22, 1977 payment of \$39,086.65 in reduction of the loan was by check No. 11,190 drawn on CBA. \$913.35 was credited by a debit memo to NBG account no. 0-28881-0. Together these two figures equal \$40,000.

On August 26, 1977 an additional \$120,000 was credited to this loan account from funds borrowed from Carter Farms which borrowed the \$120,000 from TCB. On August 26, 1977 NBG issued a debit memo for \$8,000 against the Warehouse account no. 0-28881-0.

The above \$40,000, \$120,000, and \$8,000 payments total \$168,000 the amount of the loan repayment on August 26, 1977. However, since NBG had already credited the loan account for the payments of \$39,086.65 and \$913.35 in July 1977, the bank had to reverse \$40,000 of the loan repayment in order to avoid duplicate credit. This required the additional entry on August 26, 1977 debiting the loan account for \$40,000.

In 1978 all payments, as shown, were by checks drawn on the Warehouse account with TCB. This account was opened by Kirbo in early October 1977 with a \$232,000 deposit, which came from a loan from Carter Farms.

6. The 1976 Peanut Loan

Because of the size of this loan NBG, in late August of 1976 contacted Citizens and Southern National Bank in Atlanta ("C&S") to arrange for participating it if necessary. C&S officers inspected the Warehouse, and NBG's attorneys furnished C&S's attorneys copies of the loan and security agreements. Thereafter, C&S tentatively agreed to participate up to a maximum of \$2 million of the amount loaned to the Warehouse above NBG's \$3.5 million, but retained discretion not to participate. C&S never participated.

a. The August 26, 1976 Agreement

On August 26, 1976 NBG and the Warehouse entered

into the second peanut loan agreement which provided the Warehouse a line of credit of up to \$9 million to buy peanuts. Unlike the limited security furnished for the first peanut loan, the Warehouse gave NBG a security interest in all its inventory and personal property, including accounts receivable, subject only to the prior security interest of Heller. The security for the consolidated loan was incorporated. Like the first peanut loan agreement, this agreement provided for warehouse receipt financing. However, the 80 per cent limitation was changed to 100 per cent of the dollar value of peanuts in bond. In turn, release of peanuts from bond required payment to NBG of 100 per cent (instead of 80 per cent) of the value of peanuts withdrawn. The agreement provided for the same \$200,000 and 30 hour exception. As in the earlier agreement, the new agreement emphasized that loan proceeds were to be used "exclusively" to buy peanuts. Nonpayment when due of any amount payable or failure to perform any agreement by the Warehouse constituted a default.

Billy Carter signed the agreement on behalf of the Warehouse and Flynt signed for NBG. Billy Carter also executed a promissory note dated August 26, 1976 payable to NBG providing for interest at NBG's prime rate. The note also provided that any balance due on the loan after maturity was to bear an interest rate of the higher of 15 per cent or the note rate of prime. The commercial loan application submitted for this loan is dated September 23, 1976. The Loan Administration Committee approved the loan on the same date and the loan was reported to the Executive

Committee on September 27, 1976.

b. Operations of the 1976 Peanut Loan

The following schedule covers the period from August 31, 1976 to March 1, 1978 when this loan was repaid in full and sets forth every transaction between NBG and the Warehouse involving this loan. The column headings are identical to those used in the schedule which analyzed the 1975 peanut loan.

Carter's Warehouse
Analysis of Loans With National Bank of Georgia

The 1976 Peanut Loan

Loan Discount Date		Loan Proceeds	Loan Repayments	Loan Balances	Date Loan Proceeds Credited To Carter's Warehouse	
8/31/76	Rollover	\$	\$	\$ 520,936.00		\$
9/21/76			100,000.00	420,936.00		
9/22/76		65,000.00		485,936.00	9/22	65,000.00
9/22/76		155,000.00		640,936.00	9/22	155,000.00
9/23/76		290,000.00		930,936.00	9/23	290,000.00
9/24/76			81,672.58	849,263.42		
9/24/76		120,000.00		969,263.42	9/24	120,000.00
9/27/76			83,202.79	886,060.63		
9/27/76		170,000.00		1,056,060.63	9/27	170,000.00
9/28/76		85,000.00		1,141,060.63	9/28	85,000.00
9/29/76			100,551.96	1,040,508.67		
9/29/76		100,000.00		1,140,508.67	9/29	100,000.00
9/30/76		60,000.00		1,200,508.67	9/30	60,000.00
10/1/76		80,000.00		1,280,508.67	10/1	80,000.00
10/1/76		80,000.00		1,360,508.67	10/1	80,000.00
10/4/76			120,883.61	1,239,625.06		
10/4/76			25,600.00	1,214,025.06		
10/4/76		290,159.17		1,504,184.23	10/4	290,159.17
10/5/76		155,000.00		1,659,184.23	10/5	155,000.00
10/6/76		300,000.00		1,959,184.23	10/6	300,000.00
10/6/76		160,000.00		2,119,184.23	10/6	160,000.00
10/8/76			159.17	2,119,025.06		
10/11/76			253,333.26	1,865,691.80		
10/12/76		650,000.00		2,515,691.80	10/12	650,000.00
10/11/76		325,000.00		2,840,691.80	10/11	325,000.00
10/13/76			186,063.43	2,654,628.37		

Carter's Warehouse
Analysis of Loans With National Bank of Georgia

The 1976 Peanut Loan

Loan Discount Date	Loan Proceeds	Loan Repayments	Loan Balances	Date Loan Proceeds Credited To Carter's Warehouse	
10/14/76		150,000.00	2,504,628.37		
10/19/76	320,000.00		2,824,628.37	10/18	320,000.00
10/19/76		100,008.15	2,724,620.22		
10/21/76		172,760.29	2,551,859.93		
10/21/76	100,000.00		2,651,859.93	10/21	100,000.00
10/22/76		14,500.00	2,637,359.93		
10/22/76	340,000.00		2,977,359.93	10/22	340,000.00
10/25/76	180,000.00		3,157,359.93	10/25	180,000.00
10/27/76		162,965.11	2,994,394.82		
10/27/76	300,000.00		3,294,394.82	10/27	300,000.00
10/28/76		56,000.00	3,238,394.82		
10/29/76		83,054.72	3,155,340.10		
11/1/76	170,000.00		3,325,340.10	11/1	170,000.00
11/2/76	325,000.00		3,650,340.10	11/2	325,000.00
11/10/76		101,514.36	3,548,825.74		
11/11/76	50,000.00		3,598,825.74	11/11	50,000.00
11/12/76		71,816.65	3,527,009.09		
11/16/76		89,482.76	3,437,526.33		
11/17/76	75,000.00		3,512,526.33	11/17	75,000.00
11/19/76		76,213.79	3,436,312.54		
11/29/76		77,289.84	3,359,022.70		
12/7/76	44,800.00		3,403,822.70	12/7	44,800.00
12/9/76		126,580.77	3,277,241.93		
12/10/76		131,278.19	3,145,963.74		
12/10/76	41,686.19		3,187,649.93	12/10	41,686.19
12/16/76		193,158.95	2,994,490.98		

Carter's Warehouse
 Analysis of Loans With National Bank of Georgia

The 1976 Peanut Loan

Loan Discount Date	Loan Proceeds	Loan Repayments	Loan Balances	Date Loan Proceeds Credited To Carter's Warehouse	
12/16/76	38,400.00		3,032,890.98	12/16	38,400.00
1/3/77		153,177.26	2,879,713.72		
1/6/77	92,000.00		2,971,713.72	1/6	92,000.00
1/7/77		25,600.00	2,946,113.72		
1/11/77		87,905.64	2,858,208.08		
1/17/77		197,090.73	2,661,117.35		
1/17/77	45,440.00		2,706,557.35	1/17	45,440.00
2/3/77		44,705.00	2,661,852.35		
2/4/77	53,120.00		2,714,972.35	2/4	53,120.00
2/9/77		251,410.11	2,463,562.24		
2/9/77	12,800.00		2,476,362.24	2/9	12,800.00
2/17/77		191,853.72	2,284,508.52		
2/28/77		302,483.59	1,982,024.93		
2/28/77	38,400.00		2,020,424.93	2/28	38,400.00
3/25/77		309,698.42	1,710,726.51		
3/25/77	192,000.00		1,902,726.51	3/25	192,000.00
4/7/77		253,895.78	1,648,830.73		
4/7/77	67,000.00		1,715,830.73	4/7	67,000.00
4/15/77		202,224.43	1,513,606.30		
4/28/77	80,980.00	80,155.06	1,514,431.24	4/28	80,980.00
5/9/77	25,600.00	106,175.73	1,433,855.51	5/9	25,600.00
5/12/77		112,884.42	1,320,971.09		
5/17/77		64,000.00	1,256,971.09		
5/17/77	38,305.00		1,295,276.09	5/17	38,305.00
5/20/77	38,400.00		1,333,676.09	5/20	38,400.00
5/25/77		175,851.69	1,157,824.40		

Carter's Warehouse
Analysis of Loans With National Bank of Georgia

The 1976 Peanut Loan

Loan Discount Date	Loan Proceeds	Loan Repayments	Loan Balances	Date Loan Proceeds Credited To Carter's Warehouse	
6/3/77	76,800.00		1,234,624.40	6/3	76,800.00
6/3/77		185,451.69	1,049,172.71		
6/6/77		160,289.72	888,882.99		
6/7/77	90,700.00		979,582.99	6/7	90,700.00
6/15/77		25,000.00	954,582.99		
6/30/77		86,637.69	867,945.30		
6/30/77	105,515.00		973,460.30	6/30	105,515.00
7/25/77		135,922.15	837,538.15		
8/10/77	64,000.00		901,538.15	8/10	64,000.00
8/19/77		244,385.00	657,153.15		
8/22/77		76,795.00	580,358.15		
9/27/77		25,600.00	554,758.15		
10/6/77		80,388.61	474,369.54		
10/12/77		10,831.50	463,538.04		
10/20/77		3,160.77	460,377.27		
10/25/77		8,341.69	452,035.58		
10/31/77		37,978.91	414,056.67		
11/8/77		6,768.64	407,288.03		
11/9/77		85,210.74	322,077.29		
11/11/77		90,532.17	231,545.12		
11/18/77		56,530.74	175,014.38		
11/21/77		1,908.32	173,106.06		
11/28/77		15,072.64	158,033.42		
12/5/77		75,000.00	83,033.42		
12/15/77		2,290.54	80,742.88		
1/27/78		54,080.06	26,662.82		
2/10/78		5,000.00	21,662.82		
2/23/78		6,000.00	15,662.82		
3/1/78		15,662.82	-0-		