

IN THE MATTER OF A COMPLAINT AGAINST  
REPRESENTATIVE ROBERT L. F. SIKES

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JULY 23, 1976.—Referred to the House Calendar and ordered to be printed

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Mr. FLYNT, from the Committee on Standards of Official Conduct,  
submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H. Res. 1421]

INTRODUCTION TO REPORT

This report of the Committee on Standards of Official Conduct of the House of Representatives (hereinafter "Committee") is divided into five parts. Part I explains the manner in which a formal complaint against a Member of Congress, Representative Robert L. F. Sikes of Florida, was transmitted to the Committee for investigation. Part II is a summary of the Committee's findings, conclusions and recommendations after its investigation. Part III addresses the Committee's view of its jurisdiction to investigate conduct by a Member, officer or employee of the House and the law, rule, regulation or standard of conduct applicable. Part IV is the Committee's analysis of each of the allegations in the complaint against Representative Sikes and the explanatory statements of Representative Sikes or his counsel. Part V contains the documents which are cited as references in part IV of the report.

PART I.—BACKGROUND OF COMPLAINT

On or about April 6, 1976, forty-four (44) Members of the House of Representatives<sup>1</sup> transmitted to the Committee a complaint,<sup>2</sup> in writing and under oath, from Common Cause, 2030 M Street, N.W., Washington, D.C. 20036, containing certain allegations against Representative Robert L. F. Sikes, and asked the Committee to investigate the allegations of the complaint.<sup>3</sup>

<sup>1</sup> Exhibit 1.

<sup>2</sup> Exhibit 2.

<sup>3</sup> House Rule X 4(e)(2)(B) provides:

"(B) Except in the case of an investigation undertaken by the committee on its own initiative, the committee may undertake an investigation relating to the official conduct of an individual Member, officer, or employee of the House of Representatives only—

"(1) upon receipt of a complaint, in writing and under oath, made by or submitted to a Member of the House and transmitted to the committee by such Member."

On April 28, 1976, by a vote of 9 to 0, with one Member voting present, the Committee ordered that an inquiry be conducted into the allegations of the complaint.

On May 6, 1976, the Committee met in executive session to determine the scope of additional inquiry or investigation needed to enable the Committee to act upon the complaint. Representative Sikes and his counsel, and representatives for Common Cause and its counsel, were invited to remain in attendance at the executive session, but the representatives for Common Cause and its counsel withdrew during the course of the meeting. Upon the conclusion of the executive session, the Committee voted to make the transcript of the session public.

On May 12, 1976, the Committee, meeting in executive session, resumed its inquiry and by a vote of 9 to 0 ordered an investigation into the facts surrounding the allegations of the complaint.

The Committee met on June 9, 1976, to receive reports from Committee counsel and staff on the progress of the investigation.

On July 1, 1976, the Committee met in executive session and by a vote of 8 to 0 agreed to reports its findings, conclusions and recommendations.

On July 21, 1976, the Committee by a vote of 10 to 2 agreed to this report, with Mr. Hébert's minority views to be included therein.

#### PART II.—SUMMARY OF COMMITTEE'S FINDINGS AND CONCLUSIONS IN THE MATTER OF REPRESENTATIVE ROBERT L. F. SIKES

The Committee, after prolonged deliberation and upon full consideration of the allegations in the complaint, the Committee's investigation of the facts surrounding those allegations, and the statements of Representative Sikes and his counsel, has agreed to report the following findings, conclusions and recommendations:

With respect to the Committee's jurisdiction to investigate the charges in the complaint against Representative Sikes, and the law, rule, regulation, or standard of conduct to be applied, the Committee finds that:

1. On April 3, 1968, the House adopted House Resolution 1099, which established this Committee as a permanent standing committee of the House, and provided a Code of Official Conduct to be observed by Members, employees and officers of the House.

2. Rule X of the Rules of the House authorizes the Committee to investigate conduct which occurred prior to the establishment of the Committee and adoption of the Code of Official Conduct in 1968, as well as that occurring after. The law, rule, regulation or standard of conduct to be applied by the Committee in such an investigation must be the law, rule, regulation or standard of conduct to be observed at the time of the conduct under investigation.

3. Members of the House have always been expected to observe traditional ethical standards which prohibit conflicts of interests and use of an official position for personal benefit. The standards of ethical conduct applicable to Members of the House are best expressed in principle in the Code of Ethics for Government Service, embodied in House Concurrent Resolution 175, approved July 11, 1958 (72 Stat., pt. 2, B 12).

4. Although the Code of Ethics for Government Service was adopted as a concurrent resolution, and, as such, may have expired with the adjournment of the 85th Congress, the standards of ethical conduct expressed therein represent continuing traditional standards of ethical conduct to be observed by Members of the House at all times, which were supplemented in 1968 by a specific Code of Official Conduct.

With respect to the charges against Representative Sikes, the Committee concludes that:

1. Representative Sikes failed to report in annual disclosure statements his ownership of stock in Fairchild Industries, Inc., for each of the years 1968 through 1973 as required by House Rule XLIV (A) (1).

2. Representative Sikes failed to report in annual disclosure statements his ownership of stock in the First Navy Bank for the year 1974 as required by House Rule XLIV (A) (1).

3. Representative Sikes' vote on August 6, 1974, for a defense appropriations bill in excess of \$82 billion for fiscal year 1975 (H.R. 16243) which contained, inter alia, an appropriation of over \$73 million for 30 A-10 aircraft to be built by Fairchild Industries, Inc., a publicly held corporation in which he then owned 1,000 shares of common stock, was not in violation of House Rule VIII (1).

4. The evidence obtained in the investigation shows that from August of 1965 through April of 1973 Representative Sikes was active in promoting the establishment of a new bank at the Pensacola Naval Air Station to replace the banking facility that had been operated there by Florida First National Bank.

The investigation has not produced any competent evidence to support the allegation that Representative Sikes acted in violation of any law, rule, regulation or other standard of conduct applicable to Members of the House in urging responsible State and Federal Government officials to authorize the establishment of the First Navy Bank at Pensacola Naval Air Station in Florida.

The investigation has produced evidence which shows that during the period of time Representative Sikes was active in promoting the establishment of the First Navy Bank he approached (in late 1972 or early 1973) one of the two organizers of the bank and inquired about the possibility of buying stock in the Bank, and was subsequently able to purchase 2,500 shares of the Bank's privately held stock on January 4, 1973.

The standard of ethical conduct Members should observe, as is expressed in principle in Section 5 of the Code of Ethics for Government Service, and which prohibits any person in Government service from accepting "for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties", was not observed by Representative Sikes in approaching organizers of the Bank and inquiring about the possibility of purchasing stock in a bank which he had been active in his official position in establishing.

5. Representative Sikes sponsored legislation in 1961 to remove a reversionary interest and restrictions on the commercial development of land in Florida in which he had a personal financial interest by virtue of his stock ownership in two corporations that held leasehold

interests in such land, without disclosing such interest to Congress at any time during consideration of the legislation.

The standard of ethical conduct that should be observed by Members of the House, as is expressed in principle in the Code of Ethics for Government Service, and which prohibits conflicts of interests and the use of an official position for any personal benefit, was not observed by Representative Sikes in sponsoring the legislation.

The Committee has found that certain actions of Representative Sikes, which were the subject of its investigation, have violated standards of conduct applicable to all Members of Congress, as follows:

(1) The failure to report the ownership of stock in Fairchild Industries, Inc. for the years 1968 through 1973 and the First Navy Bank for the year 1974, as required by House Rule XLIV.

(2) The purchase of stock in the First Navy Bank during the period of its organization and following active efforts in his official capacity to obtain a charter and federal insurance of deposits.

(3) The sponsorship of legislation in 1961 to remove restrictions on land without disclosing to the Congress the fact he had a beneficial interest in the land affected by the legislation.

In view of the foregoing findings of the Committee we have had to address the very serious question of what if any punishment should be imposed on Representative Sikes by the House.

1. With respect to failure by Representative Sikes to report his ownership of stock in Fairchild Industries, Inc. and the First Navy Bank, the Committee believes that violations of House Rule XLIV occurred. In neither instance does it appear that the failure to report was motivated by an effort to conceal the financial holding from the Members of the House or the public. But the Committee believes that the failure to report as required by Rule XLIV is deserving of a reprimand. The adoption of this report by the House shall constitute such reprimand.

2. We have expressed our serious concern about the investment by Representative Sikes in the stock of the First Navy Bank at the Pensacola Naval Air Station. If an opinion had been requested of this Committee in advance about the propriety of the investment, it would have been disapproved. Accordingly, the Committee recommends a reprimand and the adoption of this report by the House will be considered as such reprimand.

3. The Committee is most concerned with the action of Representative Sikes in sponsoring legislation in 1961 which created an obvious and significant conflict of interest. The purpose of the legislation was to remove a reversionary interest and restrictions on property which were inhibiting its commercial development, and Representative Sikes failed to disclose his substantial interest in the affected property. Although Representative Sikes maintains he was unaware the legislation affected his property interest on Holiday Isle, there can be no doubt it covered his property interest on Santa Rosa Island. This latter interest was acquired by Representative Sikes before the legislation was introduced, but he failed to disclose these facts during the House hearings on the bill. The fact that Representative Sikes sold his property interest on Santa Rosa Island after the bill passed the House, but before passing the Senate, although tending to mitigate, failed to absolve the consequences of the conflict of interest. If such activity

had occurred within a relatively recent time frame and had just now become a matter of public knowledge, the recommendation of some form of punishment would be a matter for consideration by the Committee. However, the fact is we are confronted with events that occurred approximately 15 years ago and at least to some extent appear to have been known to Representative Sikes' constituency which has continually reelected him to Congress. For these reasons the Committee declines to make a recommendation now of formal punishment.

The Committee recommends that the House of Representatives adopt a resolution in the following form.

#### HOUSE RESOLUTION 1421

Resolved, that the House of Representatives adopt the Report of the Committee on Standards of Official Conduct, dated July 23, 1976, on the investigation of a complaint against Representative Robert L. F. Sikes.

#### PART III.—THE COMMITTEE'S JURISDICTION

On April 3, 1968, the House by a vote of 405-1 adopted House Resolution 1099, establishing the Committee on Standards of Official Conduct as a permanent, standing committee of the House, and providing a Code of Official Conduct for the Members, employees and officers of the House. Prior to the adoption of this resolution, matters of official conduct were consigned to separate select committees, a method which proved to be "cumbersomely slow" in resolving these matters.<sup>4</sup> This Committee was therefore charged by the House with the responsibility of overseeing the conduct of Members and employees of the House and was invested with broad powers of investigation to enable it to discharge this heavy responsibility.<sup>5</sup>

The Committee is authorized under House Rule X 4(e) (1) (B) "to investigate . . . any alleged violation, by a Member, officer, or employee of the House, of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities. . . ."<sup>6</sup>

The Committee's authority in this regard is limited, however, by the provision of Rule X 4(e) (2) (C) that:

No investigation shall be undertaken by the committee of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation.

The meaning of this provision has been the subject of debate during the course of the Committee's investigation into the facts surrounding the allegations made in the complaint against Representative Sikes. A review of the legislative history of House Resolution 1099 has been helpful to the Committee in resolving any ambiguity.

<sup>4</sup> 114 Cong. Rec. 8778 (Apr. 3, 1968).

<sup>5</sup> House Report No. 1176, 90th Cong., 2d Sess. 12, 13 (March 14, 1968); 114 Cong. Rec. 8778 (Apr. 3, 1968).

<sup>6</sup> House Rule X 4(e) (1) (B) states: "The Committee on Standards of Official Conduct is authorized: . . . (B) to investigate, subject to subparagraph (2) of this paragraph, any alleged violation, by a Member, officer, or employee of the House, of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities, and, after notice and hearing, to recommend to the House by resolution or otherwise, such action as the committee may deem appropriate in the circumstances; \* \* \*."

In the floor discussion of House Resolution 1099 a question by Mr. Gross of Iowa on the meaning of this provision prompted the following discussion:

Mr. GROSS. Mr. Chairman, on page 4 lines 14 through 16, it is provided that:

(3) No investigation shall be undertaken of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation.

I would ask the gentleman from Illinois as to precisely the meaning of this language?

Mr. PRICE of Illinois. This in effect means that this resolution is not retroactive through the creation and adoption of the resolution in the House.

Mr. GROSS. So that it is all prospective. Is it being provided that an investigation cannot go back on any Member who may have been here 20 years or 30 years; consider the past conduct of a Member if that Member should run afoul of this committee in the future?

Mr. HALLECK. If the gentleman will yield further, it seems to me it is inherent in the very essence of the law of our country that an ex post facto law is not proper; that you cannot today say that something was wrong last year, because no person could be on notice.

But, obviously, any conduct that was in violation of any law prior to this time would be subject to such criminal action or other action that might be desirable, or expected and supported.

Mr. PRICE of Illinois. The gentleman from Indiana is correct. There may be laws already in existence. There may be some rules already in existence. There may be some legislation already in existence. But this code has not been in existence and will not be in existence until the House adopts this resolution this afternoon. I do not think the committee should go back into charges of violations of a law that was not in existence prior to the passage of this resolution.

Mr. ALBERT. \* \* \* Of course, the House can go back and investigate into the activities, criminal or otherwise, of any Member. The question is, Should we, in contravention of the spirit of the Constitution, which prohibits ex post facto laws, take it upon ourselves today to investigate Members retroactively under this resolution?

Mr. ALBERT. There is no restriction in the resolution with respect to laws or rules that are now in effect.

Mr. BELCHER. The expression "ex post facto" may not ring a bell with every Member of the House. Apparently it does not with the gentleman from Iowa. What the term means is that, if it were ex post facto, you could make a charge under this code of ethics before it was adopted by the House. That is all in the world it means. It means that a Member who has violated any rule of the House, any law, or any standard of official conduct or anything else which the House of Representatives could investigate, this resolution would not have anything in the world to do with it. 114 Cong. Rec. 8779, 8780 (Apr. 3, 1968).

The Committee finds that its investigative authority extends to conduct which occurred prior to adoption of the Code of Official Conduct in 1968, as well as that occurring after. The above-quoted language of Rule X 4(e)(2)(C) makes plain, however, that the standards to be applied in any investigation must be the ones in existence at the time of the alleged violation, and not ones developed subsequently. Conduct which was not improper at the time must not be made to appear improper by retroactive application of standards which were not then in existence. At the same time, it is clear to the

Committee from the legislative history of House Resolution 1099 that it was never the intent of the House to preclude the Committee from investigating acts which were improper when committed.

Although the adoption of the Code of Official Conduct in 1968 may have provided the House with its first permanent official code of ethics, the Committee is convinced that Members of the House have always been expected to conform to familiar ethical standards prohibiting conflicts of interests and the use of official position to benefit oneself.

In House Report No. 1176, 90th Cong., 2d Sess. (March 14, 1968) which recommended establishment of the Committee on Standards of Official Conduct as a standing committee, it was noted that:

*[A]lthough there have been rules and constitutional provisions relating to the official conduct of Members from the First Congress, there never has existed an institutionalized body or means expressly directed toward monitoring them. Historically, infractions usually have been dealt with when the severity or exposure of them took on such public weight as to demand that the House appoint a special committee to deal with a problem ad hoc. There have been instances when standing committees pursuing other avenues of investigation chanced upon apparent misconduct on the part of a Member and sought permission of the House by resolution to extend the scope of their investigation to deal with the discovered infraction. But both of these approaches are slow of implementation and tend to become effective only after unsavory practices have proliferated into abuse (at p. 12). (Emphasis added.)*

The Committee's view is also supported by House precedents. In 1870, for example, the House censured Representatives John T. DeWeese, B. F. Whittemore, and Roderick R. Butler for the sale of appointments to the U.S. Military and Naval Academies.<sup>7</sup> In 1873, Representatives Oakes Ames and James Brooks were censured in connection with the Credit Mobilier Co. bribery scandal: Representative Ames, for selling stock in Credit Mobilier to Members of Congress at prices below the value of the stock in order to influence their votes, and Representative Brooks, for procuring Credit Mobilier to issue stock to one Charles H. Neilson for Representative Brooks' own benefit.<sup>8</sup>

Precedents of the House of Representatives might also be compared with those of the Senate. Senator Bingham of Connecticut was censured in 1929 for having placed on the Senate payroll, and used as a consultant on a pending tariff bill, one Charles L. Eyanson, who was simultaneously in the employ of the Manufacturers Association of Connecticut. Senator Bingham was censured, notwithstanding the absence of "corrupt motives" on his part, for conduct "contrary to good morals and senatorial ethics and [which] tends to bring the Senate into dishonor and disrepute".<sup>9</sup> In 1967 Senator Dodd of Connecticut was censured for using political funds for his personal benefit, conduct which, in the words of the censure resolution, "is contrary to accepted morals, derogates from the public trust expected of a Senator, and tends to bring the Senate into dishonor and disrepute".<sup>10</sup>

The Committee believes that these standards of conduct traditionally applicable to Members of the House are perhaps best ex-

<sup>7</sup> 2 Hinds, secs. 1239, 1273, 1274.

<sup>8</sup> 2 Hinds, sec. 1286.

<sup>9</sup> 6 Cannon, sec. 239.

<sup>10</sup> Sen. Res. 112, 113 Cong. Rec. 17011, 90th Cong., 1st Sess. (June 23, 1967).

pressed in the Code of Ethics for Government Service embodied in House Concurrent Resolution 175, which was approved on July 11, 1958.<sup>11</sup> Although the Code was adopted as a concurrent resolution, and, as such, may have no legally binding effect,<sup>12</sup> the Committee believes the Code of Ethics for Government Service nonetheless remains an expression of the traditional standards of conduct applicable to Members of the House prior both to its adoption and the adoption of the Code of Official Conduct in 1968. As is explained in House Report No. 1208, 85th Congress, 1st Session, August 21, 1957:

House Concurrent Resolution 175 is essentially a declaration of fundamental principles of conduct that should be observed by all persons in the public service. It spells out in clear and straight forward language *long-recognized* concepts of the high obligations and responsibilities, as well as the rights and privileges, attendant upon services for our Government. It reaffirms the *traditional standard*—that those holding public office are not owners of authority but agents of public purpose—concerning which there can be no disagreement and to which all Federal employees unquestionably should adhere. It is not a mandate. It creates no new crime or penalty. Nor does it impose any positive legal requirement for specific acts or omissions. (Emphasis added.)

Thus, even assuming that House Concurrent Resolution 175 may have “died” with the adjournment of the particular Congress in which it was adopted, as one commentator seems to suggest,<sup>13</sup> the traditional standards of ethical conduct which were expressed therein did not.

The Committee is cognizant of the fact that these traditional standards of conduct as expressed in the Code of Ethics for Government Service, and as revealed in House precedents, are not delineated with any great exactitude and may therefore prove difficult in enforcement. The Committee is likewise aware that because of the generality of these standards their violation is easily alleged, and that this may be subject to some abuse. However, the Committee believes it was for the very purpose of evaluating particular situations against existing standards, and of weeding out baseless charges from legitimate ones, that this Committee was created. As was stated in House Report No. 1176, 90th

<sup>11</sup> CODE OF ETHICS (72 Stat., pt. 2, B 12, July 11, 1958).—

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the following Code of Ethics should be adhered to by all Government employees, including officeholders:

#### CODE OF ETHICS FOR GOVERNMENT SERVICE

Any person in Government service should:

1. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or Government department.
2. Uphold the Constitution, laws, and legal regulations of the United States and of all governments therein and never be a party to their evasion.
3. Give a full day's labor for a full day's pay; giving to the performance of his duties his earnest effort and best thought.
4. Seek to find and employ more efficient and economical ways of getting tasks accomplished.
5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.
6. Make no private promises of any kind binding on the duties of office, since a Government employee has no private word which can be binding on public duty.
7. Engage in no business with the Government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.
8. Never use any information coming to him confidentially in the performance of governmental duties as a means of making private profit.
9. Expose corruption wherever discovered.
10. Uphold these principles, ever conscious that a public office is a public trust.

<sup>12</sup> See Floyd M. Riddick, *United States Congress Organization and Procedure*, 1949, p. 21.

<sup>13</sup> 5 Hinds, § 7053, p. 1023, n. 1. See also “Deschler's Procedure”, chap. 17, § 4.4 (1975).

Cong. 2d Sess. (March 14, 1968) in recommending the creation of this Committee as a standing committee of the House:

Some instrumentality, preferably the continuing committee, must necessarily serve as the determinant of the subjective terms necessary in spelling out the Code of Official Conduct. An essential difference between a statute and a standard is that the former usually is capable of precise definition and therefore may be objectively tested, whereas the latter can only be stated in subjective language and must rely on the facts as determined in each situation. If it should be necessary to measure an allegation against a standard, that measurement will be as meaningful as the depth to which the measuring body draws out the facts and nuances. Clearly this can be done better by a body smaller and more flexible than the entire House, and one that is more acquainted with the history and development of the standards and enforcement procedures, than special committees created to deal only with individual cases as they arise. (at p. 13).

#### PART IV.—COMMITTEE'S ANALYSIS OF THE ALLEGATIONS

##### I. Allegations Concerning Failure to Disclose Certain Stock Ownership

The complaint alleges that Representative Sikes failed to disclose ownership of certain stock in violation of House Rule XLIV(A)(1). Adopted in 1968, Rule XLIV provides:

###### FINANCIAL DISCLOSURE

Members, officers, principal assistants to Members and officers, and professional staff members of committees shall not later than April 30, 1969, and by April 30 of each year thereafter, file with the Committee on Standards of Official Conduct a report disclosing certain financial interests as provided in this rule. The interest of a spouse or any other party, if constructively controlled by the person reporting, shall be considered to be the same as the interest of the person reporting. The report shall be in two parts as follows:

Part A-1 provides that the report shall:

###### PART A

1. List the name, instrument of ownership, and any position of management held in any business entity doing a substantial business with the Federal Government or subject to Federal regulatory agencies, in which the ownership is in excess of \$5,000 fair market value as of the date of filing or from which income of \$1,000 or more was derived during the preceding calendar year. Do not list any time or demand deposit in a financial institution, or any debt instrument having a fixed yield unless it is convertible to an equity instrument.

###### A. OWNERSHIP OF FAIRCHILD INDUSTRIES, INC. STOCK

###### 1. Case presented in complaint to support allegation

The complaint alleges that in the early 1960's Representative Sikes purchased 1,000 shares of stock in Fairchild Industries, Inc. (hereinafter "Fairchild") and held the stock until July 8, 1975. The complaint maintains "it is clear that Fairchild was 'doing a substantial business with the Federal Government,' since it was listed by the Department of Defense among the top 103 defense contractors since 1968, and the top 50 since 1971." The value of these shares, the complaint continues, "at all times during the years 1968 through 1972, and at certain times during 1973, was in excess of \$5,000."

The complaint asserts that Representative Sikes was required but failed to disclose his ownership of Fairchild stock for each year from 1968 through 1972 and "perhaps" was required to file for 1973 as well. The complaint notes that Representative Sikes filed a report in 1975 with the Committee listing his ownership of the Fairchild stock in 1974.

### *2. Explanatory statements by Representative Sikes*

In a July 8, 1975, letter to the Chairman of the Committee, Representative Sikes stated that he was selling his 1,000 shares of stock in Fairchild that day and that following the transaction neither he nor any member of his family would own stock in that company. In that letter, Representative Sikes explained that he acquired the Fairchild stock in the early 1960's "to show confidence in the company and appreciation for the fact that it was employing residents in my District." He continued "Questions have been raised about the propriety of this stock ownership by the liberal press which is apparently unable to comprehend considerations such as those which governed my action."<sup>14</sup>

In an October 28, 1975, letter from Representative Sikes to his House colleagues he said, "I admit an omission in failing to report ownership of the Fairchild stock for several years. This simply was an oversight. The stock has subsequently been sold. I realized no profit on the transaction."<sup>15</sup>

Representative Sikes filed a statement with the Committee on May 6, 1976, which he also submitted for printing in the Congressional Record. In that statement he explained his failure to file the reports as follows:

When the rules of disclosure were adopted in 1968, I made a judgment common to others (i.e., that if less than \$1,000 a year was realized on any security it was not required to be reported) . . . when advised that disclosure was required by the Committee's interpretation even if my income involved only \$150 a year, I promptly and formally advised the Committee that mine was an inadvertent omission and the stock was sold.<sup>16</sup>

Counsel for Representative Sikes filed a statement with the Committee on May 6, 1976,<sup>17</sup> in which he also complained that the reporting requirement of Rule XLIV(A)(1) was unclear in this regard. That statement was submitted by Representative Sikes for printing in the Congressional Record on May 7, 1976.

### *3. Committee's findings and conclusions*

On May 12, 1976, the Committee addressed interrogatories to Representative Sikes requesting that he provide the Committee with all information relating to his acquisition and sale of stock in Fairchild during the years in question.<sup>18</sup>

According to Representative Sikes' sworn answers to the interrogatories, he initially acquired stock in Fairchild in April of 1964. He acquired at that time 500 shares of common stock, at a price of \$7 per share.<sup>19</sup> Three more purchases were made in the next five years:

<sup>14</sup> Exhibit 2, Attachment Y.

<sup>15</sup> Exhibit 2, Attachment B.

<sup>16</sup> Exhibit 3.

<sup>17</sup> Exhibit 4.

<sup>18</sup> Exhibit 6.

<sup>19</sup> Exhibit 6, Answers to Questions 2 & 3.

(1) on June 10, 1965, 500 shares were acquired at \$71½ per share; (2) on August 13, 1968, 500 shares were acquired at \$15⅝ per share; and (3) on June 17, 1969, 300 shares were acquired at \$14 per share.<sup>20</sup>

Thus between April of 1964 and June of 1969 Representative Sikes acquired a total of 1,800 shares of Fairchild stock at a cost of more than \$19,000.

During 1968, the first year for which disclosure was required by Rule XLIV(A)(1), Representative Sikes owned 1,500 shares of Fairchild stock. During this period, a share of Fairchild stock listed on the New York Stock Exchange at between \$14⅜ and \$23⅞ per share.

During 1969, by which time Representative Sikes had increased his holdings to 1,800 shares of Fairchild stock, the range of Fairchild stock on the New York Stock Exchange was between \$10⅞ and \$24¼ per share.

During 1970, when Representative Sikes held 1,800 shares of Fairchild stock, the range of the stock on the New York Stock Exchange was between \$6 and \$13½ per share.

In December of 1971, Representative Sikes sold 800 of his 1,800 shares. Fairchild stock was listed on the New York Stock Exchange at between \$7⅝ and \$13⅜ per share in 1971.

By 1972, Representative Sikes had, as noted, reduced his holding of Fairchild stock to 1,000 shares. Fairchild stock was listed on the New York Stock Exchange at between \$9 and \$14¼ per share during that year. As of March 29, 1973, the filing date of Representative Sikes' 1972 report,<sup>21</sup> Fairchild stock was listed at \$9¼ per share.

During 1973 Fairchild stock listed at between \$3¾ and \$13⅜ per share. As of April 9, 1974, the filing date of his 1973 report, Fairchild stock was listed at \$5¼ per share.

Thus, taking the price at which Fairchild stock was listed on the New York Stock Exchange during each of the years 1968 through 1973,<sup>22</sup> and as of March 29, 1973, and April 9, 1974, as an indication of the "fair market value" of that stock, the Committee finds that Representative Sikes' Fairchild stock had a fair market value in excess of \$5,000 and was required to be disclosed for each of the years 1968 through 1973.

Representative Sikes did disclose his ownership of Fairchild stock in his report for 1974 which was filed with the Committee on April 24, 1975. On July 10, 1975, Representative Sikes states he sold his remaining shares of Fairchild stock for \$8,250 (\$8¼ per share), for a loss of \$4,173.19, inclusive of purchase and sales costs.<sup>23</sup>

The Committee must reject the argument that House Rule XLIV can be interpreted that if less than \$1,000 a year in income is realized on any security it is not required to be reported. The language of Rule XLIV reads: "in which the ownership is in excess of \$5000 fair market value as of the date of filing or from which income of \$1000 or more was derived during the preceding calendar year." The defini-

<sup>20</sup> Exhibit 6, Answers to Questions 2 & 3.

<sup>21</sup> House Rule XLIV(A)(1) states: "in which the ownership is in excess of \$5,000 fair market value as of the date of filing."

<sup>22</sup> According to the New York Stock Exchange Stock Reports published by the Standard and Poor's Corporation, 1975 ed.

<sup>23</sup> Exhibit 6, Answer to Question 4.

tion of income contained in instructions for the report states: "*Income* (\$1,000 or more, previous calendar year): Received from a single source in dividends, retainer, salary, consulting fees or other. (Note that *either* the \$5,000 fair market value criteria, *or* this provision, determine the requirement for listing under item 1 of Part A.)" (italicized words are italicized in the instructions.)

The Committee believes that in any case in which a Member thinks there is an ambiguity in the reporting requirements it should either be resolved in favor of disclosure or an advisory opinion sought from the Committee.<sup>24</sup>

#### B. OWNERSHIP OF FIRST NAVY BANK STOCK

##### 1. Case presented by complaint to support allegation

The complaint cites Representative Sikes' ownership of shares of common stock in the First Navy Bank on Pensacola Naval Air Station in Florida from October 24, 1973, until January 19, 1976. The complaint maintains that the bank was subject to regulation by a Federal agency, i.e., the Federal Deposit Insurance Corporation, and throughout the period from late 1973 to 1975 the fair market value of Representative Sikes' stock was at least \$21,000.

The complaint asserts that Representative Sikes was required but failed to disclose in his 1974 report to the Committee his ownership of First Navy Bank stock during 1973, in violation of House Rule XLIV(A) (1). The complaint notes that Representative Sikes filed a report in 1975 that listed his ownership of this stock in 1974.

##### 2. Explanatory statements by Representative Sikes

In his October 28, 1975, letter to his colleagues, Representative Sikes discussed his ownership of 1,400 shares of First Navy Bank stock, noting that the Comptroller of the State of Florida "has said publicly that my involvement is legal and proper."<sup>25</sup> In a January 19, 1976, letter to the Chairman of the Committee, Representative Sikes stated he had sold the remainder of his stock in the First Navy Bank.<sup>26</sup>

In his May 6, 1976, statement filed with the Committee, Representative Sikes states it was his opinion and that of his office staff that a state bank insured by the Federal Deposit Insurance Corporation (hereinafter "FDIC") was not subject to a Federal regulatory agency as contemplated by Rule XLIV(A) (1). For this reason, according to Representative Sikes, his ownership of stock in the First Navy Bank was not reported. In his statement of May 6, 1976, Representative Sikes also states that upon being informed the First Navy Bank had become a member of the Federal Reserve System on August 30, 1974, the stock was reported.<sup>27</sup>

Counsel for Representative Sikes also argues that disclosure of Representative Sikes' ownership of First Navy Bank stock in his 1973

<sup>24</sup> House Rule X(e)(1)(D) states: "The Committee on Standards of Official Conduct is authorized . . . (D) to give consideration to the request of any Member, officer, or employee of the House for an advisory opinion with respect to the general propriety of any current or proposed conduct of such Member, officer or employee and, with appropriate deletions to assure the privacy of the individual concerned, to publish such opinion for the guidance of other Members, officers, and employees of the House."

<sup>25</sup> Exhibit 2, Attachment B.

<sup>26</sup> Exhibit 7.

<sup>27</sup> Exhibit 3.

report was not required because First Navy Bank, as a state chartered bank, was not at that time subject to a Federal regulatory agency.<sup>28</sup> He notes that the instructions which are part of the disclosure form prepared pursuant to Rule XLIV state that generally the test to be applied in determining whether any business entity is subject to federal regulatory agencies is, whether a "Federal regulatory body is authorized to grant or deny licenses, franchises, quotas, subsidies, etc., that could substantially affect the fortunes of the business entity involved." He argues that the FDIC does not grant or deny licenses, franchises, quotas, or subsidies, and thus the First Navy Bank stock was not under the purview of House Rule XLIV.<sup>29</sup>

### *3. Committee's findings and conclusions*

The Committee also addressed interrogatories to Representative Sikes on May 12, 1976, requesting that he provide certain information relating to his ownership of stock in First Navy Bank. Representative Sikes, in answer to the Committee's interrogatories, admits under oath that he purchased on January 4, 1973, 2500 shares of stock in the bank at \$15 per share. Representative Sikes states he retained these 2500 shares until late 1974, whereupon he sold 100 shares at \$15 per share on June 12, 1974, and in two separate transactions on December 24, 1974, he sold 1000 shares at \$20 per share.<sup>30</sup>

Representative Sikes first disclosed ownership of his remaining 1,400 shares of First Navy Bank stock in his report for 1974, filed with the Committee on April 24, 1975.

The First Navy Bank was insured from November 22, 1972, on by the FDIC.<sup>31</sup> The Committee takes notice of the fact the FDIC has extensive powers with respect to State banks insured by it,<sup>32</sup> including the power to terminate their insured status, to issue cease-and-desist orders, and to suspend or remove directors and officers of the banks, the exercise of which could, in the opinion of the Committee, substantially affect a member bank.

Accordingly, the committee rejects the argument that a State bank which is insured by the FDIC is not subject to a Federal regulatory agency as contemplated by House Rule XLIV(A)(1).

The Committee would note this very question was raised on the floor of the House during the debate on House Resolution 1099 to which Representative Price, a member of this Committee and then chairman, replied unequivocally that yes, a State bank regulated by the FDIC would fall under the disclosure requirements of Rule XLIV(A)(1).<sup>33</sup> Any question that Representative Sikes may have had about the status of FDIC regulated banks might have been referred to the Committee in a request for an advisory opinion.

It is in any case clear that Representative Sikes was required to disclose ownership of First Navy Bank stock in his report for 1973.

<sup>28</sup> Exhibit 4.

<sup>29</sup> Exhibit 4.

<sup>30</sup> Exhibit 6, Answer to Question 13.

<sup>31</sup> See Exhibit 6, Attachment 17P.

<sup>32</sup> See 12 U.S.C. §§ 1811-1832.

<sup>33</sup> Mr. BINGHAM. I thank the gentleman.

I have a further question as to line 7 of the same page, with reference to "business entity" and "subject to Federal regulatory agencies." Would that include, for example, a State bank whose deposits are regulated by the FDIC?

Mr. PRICE of Illinois. Yes, it would. 114 Cong. Rec. 8807 (Apr. 3, 1968).

## II. Allegation Concerning Failure to Abstain From Voting

The complaint alleges that Representative Sikes voted for passage of a Defense Appropriations bill in which he had "a direct pecuniary interest" and thus violated House Rule VIII. Section 1 of that rule, cited by the complaint, states:

Every Member shall be present within the Hall of the House during its sittings, unless excused or necessarily prevented; and shall vote on each question put, unless he has a direct personal or pecuniary interest in the event of such question.

### *1. Case presented in complaint to support allegation*

The complaint states that on August 6, 1974, Representative Sikes voted for passage of the Defense Appropriations bill for Fiscal 1975, H.R. 16243. This bill, the complaint continues—

contained an appropriation of over \$73.2 million for procurement of airframes for 30 A-10 close air support aircraft to be built by Fairchild Industries, Inc. At the same time that Rep. Sikes cast this vote favoring Fairchild, he was the owner of 1,000 shares of stock in that corporation. . . . Thus, Rep. Sikes had a direct pecuniary interest in the Defense Appropriations bill for Fiscal 1975. His vote on that bill was in violation of House Rule VIII.

### *2. Explanatory statements by Representative Sikes*

In his October 28, 1975, letter to House colleagues, Representative Sikes observed that the basis for criticism by Common Cause was "that I owned 1,000 shares of stock in the company when I voted for funds for the A-10 which is manufactured by Fairchild." He defended his action by stating:

I voted for the A-10 because it had won grueling and intensive competition in a flyoff with other aircraft and had been recommended by the Air Force and the Department of Defense as the best available close-support aircraft which would also serve as a tank killer and be best able to survive in the battlefield environment of the 1980's. If I had sought to profit from Fairchild, I would have purchased much more.

Representative Sikes stated further that when he sold his Fairchild stock in July, 1975, he "realized no profit on the transaction."<sup>34</sup>

### *3. Committee's findings and conclusions*

On August 6, 1974, Representative Sikes joined 349 of his colleagues in voting for a defense appropriations bill for Fiscal 1975 (H.R. 16243) which contained, inter alia, an appropriation of over \$73 million for airframes for 30 A-10 aircraft to be built by Fairchild Industries, Inc. At the time of the vote Representative Sikes was the owner of 1,000 shares of Fairchild common stock<sup>35</sup> which fact was not reported to the House until April 24, 1975.

According to the statements of Representative Sikes, he acquired the Fairchild stock in order to show his appreciation and support for the company after it opened a branch plant in his Congressional District in 1963.<sup>36</sup>

The Committee notes that the appropriations which were earmarked for Fairchild in H.R. 16243 represented the third increment purchase of A-10 aircraft from Fairchild, the contract to build the A-10 having been signed by Fairchild and the U.S. Air Force early in 1973.<sup>37</sup> The

<sup>34</sup> Exhibit 2, Attachment B.

<sup>35</sup> See Exhibit 6, Answer to Question 4.

<sup>36</sup> Exhibit 3.

<sup>37</sup> Hearings on Department of Defense Appropriations for 1975 (H.R. 16243) before Subcommittee of House Committee on Appropriations, 93d Cong., 2d Sess., Part 7, 1056 (1974); See also House Rept. No. 93-1255, 93d Cong., 2d Sess. 127 (1974).

Committee has found no evidence to indicate that Representative Sikes in any way influenced or attempted to influence the award of the contract.

The sole issue, then, is whether Representative Sikes violated House Rule VIII(1) by reason of his having voted for H.R. 16243. The weight of Congressional precedents strongly suggests that he did not.

House precedents establish the rule that "where the subject matter before the House affects a class rather than individuals, the personal interest of Members who belong to the class is not such as to disqualify them from voting." This principle was followed by the House as recently as December 2, 1975, when the question arose whether House Rule VIII(1) would disqualify Members holding New York City securities from voting on a bill to provide federal guarantees for these securities. Speaker Albert ruled that a point of order to disqualify Members holding such securities would not be sustained :

The SPEAKER. The gentleman from Maryland (Mr. Bauman) has addressed an inquiry to the Chair on the application to pending legislation of rule VIII, clause 1, providing that each Member shall vote on each question unless he has a direct personal or pecuniary interest therein. Specifically, the gentleman inquires whether under rule VIII Members holding obligations of the State or city of New York and agencies thereof, or having other financial interests dependent upon the fiscal affairs of New York, are required to refrain from voting on H.R. 10481, authorizing emergency guarantees of obligations of States and political subdivisions thereof, and for other purposes.

The Chair has researched the application of rule VIII, clause 1, in anticipation that the inquiry would be made, and desires to address two fundamental issues. The first is the nature of a disqualifying interest under the rule, and the second is the responsibility to enforce its provisions.

The Chair would first note that H.R. 10481, as reported to the House, is general legislation affecting all States and their political subdivisions. While it may be urged that the passage of the bill into law in its present form would have an immediate effect on only one State, the reported bill comprehends all States and territories. The Chair recognizes, however, the possibility that the bill may be narrowed by amendments to affect a more limited class of private and governmental institutions.

The general principle which the Chair would like to bring to the attention of Members is cited at volume 8, Cannon's Precedents, section 3072, as follows :

"Where the subject matter before the House affects a class rather than an individual, the personal interest of Members who belong to the class is not such as to disqualify them from voting."

Speaker Longworth held on that occasion that Members holding stock in nationwide corporations possibly affected by the pending bill belonged to a large class of persons holding such stock, and could not, therefore, be disqualified from voting on the bill. The Speaker cited with approval a similar decision by Speaker Clark, noted at 8 Cannon's Precedents, section 3071. The legislation in issue in both rulings affected not one corporation or institution but many spread across the country, as does the pending bill in its reported form. Cong. Rec. H 11594, 11595 (daily ed. Dec. 2, 1975).

The Committee notes that the Fairchild appropriations, though substantial, were but part of total appropriations in excess of \$82 billion authorized by H.R. 16243. In light of the generalized character and scope of the appropriations authorized by H.R. 16243, the Committee concludes that Representative Sikes' ownership of 1,000 shares, out of more than 4,550,000 shares outstanding,<sup>28</sup> in one of the companies benefited by the bill was not, under House precedents, sufficient to disqualify him from voting on the bill.

The Committee wishes to emphasize that under House precedents each individual Member has the responsibility of deciding for himself

<sup>28</sup> Moody's Handbook of Common Stocks, Winter 1976 ed.

whether his personal interest in pending legislation requires that he abstain from voting:

The SPEAKER \* \* \* The question as to the enforcement of the disqualification clause has been squarely addressed in the precedents heretofore cited.

Speaker Clark held that the question whether a Member's interest was such as to disqualify him from voting was an issue for the Member himself to decide and that the Speaker did not have the prerogative to rule against the constitutional right of a Member representing his constituency. Speaker Blaine stated that the power of the House to deprive one of its Members of the right to vote on any question was doubtful.

The Chair has been able to discover only two recorded instances in the history of the House of Representatives where the Speaker has declared Members disqualified from voting, and the last such decision occurred more than 100 years ago.

Because the Chair severely doubts his authority to deprive the constitutional right of a Member to vote, and because he has attempted, in response to this inquiry, to afford information for the guidance of Members, the Chair finds that each Member should make his own determination whether or not his personal interest in the pending bill, or in any amendment thereto, should cause him to withhold his vote.

The Chair accordingly answers the parliamentary inquiry. Cong. Rec. H. 11595 (daily ed. Dec. 2, 1975).

Accordingly, the Committee concludes that Representative Sikes' vote on August 6, 1974, for a defense appropriations bill in excess of \$82 billion for fiscal year 1975 (H.R. 16243) which contained, inter alia, an appropriation of over \$73 million for 30 A-10 aircraft to be built by Fairchild Industries, Inc., a publicly held corporation in which he then owned 1,000 shares of common stock, was not in violation of House Rule VIII(1).

### III. Allegation Concerning the Use of Improper Influence

The complaint alleges that Representative Sikes urged responsible State and Federal Government officials to authorize the establishment of the First Navy Bank and received "a substantial benefit as a result of his activities." These actions, the complaint concludes, constituted a violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B12 [1958]).

House Rule XLIII(3) provides that:

A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source the receipt of which would occur by virtue of influence improperly exerted from his position in Congress.

Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B12 [1958]), provides that:

Any person in Government service should . . . [n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

#### *1. Case presented in complaint to support allegation*

The complaint alleges that for approximately 32 years the Florida First National Bank operated a banking facility at Pensacola Naval Air Station, and that in October of 1973, Florida First National Bank was replaced on the base by the First Navy Bank. This event, the complaint maintains, "marked the ultimate success of two attempts made

by the founders of the First Navy Bank to replace Florida First National." The complaint alleges that Representative Sikes "assisted" the founders of First Navy Bank in the following ways:

By writing an August 12, 1965, letter to the Regional Comptroller of the Currency, urging approval of the bank, and recommending one of the proposed directors;

By accompanying an agent for the founders group to an August 12, 1965, meeting with the Deputy Comptroller of the Currency on the pending application for a Federal charter;

By writing a July 12, 1966, letter on Congressional stationery to the Special Assistant to the Comptroller of the Currency on the pending application for a Federal charter, in which Representative Sikes stated he would appreciate the latter's "cooperation and helpfulness in this matter."

By contacting the office of the Florida State Comptroller in 1972 regarding the First Navy Bank's state charter application and, also in 1972, purportedly directing inquiries about the Bank's application for deposit insurance through staff members of his office to the Federal Deposit Insurance Corporation.

The complaint asserts that "over a period of seven years, Representative Sikes intervened with various state and federal officials to secure the establishment of the First Navy Bank on the Pensacola Naval Air Station". According to the complaint, on the day of the Bank's opening in October, 1973, Representative Sikes owned 2,500 shares of stock in the Bank, valued at \$15 a share. The complaint alleges that as a result of his activities on behalf of the Bank, Representative Sikes "received a substantial benefit" when the Bank was formally established, which constituted a violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service.

## *2. Explanatory statements by Representative Sikes*

In his October 28, 1975, letter to House colleagues, Representative Sikes defended his actions in support of establishment of the First Navy Bank:

This bank was established because the branch facility already located there had failed to give needed service, and year after year, despite repeated requests, refused to improve their services. The Department of the Navy in Washington approved the plan because of demonstrated need. The State Comptroller approved the request for a charter. I recommended that it be established because the need was clear. When the bank was established, a number of naval officers purchased stock, generally in small amounts. They considered it a good investment. None are major stockholders.

In the same letter, Representative Sikes also defended his then ownership of 1,400 shares of First Navy Bank stock with the statement that the Comptroller of the State of Florida "has said publicly that my involvement is legal and proper."<sup>39</sup>

Representative Sikes made similar statements earlier in a July 10, 1975, letter to John W. Gardner, Chairman of Common Cause, and commented that his holdings of 1,400 shares of First Navy Bank stock are "a small part of the total stock in the bank."<sup>40</sup> In a January 19, 1976, letter to the Chairman of the Committee, Representative Sikes

<sup>39</sup> Exhibit 2, Attachment B.

<sup>40</sup> Exhibit 2, Attachment A.

stated he had sold the remainder of his stock in the First Navy Bank.<sup>41</sup>

### *3. Committee's findings and conclusions*

On October 26, 1973, the First Navy Bank opened on Pensacola Naval Air Station.<sup>42</sup> According to Representative Sikes' answers to interrogatories from the Committee, he was a shareholder in First Navy Bank at the time it opened, having paid \$37,500 to purchase 2,500 shares of the Bank's stock at \$15 per share on January 4, 1973.<sup>43</sup>

The Committee's investigation indicates that Representative Sikes' involvement and interest in First Navy Bank began considerably earlier than this January, 1973, date would suggest.

In August of 1965, an application for a Federal bank charter was filed by a group of local businessmen seeking to establish a full service bank on Pensacola Naval Air Station. On August 12, 1965, Representative Sikes sent a letter to the Regional Comptroller of the Currency, in which he recommended highly the applicants and urged that the requested Federal bank charter be granted.<sup>44</sup> On that same day, according to the records of the Deputy Comptroller of the Currency, an agent for the applicants, one Porter F. Bedell, visited him at his office in Washington, D.C., to discuss the pending application, accompanied by Representative Sikes.<sup>45</sup>

On June 3, 1966, Representative Sikes wrote to the Deputy Comptroller, Department of the Navy, "reiterat[ing]" his interest in the proposed bank, and stating: "Before a final decision is reached, I would like to talk with you about the matter."<sup>46</sup>

On July 12, 1966, Representative Sikes wrote to the Special Assistant to the Comptroller of the Currency,<sup>47</sup> forwarding a copy of a letter by the Commanding Officer of Naval Air Training, Pensacola, Florida, which recommended establishment of a full-service bank on the base.<sup>48</sup>

The application for a Federal bank charter was denied on or about February 24, 1967.

In October of 1971, another attempt was made to establish a full-service bank on the Pensacola base. An application was filed with the Florida State Comptroller for a charter to establish a state bank on Pensacola Naval Air Station to be called the "Bank of the Blue and Gold." Porter F. Bedell was one of the Bank's organizers<sup>49</sup> and was later named its president.<sup>50</sup>

In a letter dated June 23, 1972, the Comptroller of the State of Florida, in response to a prior inquiry from Representative Sikes, advised Representative Sikes of the status of the application of the Bank of the Blue and Gold, and assured him that he would keep him "posted . . . both as to the exact dates for the [examiners'] survey and thereafter as soon as I receive the report incident thereto."<sup>51</sup>

<sup>41</sup> Exhibit 7.

<sup>42</sup> See Exhibit 6, Answer to Question 9.

<sup>43</sup> See Exhibit 6, Answer to Question 9.

<sup>44</sup> Exhibit 2, Attachment BB.

<sup>45</sup> Exhibit 2, Attachment CC.

<sup>46</sup> Exhibit 6, Attachment 17E.

<sup>47</sup> Exhibit 6, Attachment 17B.

<sup>48</sup> Exhibit 2, Attachment EE.

<sup>49</sup> See Exhibit 6, Answers to Questions 9 and 11.

<sup>50</sup> See Exhibit 6, Attachment 14E.

<sup>51</sup> Exhibit 6, Attachment 17G.

On June 26, 1972, the Comptroller of Florida advised Representative Sikes that the application was confirmed and field surveys and examinations had been scheduled.<sup>52</sup>

In order for the proposed bank to obtain its state charter it was necessary that the Federal Deposit Insurance Corporation (hereinafter "FDIC") agree to insure its deposits.<sup>53</sup> On August 25, 1972, Representative Sikes instructed his office staff to "follow up" on the Bank's application for FDIC insurance once the application arrived in Washington.<sup>54</sup> On August 28, 1972, Representative Sikes' office contacted Mr. Tim Reardon, Congressional Liaison for the FDIC, about expediting the Bank's application for insurance.<sup>55</sup> According to an interoffice memorandum dated August 28, 1972, Mr. Reardon's secretary informed a member of Representative Sikes' office staff that Mr. Reardon was "aware of Mr. Sikes' interest in expediting this application" and promised that Mr. Reardon would "expedite this application as much as he can."<sup>56</sup>

On September 1, 1972, Mr. Reardon telephoned Representative Sikes' office with information that the Regional Office had requested additional information from the organizers of the Bank which was to be forwarded to Washington.<sup>56</sup>

On September 18, 1972, a member of Representative Sikes' office staff talked with Mr. Reardon's Secretary who reported that the Bank's application was being processed and that "Mr. Reardon has promised to give us advance notice and said to assure you he is expediting it as much as possible."<sup>57</sup>

On September 28, 1972, a member of Representative Sikes' office staff inquired of Mr. Reardon's office as to the status of the Blue and Gold Bank's FDIC insurance application and was informed it was hopeful "this application would be ready for consideration by the Board" next week.<sup>58</sup>

On October 16, 1972, a member of Representative Sikes' office staff called Mr. Reardon's office to check on the application and reported that more information had been requested by the Regional Director.<sup>59</sup>

On November 8, 1972, an inquiry to Mr. Reardon's office by a member of Representative Sikes' office staff received a response to the effect that the Blue and Gold Bank's application was pending action by the Board of Directors.<sup>60</sup>

On November 22, 1972, a member of Representative Sikes' office staff reported that the "FDIC called to advise the Board of Directors has approved the Blue and Gold Bank application."<sup>61</sup>

Representative Sikes answered the Committee's interrogatories of May 12, 1976, as to the time and circumstances under which he became a stockholder in the Bank as follows:

\* \* \* \* \*

*Question 9.* Did you seek or initiate the acquisition of shares in the Bank or did someone contact you about becoming a shareholder?

<sup>52</sup> Exhibit 6, Attachment 17H.

<sup>53</sup> See Exhibit 8.

<sup>54</sup> Exhibit 6, Attachment 17J.

<sup>55</sup> Exhibit 6, Attachment 17J.

<sup>56</sup> Exhibit 6, Attachment 17J.

<sup>57</sup> Exhibit 6, Attachment 17L.

<sup>58</sup> Exhibit 6, Attachment 17M.

<sup>59</sup> Exhibit 6, Attachment 17N.

<sup>60</sup> Exhibit 6, Attachment 17O.

<sup>61</sup> Exhibit 6, Attachment 17P.

Answer. I inquired about buying some stock subsequent to the approval of the charter. On August 21, 1972, all stock was subscribed for and the list of initial stockholders was filed with the Comptroller of the State of Florida. I was not part of that group. The charter for the bank was approved on August 21, 1972. Subsequently, I am told Mr. C. P. Woodbury, who had subscribed for a large amount of stock, returned some of his stock to the Bank's own pool of stock which then became available for resale.

Sometime in late 1972 or early 1973, I approached either Porter Bedell or C. P. Woodbury, two of the organizers of the Bank, about the possibility of my buying some stock. I was advised that I could buy some stock from the Bank's pool of stock. Thereupon, on January 4, 1973, I sent my personal check for \$37,500 to cover purchase of this stock. (A copy of this check appears as Exhibit "A" in response to Interrogatory No. 14.)

When the Bank opened on October 26, 1973, I was a stockholder.

*Question 10.* What is the approximate date when you first had discussion or communication, directly or indirectly, in writing or otherwise, about becoming a shareholder in the Bank?

Answer. I do not recall precisely, but it was around the first of 1973.

*Question 11.* With whom did such discussion or communication occur?

Answer. Either Porter Bedell or C. P. Woodbury, both of whom were among the initial investors and organizers.

\* \* \* \* \*

On April 10, 1973, and after he became a stockholder in the Bank, Representative Sikes wrote on Congressional stationery to the Assistant Secretary of the Navy for Financial Management, seeking to change the name of the bank from the Blue and Gold Bank to the First Navy Bank.<sup>62</sup> No mention was made in this letter of Representative Sikes' ownership of First Navy Bank stock. The requested name change was approved.

On October 26, 1973, First Navy Bank opened for business on Pensacola Naval Air Station. Representative Sikes was a speaker at the opening ceremonies.

On June 12, 1974, Representative Sikes sold 100 of his shares of First Navy Bank stock at his purchase price of \$15 per share to one H. A. Brosnahan, Jr.<sup>63</sup>

On August 30, 1974, First Navy Bank obtained membership in the Federal Reserve System.<sup>64</sup>

On December 24, 1974, Representative Sikes sold 1,000 shares of First Navy Bank stock at \$20 per share, 500 each to the Bank of the South Profit Sharing Plan and the First Navy Bank Profit Sharing Plan.<sup>65</sup>

On December 11, 1975, Representative Sikes sold his remaining 1,400 shares of First Navy Bank stock to a total of seven individual buyers at a price of \$17.50 per share.<sup>66</sup> Representative Sikes thus made a profit of \$8,500 on his First Navy Bank stock, not including purchase and sale costs, having purchased them at a total cost of \$37,500 and sold them for a total of \$46,000.

The Committee has not found any competent evidence to support the allegation that Representative Sikes acted in violation of any law, rule, regulation or other standard of conduct applicable to Members of the House in urging responsible State and Federal Government offi-

<sup>62</sup> Exhibit 6, Attachment 17D.

<sup>63</sup> Exhibit 6, Answer to Question 13.

<sup>64</sup> See Exhibit 3.

<sup>65</sup> Exhibit 6, Answer to Question 13.

<sup>66</sup> Exhibit 6, Answer to Question 13.

cials to authorize the establishment of the First Navy Bank at Pensacola Naval Air Station in Florida.

The Committee concludes, however, that a Member should observe the standard of ethical conduct, as is expressed in principle in Section 5 of the Code of Ethics for Government Service, which prohibits any person in government service from accepting "for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties." The Committee concludes further that this standard of ethical conduct was not observed by Representative Sikes in approaching organizers of the Bank, inquiring about the possibility of buying stock in the Bank, and then purchasing 2,500 shares of the Bank's privately held stock following the active and continuing involvement on his part as shown by the record before the Committee in establishing the Bank.

#### IV. Allegations Concerning the Receipt of Personal Benefit from the Sponsorship of Legislation

The complaint alleges that in 1961-62 Representative Sikes sponsored legislation which directly benefited the commercial development of certain land in Florida, including property on which he and several business associates held leases. It is alleged that Representative Sikes' sponsorship of this legislation was in violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B 12 [1958]).

House Rule XLIII(3) provides that:

A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in Congress.

Section 5 of the Code of Ethics for Government Service (72 Stat., pt. 2, B 12 [1958]) provides that:

Any person in government service should . . . [n] ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

##### *1. Case presented in complaint to support allegations*

The complaint notes that in 1948 the Federal Government authorized the conveyance of certain land owned by the United States to Okaloosa County, Florida, including:

all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida. . . . and . . . all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands) said property being under the jurisdiction of the Department of the Army (Pub. L. 80-885).

The 1948 Act, the complaint maintains, placed certain restrictions on the use of the land conveyed and these restrictions allegedly hindered its commercial development.

The complaint asserts that in 1961-62 Representative Sikes sponsored legislation (enacted as Pub. L. 87-860) which repealed the re-

restrictions placed on the land by the 1948 Act, and that at the time he introduced this legislation, Representative Sikes held a leasehold interest in certain property affected by the legislation.

The complaint further asserts that Representative Sikes testified before the House Armed Services Committee on the pending legislation without disclosing his alleged pecuniary interest in the land affected.

Arguing that the repeal of the restrictions in the 1948 Act removed significant disincentives to commercial development of the land involved, the complaint concludes that "Representative Sikes benefited directly from his sponsorship of Pub. L. 87-860" and that "the benefits which accrued to him by Pub. L. 87-860 could reasonably be construed to have influenced his sponsorship of Pub. L. 87-860."<sup>67</sup>

### *2. Explanatory statements by Representative Sikes*

In his October 28, 1975, letter to House colleagues, Representative Sikes explained that he introduced the legislation at the request of the Okaloosa Island Authority, that the legislation provided no improvements for property he leased on the "two small islands" east of the channel and now known as Holiday Isle, and that the legislation was not intended to benefit Holiday Isle. "[T]herefore", he concluded, "the legislation could not have been introduced for my benefit."<sup>68</sup>

In this same letter Representative Sikes also referred to a "smaller Gulf Tracts property [which] was acquired in March 1961 as an investment and sold in July 1962 before the bill revoking the reverter clause became law."<sup>69</sup>

In his May 6, 1976, statement filed with the Committee, Representative Sikes again stated that he did not consider that the legislation which he introduced would affect his Holiday Isle property, that he did not expect or intend this property to benefit from passage of the bills which he introduced, and that any benefit to the Holiday Isle property was merely incidental and a part of the growth of the entire area.<sup>70</sup>

With respect to the Gulf Tracts property mentioned in the October 28, 1975, letter to his colleagues, Representative Sikes, through his counsel, has explained that this property, which was located on Santa Rosa Island, was disposed of prior to the enactment of the legislation in order to avoid any possible conflict of interest.<sup>71</sup>

### *3. Committee's findings and conclusions*

The Committee submitted interrogatories to Representative Sikes dated June 1, 1976,<sup>72</sup> and June 8, 1976,<sup>73</sup> seeking to clarify the nature of his interest in property on Santa Rosa Island. From Representative Sikes' answers to these interrogatories and from the Committee's investigation, the following chronology of events emerges:

On July 2, 1948, Pub. L. 80-885,<sup>74</sup> which was introduced by Repre-

<sup>67</sup> Exhibit 2.

<sup>68</sup> Exhibit 2, Attachment B.

<sup>69</sup> Exhibit 2, Attachment B.

<sup>70</sup> Exhibit 3.

<sup>71</sup> Exhibit 9, Attached letter, dated June 3, 1976.

<sup>72</sup> Exhibit 9.

<sup>73</sup> Exhibit 10.

<sup>74</sup> 62 Stat. 1229, 89th Cong., 2d sess. (1948); Exhibit 2, Attachment I.

sentative Sikes,<sup>75</sup> was enacted to authorize the conveyance to Okaloosa County, Florida, of certain United States land described as follows:

. . . All right, title, and interest of the United States *in and to all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida, except for a strip of land six hundred feet wide (three hundred feet east and three hundred feet west from center line of road leading to radar site "Dick"), extending from Highway 98 to the mean low water level of the Gulf of Mexico, and two miles west from said bridge, and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands), said property being under the jurisdiction of the Department of the Army. (Emphasis added)*

The "two small islands" mentioned in the 1948 Act were subsequently merged, as a result of accretion, forming what is now known as Holiday Isle.<sup>76</sup>

This conveyance was subject to two restrictions. The land conveyed could be used "only for public recreational purposes," and that "in the event of a national emergency" the United States could reenter and take control of the property.<sup>77</sup>

The May 22, 1950, deed executed by the Secretary of the Army, pursuant to Pub. L. 80-885, which conveyed the land to Okaloosa County, contained a description of the land similar to that found in the 1948 Act:

\* \* \* \* \*

All those tracts or parcels of land aggregating a net total of 875 acres more or less lying and being on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows: [the property is hereafter described by metes and bounds]

\* \* \* \* \*

And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel; [excepting the land of radar site "Dick"]<sup>78</sup>

\* \* \* \* \*

On July 1, 1953, the Okaloosa Island Authority was created by the Florida State Legislature authorizing the County Commissioners of Okaloosa County "to use or lease portions of Santa Rosa Island as may be owned by Okaloosa County . . ." <sup>79</sup>

On April 7, 1955, one Finley B. Duncan acquired a 99 year leasehold interest from the Okaloosa Island Authority for:

. . . certain property of Santa Rosa Island in Okaloosa County, Florida, described as follows herewith: All that portion of land which formerly comprised a part of Santa Rosa Island, that lies East of the New East East [sic] Pass Channel.

This property constituted what is known as Holiday Isle.

The terms of the lease between Finley B. Duncan and the Okaloosa Island Authority provided, inter alia, for the lessee to pay \$100 plus an annual rental of 2½ percent of the gross income of the lessee's business operations or the sum of \$1,000, whichever was greater. The lessee was also required at his own expense to spend \$50,000 on the leased

<sup>75</sup> 93 Cong. Rec. 6493 (1947).

<sup>76</sup> Exhibit 3.

<sup>77</sup> Exhibit 2, Attachment I.

<sup>78</sup> Exhibit 2, Attachment L.

<sup>79</sup> Exhibit 11.

lands within 2½ years from the date of the lease, unless the time was extended for good cause by the Authority.<sup>80</sup>

On October 28, 1957, Representative Sikes and two others formed a Florida corporation under the name of "C.B.S. Development Corporation." The general nature of the corporation's business was to acquire and develop "real estate, real property, and any interest or right therein." Representative Sikes was listed in the articles of incorporation as a member of the board of directors, vice-president, and a one-third stockholder.<sup>81</sup>

On July 29, 1959, Finley B. Duncan assigned to C.B.S. Development Corporation for the sum of \$60,000 all:

right, title, and interest in and to the certain lease dated April 7, 1955, from the Okaloosa Island Authority . . .<sup>82</sup>

On February 2, 1961, Representative Sikes inquired of the Secretary of State of Florida as to the advisability of resurrecting the name "Gulf Tracts, Inc." for another corporation he was intending to form. According to Representative Sikes, he had been associated with an earlier corporation by the same name formed on April 14, 1947, which was dissolved on May 10, 1952, for non-filing of its franchise tax.<sup>83</sup>

On February 24, 1961, and after a preliminary reply on February 7, 1961,<sup>84</sup> the Secretary of State of Florida advised Representative Sikes that it would be simpler for him to set up a new corporation with the name Gulf Tracts, Inc.<sup>85</sup>

On March 8, 1961, Representative Sikes wrote a letter to one Tom Brooks of Ft. Walton Beach, Florida, in which he enclosed a check written on his House Sergeant at Arms account to the Okaloosa Island Authority for \$2,333.34, representing a one-third interest in the down-payment on "the property lease which you, W. A. Jernigan and I seek to negotiate with the Okaloosa Island Authority." The letter contained the postscript that the Executive Manager of the Okaloosa Island Authority already had a check for \$3,500 from Representative Sikes that he was to return.<sup>86</sup>

Sometime in March of 1961, according to minutes of the Okaloosa Island Authority dated March 7, 1963, the attorney for the Authority contacted Representative Sikes about obtaining legislation to remove the restrictions placed on the land by the Act of July 2, 1948:

Whereas, the attorney for the Authority has presented to the Board a chronological report as to his activities and the activities of the Board in its efforts to obtain Federal Legislation to cure defects in the Federal Act in order to comply with the Bond Attorney's requirements for approval of proposed Revenue Certificates; and it appearing that the Authority through its attorney first contacted Hon. Bob Sikes in March of 1961 requesting such legislation which eventually brought about the passage of present Federal Legislation authorizing the purchase of the property; and . . .<sup>87</sup>

<sup>80</sup> Exhibit 2, Attachment N, exhibit A attached thereto.

<sup>81</sup> Exhibit 2, Attachment O.

<sup>82</sup> Exhibit 2, Attachment N.

<sup>83</sup> Exhibit 9, Answer to Question 4.

<sup>84</sup> Exhibit 9, Attachment F.

<sup>85</sup> Exhibit 9, Attachment H.

<sup>86</sup> Exhibit 9, Attachment I.

<sup>87</sup> Exhibit 10, Attachment BB. An affidavit dated April 23, 1976, from one Joseph R. Anderson, General Counsel for the Okaloosa Island Authority, and submitted to the Committee by Representative Sikes' counsel on May 6, 1976, does not contain the day or days in March of 1961 when Representative Sikes was first contacted. Exhibit 4.

On March 23, 1961, according to minutes of the Okaloosa Island Authority bearing the same date, "A lease to Gulf Tracts, Inc. was submitted to the board for approval of the board." The minutes report a determination was made that approval of the lease would be dependent upon the willingness of the lessees to accept certain changes in the lease.<sup>88</sup>

On March 28, 1961, Representative Sikes filed articles of incorporation with the Office of the Secretary of State of Florida for a new corporation to be called "Gulf Tracts, Inc."<sup>89</sup> The general nature of the corporation business was to acquire and develop "real estate, real property, and any interest or right therein."<sup>90</sup> By a letter dated April 5, 1961, from the Secretary of State of Florida, Representative Sikes was informed that an additional cost was required for the filing fee.<sup>91</sup> With a letter dated April 10, 1961, Representative Sikes submitted a check to the Secretary of State to cover the additional costs.<sup>92</sup> The articles of incorporation for Gulf Tracts, Inc. were approved and filed with the Secretary of State on April 13, 1961.<sup>93</sup> Representative Sikes was listed in the articles of incorporation of Gulf Tracts, Inc. as a member of the board of directors, vice-president and one-third stockholder.

On May 10, 1961, a lease agreement was executed between Gulf Tracts, Inc. and the Okaloosa Island Authority for a 99 year lease on property on Santa Rosa Island, described as follows:

Said property is located on Santa Rosa Island, Okaloosa County, Florida, being a portion of that land under the jurisdiction of the Okaloosa Island Authority and is further described as follows:

Bounded on the North by the southern right of way of State Road #30 otherwise known as U.S. Highway #98; on the east by the western boundary of John C. Beaseley State Park; on the south by the Gulf of Mexico and on the west by the eastern boundary of Newman Brackin Wayside Park. Such parcel being of an approximate distance 1,126' latitudinally and 700' longitudinally according to plat recorded in Plat Book 3, Page 35, in Public Records of said County and State.

Under the terms of the lease, the lessee agreed to pay to the Okaloosa Island Authority the sum of \$140,000.00 as follows:

- (1) \$7,000 down;
  - (2) the balance of the purchase price to be paid at a rate of \$877.80 per month for 20 years, the first payment to be due July 1, 1961;
- and in addition thereto to pay:
- (3) an annual minimum rental of \$1,000 or 2 percent of gross receipts, whichever was greater.<sup>94</sup>

On June 15, 1961, Representative Sikes introduced H.R. 7696 to amend the Act of July 2, 1948. This bill would have repealed "subparagraph e of the first section" of the 1948 Act.<sup>95</sup> Subparagraph e

<sup>88</sup> Exhibit 9, Attachment C.

<sup>89</sup> Exhibit 9, Attachment A.

<sup>90</sup> Exhibit 9, Attachment B.

<sup>91</sup> Exhibit 12.

<sup>92</sup> Exhibit 13.

<sup>93</sup> Exhibit 14.

<sup>94</sup> Exhibit 9, Attachment D.

<sup>95</sup> 107 Cong. Rec. 10493-94 (1961); Exhibit 2, Attachment Q.

provided that in the event of a national emergency, the United States would have the right to take over from Okaloosa County complete control and operation of the property described in the 1948 Act.<sup>96</sup> The bill was referred to the House Committee on Armed Services.

On June 29, 1961, Representative Sikes introduced another bill, H.R. 7932, to amend the Act of July 2, 1948. This bill would strike out the words "for recreational purposes" in the 1948 Act and would repeal subparagraphs a, e and g of the first section of the 1948 Act, and all of sections 2 and 3.<sup>97</sup>

Subparagraph a of the 1948 Act provided :

a. That said property shall be used only for public recreational purposes.

Subparagraph e of the 1948 Act provided :

e. That in the event of a national emergency the United States of America, acting through the Secretary of the Army, shall have the right to take over from Okaloosa County, its successors or assigns, complete control and operation of the property herein described for such use and for such length of time as the emergency shall require, in the discretion of the Secretary of the Army ; without rental or other charge as far as Okaloosa County is concerned but subject to all valid existing private rights in and to the said property or any part or parts thereof : Provided, That just compensation shall be given to the owners, lessees, or other persons interested for the taking of control or operation of, or rights in, improvements of said property.

Subparagraph g of the 1948 Act provided :

g. The public recreational purposes provided for herein shall include the erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, night clubs, and other enterprises and usages usual to beach resorts and resort housing developments.

There is nothing in either H.R. 7696 or H.R. 7932 to indicate the bills applied to anything less than all of the land conveyed to Okaloosa County in the 1948 Act. The bills were phrased so as to remove all restrictions on the land<sup>98</sup> which had been conveyed to Okaloosa County by the 1948 Act.

On August 22, 1961, Representative Sikes testified before the House Committee on Armed Services on the proposed bill. In his testimony he informed the Committee that development of the property was being hindered because of the restrictions placed on the property by the 1948 Act. Representative Sikes did not inform the Committee of his ownership of stock in Gulf Tracts, Inc., which had a 99 year lease dated May 10, 1961, for property "located on Santa Rosa Island, Okaloosa County, Florida, being a portion of that land under the jurisdiction of the Okaloosa Island Authority. . . ." Nor did he inform the Committee of his ownership of stock in C.B.S. Development Corporation, which on July 29, 1959, had acquired Finley B. Duncan's

<sup>96</sup> Exhibit 2, Attachment I.

<sup>97</sup> 107 Cong. Rec. 11930 (1961) ; Exhibit 2, Attachment R.

<sup>98</sup> The 1948 Act described the land as follows :

"\* \* \* all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida, except for a strip of land six hundred feet wide (three hundred feet east and three hundred feet west from center line of road leading to radar site 'Dick'), extending from Highway 98 to the mean low water level of the Gulf of Mexico, and two miles west from said bridge, and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands), said property being under the jurisdiction of the Department of the Army." See Exhibit 2, Attachment I. (Emphasis added.)

lease for "All that portion of land which formerly comprised a part of Santa Rosa Island that lies East of the New East East [sic] Pass Channel" known as Holiday Isle.<sup>99</sup>

On August 23, 1961, H.R. 7932 amending the 1948 Act was reported favorably by the House Committee on Armed Services.<sup>100</sup>

On August 24, 1961, according to the minutes of the Okaloosa Island Authority bearing the same date: "Mr. Anderson told the board that Congressman Sikes is currently working on House and Senate approval of H.R. 7932, a bill to remove restrictions placed on the Santa Rosa Island property which was deeded to Okaloosa County eleven years ago, and that the engineer for Leedy, Wheeler & Alleman would start his work for the Authority when this bill has been approved."<sup>101</sup>

On September 6, 1961, H.R. 7932 passed the House.<sup>102</sup>

On September 9, 1961, C.B.S. Development Corporation renegotiated with the Okaloosa Island Authority the lease on Holiday Isle it had acquired on July 29, 1959, from Finley B. Duncan.

Under the terms of this lease, the lessee agreed to pay the Authority an annual rental of 1% of all gross income per year from the property for a period of 20 years and 2% of the gross income per year for the remaining term. This lease did not contain any requirement for development expenditures.<sup>103</sup>

On July 20, 1962, Representative Sikes and W. A. Jernigan executed an agreement to sell their 243 shares of capital stock of Gulf Tracts, Inc. to one John S. P. Ham for the sum of \$57,200; payable as follows:

1. \$7,200 upon execution of the agreement; and
2. The balance of \$50,000 by a promissory note due and payable on or before July 20, 1963 with interest at the rate of 5 percent per annum.<sup>104</sup>

According to the affidavit of Fayette Dennison dated June 25, 1976, submitted to the Committee by Representative Sikes, "Mr. Hamm [sic] purchased 100% of Gulf Tracts, Inc. stock on July 20, 1962 from W. A. Jernigan, Robert L. F. Sikes, and the Estate of Thomas E. Brooks for \$57,200.00."<sup>105</sup>

According to Representative Sikes' answers to the Committee's interrogatories of June 8, 1976, he realized a profit of approximately \$14,000 on the sale of his stock in Gulf Tracts, Inc. on July 20, 1962.<sup>106</sup>

<sup>99</sup> See Hearings before the House Armed Services Committee on H.R. 7932, 87th Cong., 1st sess. at 2607 (1961); Exhibit 2, Attachment S.

<sup>100</sup> 107 Cong. Rec. 16891 (1961); H. Rep. No. 1021, 87th Cong., 1st sess. (1961); Exhibit 2, Attachment T.

<sup>101</sup> Exhibit 15.

<sup>102</sup> 107 Cong. Rec. 18223 (1961).

<sup>103</sup> Exhibit 2, Attachment F.

<sup>104</sup> Exhibit 10, Answer to Question 3.

<sup>105</sup> Exhibit 10, Attachment T.

<sup>106</sup> *Interrogatory 3(g)*: What was the total profit you received on the sale of your stock interest in Gulf Tracts, Inc.?

*Answer*: The tax records of Mr. Jernigan, who held the same amount of stock I held, show that Mr. Jernigan received \$25,000 plus interest payments. I must assume that I received the same amount, although, as set forth in No. 3(d) above, I have been unable to establish that I received more than \$15,000, nor is my memory clear on this. It is possible that I was never fully paid, but I must assume that I was paid the same amount as an equal stockholder.

My profit, assuming that I was paid \$25,000, was approximately \$14,000 after unreimbursed expenses.

See attached letter from Mr. Jernigan's accountant (Exhibit U).

Other than interest payments, I did not receive more than the \$25,000, or the \$15,000, as the case may be. Exhibit 10.

On August 9, 1962, the Senate Committee on Armed Services favorably reported H.R. 7932 with amendments requiring that the remaining property interests be transferred at current market value and not at their value as of May 22, 1950, as was originally provided.<sup>107</sup>

On August 25, 1962, the lease agreement between Okaloosa Island Authority and C.B.S. Development Corporation dated September 9, 1961, for the Holiday Isle property was modified to enable C.B.S. Development Corporation or its assigns ". . . to obtain mortgage financing for the construction of dwellings on residential lots, including the requirements of the Federal Housing Administration."<sup>108</sup>

On October 11, 1962, H.R. 7932 passed the Senate as amended.<sup>109</sup> On October 12, 1962, the House accepted the Senate version of the bill.<sup>110</sup> On October 23, 1962, H.R. 7932 was passed as Pub. L. 87-860.<sup>111</sup>

On September 25, 1963, a quit claim deed to Okaloosa County, from the United States, acting through the Secretary of the Army and pursuant to Pub. Law 87-860, released all the restrictions of the earlier deed to Okaloosa County dated May 22, 1950, except reservations for access and avigation, on:

All those tracts or parcels of land aggregating a net total of 875 acres, more or less, situated and lying on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows: [the property is hereafter described by metes and bounds]

\* \* \* \* \*  
And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel; [excepting the land of radar site "Dick"]<sup>112</sup>

\* \* \* \* \*  
According to statements by Representative Sikes, C.B.S. Development Corporation sold its interests in Holiday Isle for \$600,000.<sup>113</sup>

Although Representative Sikes maintains he was unaware that H.R. 7932 affected the property interest on Holiday Isle which C.B.S. Corporation acquired on July 29, 1959, there can be no doubt it covered the property interest on Santa Rosa Island which was acquired by Gulf Tracts, Inc. on May 10, 1961. This latter interest was acquired by Representative Sikes before the legislation was introduced (June 29, 1961), but he failed to disclose these facts during the House hearings on the bill. The fact that Representative Sikes sold his stock in Gulf Tracts, Inc. on July 20, 1962, after the bill passed the House (September 6, 1961), but before passing the Senate (October 11, 1962), although tending to mitigate, failed to absolve the consequences of the conflict of interest.

<sup>107</sup> 108 Cong. Rec. 16022 (1962); S. Rep. No. 1871 (August 9, 1962).

<sup>108</sup> Exhibit 2, Attachment V.

<sup>109</sup> 108 Cong. Rec. 23196 (1962).

<sup>110</sup> 108 Cong. Rec. 23369 (1962).

<sup>111</sup> 76 Stat. 1138, 87th Cong. 2d sess. (1962); 108 Cong. Rec. 23544 (1962).

<sup>112</sup> Exhibit 2, Attachment U.

<sup>113</sup> Exhibit 2, Attachment M.

STATEMENT UNDER CLAUSE 2(1)(3), AND CLAUSE 2(1)(4) OF RULE  
XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

*A. Oversight statement*

The Committee made no special oversight findings on this resolution.

*B. Budget statement*

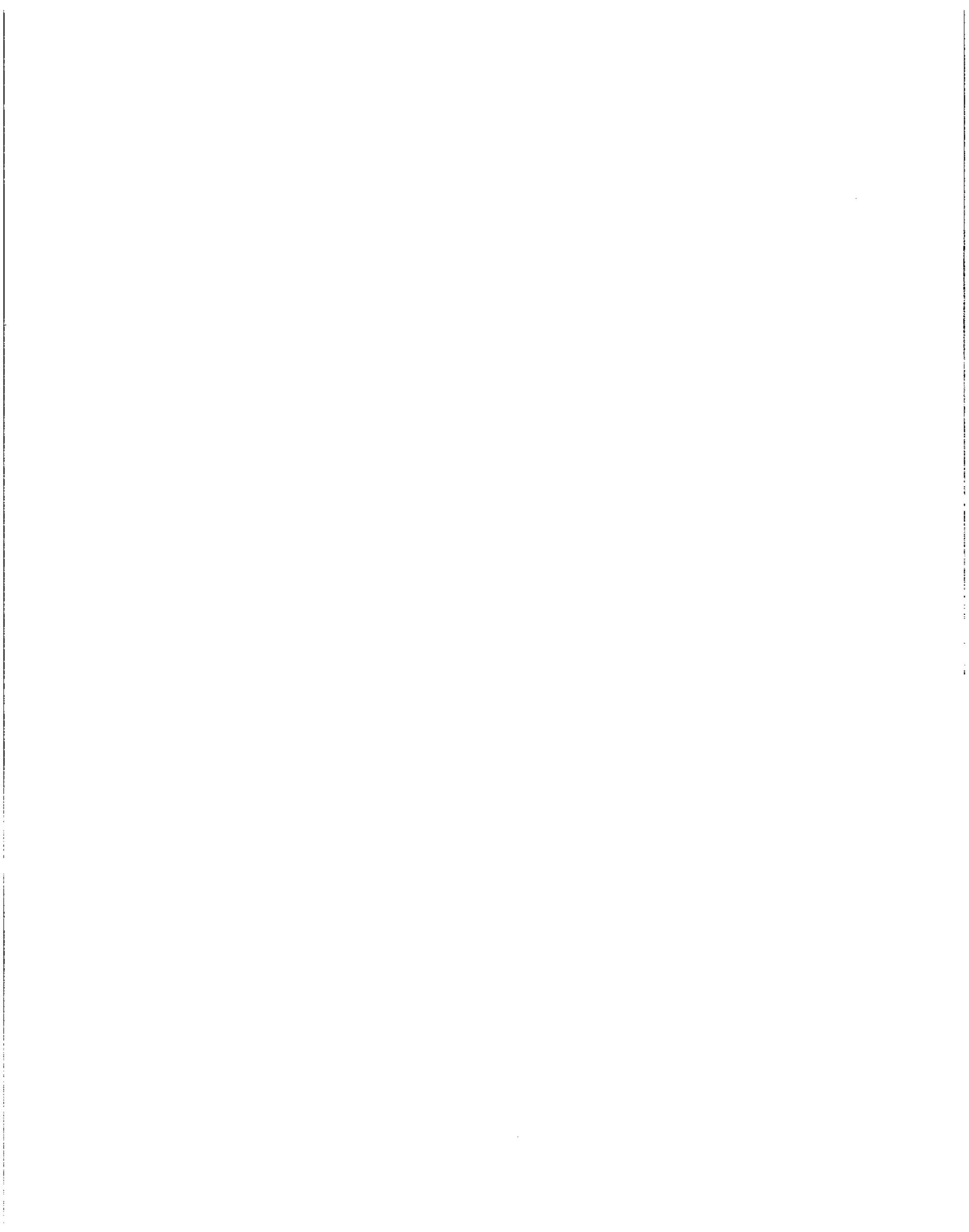
No budget statement is submitted.

*C. Estimate of the Congressional Budget Office*

No estimate or comparison was received from the Director of the Congressional Budget Office as referred to in subdivision (C) of Clause 2(1)(3) of House Rule XI.

*D. Oversight findings and recommendations of the Committee on Government Operations*

No findings or recommendations of the Committee on Government Operations were received as referred to in subdivision (D) of clause 2(1)(3) of House Rule XI.



MINORITY VIEWS OF REPRESENTATIVE F. EDWARD  
HÉBERT ON INVESTIGATION OF REPRESENTATIVE  
ROBERT L. F. SIKES BY THE HOUSE COMMITTEE ON  
STANDARDS OF OFFICIAL CONDUCT

I find shocking, reprehensible, and most embarrassing the recent leaking to the news media of the actions which took place during an executive session of the investigation of Congressman Robert L. F. Sikes by the Committee on Standards of Official Conduct.

To set the record straight, I disagree with the conclusions reached on the first two charges against Congressman Sikes. On the third charge, I find no reason why a situation which took place 15 years ago should be considered by this committee in connection with the investigation of Congressman Sikes since conclusions had already been reached and the matter was reopened only after it was brought to the attention of the committee by a disgruntled Associated Press reporter years after the Associated Press had refused to print the alleged charges.

I am also most concerned about the manner in which the entire investigation was conducted—an investigation which should have been concluded quickly instead of being dragged out for months. The investigation, in my opinion, was not conducted in an objective vein, but on an adversary basis in an effort not to get the facts but to prove Congressman Sikes guilty of charges made by an organization which formally withdrew its alleged charges when the committee went into executive session.

For these reasons, I feel compelled to make this supplemental report. I will now discuss further some of the actions which concern me.

First, the leaks which came from the Committee on Standards of Official Conduct. We have before us for consideration several matters involving leaks on which we have taken no action, but we have talked a lot about them. For one of these investigations, the committee received \$150,000 for a bevy of investigators to determine the possible source of a leak on another House committee. The staff has been at work on this one for months.

And while all of this remains in the air, here comes the Committee on Standards of Official Conduct with a leak, the accuracy of which I have not seen in all my years in the Congress. And there is no doubt that the leak had to come from either a member or staffer as they were the only persons present during the executive discussions and votes.

I was not present at the meeting which, through leaks, was so thoroughly reported in the press. I was informed later of what did take place, and I must say that a reporter could not have done a better job had he been sitting in the committee room writing his story. That's how complete the leak was. I wonder who leaked.

I believe it relevant, I believe it pertinent, and I believe it important that the Committee on Standards of Official Conduct get its own house in order before proceeding with the many other matters before us involving leaks. With the Committee on Standards of Official Conduct we have a case of four walls and a few people producing a leak. How can we deal with these other problems of other committees where a larger number of people were involved if we can't keep a secret within the small confines of the Committee on Standards of Official Conduct. If we can't solve this mystery, I believe we will be wasting our time trying to solve the problem of leaks on other committees.

On another subject, I disagreed with the use of the word "reprimand." I was definitely against its use in this instance. I think Congressman Sikes explained his position in these matters immediately upon learning that his compliance with the rules, as he understood them, was not correct. Is he to be reprimanded for that?

I am also informed that at least two of the members who signed the petition transmitting the alleged charges against Congressman Sikes had themselves failed to file proper financial returns. Their failures were similar to the ones of Congressman Sikes, but no one said anything about that.

These two members, I would assume, misunderstood the procedures just as Congressman Sikes did. Does this similar misunderstanding make them less guilty?

On the third matter, the land situation in Florida which occurred 15 years ago, at no time did I detect an effort on the part of Congressman Sikes to hide or cover up from the Armed Services Committee his participation or his knowledge or his understanding of the matter. And I sat on the subcommittee at that time.

That was 15 years ago. I can only rely on what the record shows, and it does not show any indication of a cover-up, and I have no recollection of any such effort by Congressman Sikes.

If we are to go back and investigate matters which occurred long before the Committee on Standards of Official Conduct was organized and long before we were engulfed in the things we are engulfed in now, I wonder how many of us would find ourselves in a position of not being able to explain things we had done, whether innocently or not, in past years.

I repeat that we should not have considered this matter at all, but particularly should not have since it was brought before the committee by a disgruntled reporter.

It must also be pointed out that this latest alleged evidence against Congressman Sikes was not brought to the attention of the committee under existing rules nor was this information brought to our attention under a sworn affidavit.

If we are going to give this kind of lengthy consideration to a declaration or charge made by anybody, then the Committee on Standards of Official Conduct is headed for big trouble.

Finally, nothing would be served at this point to go into detail on the manner in which the whole investigation was conducted. But the time used, the weeks and months spent, which could have been consoli-

dated into a shorter time, speaks for itself. We even came to a point, as the committee knows, where philosophy was to be injected into the report as well as the history of punishment as related to the House of Representatives.

It is very obvious that the stimulus to persecute came from outside the committee, and this is what concerns me a great deal.

I attempted to have the report reconsidered by the committee, but the request was denied by a vote of 7 to 5 with all members voting. I voted against the report as written on final passage, and have open to me only this method of expressing my opposition.

F. EDWARD HÉBERT.

## PART V.—EXHIBITS

## EXHIBIT [1]

## Congress of the United States

House of Representatives

Washington, D.C. 20515

April 6, 1976

John J. Flynt, Jr., Chairman  
 Committee on Standards of Official Conduct  
 Room 2360 Rayburn House Office Building  
 U.S. House of Representatives  
 Washington, D.C. 20515

Dear Chairman Flynt:

It has come to our attention that a number of charges of alleged conflict of interest have been made publicly with reference to a Member of Congress, Representative Robert Sikes of Florida.

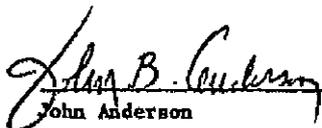
The seriousness of the allegations prompts us to request formally that the Committee on Standards of Official Conduct examine these allegations and report to the Congress thereon.

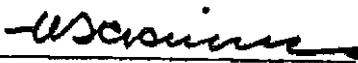
We make no pre-judgments in this matter. We simply ask the proper committee to investigate and review the allegations with respect to the Rules of the House and to make whatever findings and recommendations it deems appropriate.

Therefore, we transmit herewith to the Committee on Standards of Official Conduct, according to the procedures described in Rule X 4. (e)(2) (B)(1) of the Rules of the House, a complaint, in writing and under oath, from Common Cause, stating the allegations against Representative Sikes.

We believe the reputation of the House and of all its Members rests finally not upon any finding as to the truth or falsity of these specific allegations against an individual Member, but rather upon the earnestness with which the House examines such serious charges when they arise and acts, where warranted, to preserve the integrity of the House and the Rules of the House by establishing or enforcing standards of official conduct for Members. Alternatively, if charges are deemed after investigation to be without merit, it is essential and in the interests of everyone that they be so described.

Sincerely yours,

  
 John Anderson

  
 Les AuCoin

John J. Flynt, Jr., Chairman  
Committee on Standards of Official Conduct  
April 6, 1976  
Page Two

Max Baucus  
Max Baucus

Edward Beard  
Edward Beard

Berkley Bedell  
Berkley Bedell

Jonathan Bingham  
Jonathan Bingham

Richard Bolling  
Richard Bolling

Bill Brodhead  
William Brodhead

Bob Carr  
Bob Carr

Thomas J. Downey  
Thomas Downey

Robert Drinan  
Robert Drinan

Robert Edgar  
Robert Edgar

Don Edwards  
Don Edwards

Millicent Fenwick  
Millicent Fenwick

Joseph H. Fisher  
Joseph Fisher

Donald Fraser  
Donald Fraser

Mark Hannaford  
Mark Hannaford

Tom Harkin  
Tom Harkin

Michael Harrington  
Michael Harrington

Herb Harris  
Herb Harris

Allan Howe  
Allan Howe

James M. Jeffords  
James Jeffords

Martha Keys  
Martha Keys

Edward Koch  
Edward Koch

Jim Lloyd  
Jim Lloyd

Stanley Lundine  
Stanley Lundine

John J. Flynt, Jr., Chairman  
Committee on Standards of Official Conduct  
April 6, 1976  
Page Three

*Matthew McHugh*  
Matthew McHugh

*Andrew Maguire*  
Andrew Maguire

*Abner Mikva*  
Abner Mikva

*George Miller*  
George Miller

*Norman Mineta*  
Norman Mineta

*Toby Moffett*  
Toby Moffett

*Stephen Neal*  
Stephen Neal

*Richard Nolan*  
Richard Nolan

*Edward Pattison*  
Edward Pattison

*Benjamin Rosenthal*  
Benjamin Rosenthal

*Patricia Schroeder*  
Patricia Schroeder

*Philip Sharp*  
Philip Sharp

*Pete Stark*  
Pete Stark

*Gerry Studds*  
Gerry Studds

*Paul Tsongas*  
Paul Tsongas

*Richard Vander Veer*  
Richard Vander Veer

*Timothy Wirth*  
Timothy Wirth

*Andrew Young*  
Andrew Young

## EXHIBIT [2]

## COMPLAINT SUBMITTED BY COMMON CAUSE TO HOUSE ETHICS COMMITTEE

Pursuant to Rule X4.(e)(2)(B)(i) of the House of Representatives, Common Cause hereby submits this complaint to a Member of the House of Representatives for transmittal to the Committee on Standards of Official Conduct and requests an investigation of the matters alleged herein.

Background of the Complaint

On July 9, 1975, Common Cause Chairman John Gardner wrote to Rep. Robert L. Sikes (D-Fla.) outlining some of the charges addressed in this complaint and called upon him to resign his Chairmanship of the House Appropriations Subcommittee on Military Construction.<sup>1/</sup> Copies of this letter were sent to House Speaker, Carl Albert; House Majority Leader, Thomas O'Neill, Jr.; Chairman of the Democratic Caucus, Philip Burton; and Chairman of the House Committee on Standards of Official Conduct, John J. Flynt. Each was asked to advise Common Cause what steps might properly be taken in connection with this matter. Chairman Flynt, Rep. Floyd Spence, the Ranking Minority Member on the committee, and Rep. O'Neill replied, outlining the procedures for bringing a complaint to this Committee.

On July 29, 1975, Common Cause wrote to Speaker Albert, Majority Leader O'Neill and Majority Whip, John J. McFall, calling for a congressional investigation of the charges against Rep.

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<sup>1/</sup> Rep. Sikes's July 10, 1975 letter in reply to John W. Gardner, Chairman, Common Cause, is appended hereto as Attachment A.

Sikes. Common Cause subsequently wrote to all Members of the Committee on Standards of Official Conduct, and finally to all Members of the House asking each to "request that the Ethics Committee begin an investigation so that the serious charges which have been raised against Representative Sikes can be openly reviewed and resolved." No Member filed a complaint, and the House Committee on Standards of Official Conduct which has the power to initiate its own investigations has not done so. Consequently, Common Cause hereby submits this complaint to a Member of the House for transmittal to the Committee on Standards of Official Conduct. Common Cause alleges the following violations of the standards of conduct applicable to Members of the United States House of Representatives:

Summary of the Complaint

In the early 1960's, Rep. Sikes purchased 1,000 shares of stock in Fairchild Industries, a major defense contractor. He held the stock until July 8, 1975. The value of these shares at all times during the years 1968 through 1972, and at certain times during 1973, was in excess of \$5,000. From October 24, 1973, until January 19, 1976, Rep. Sikes was the owner of shares in the First Navy Bank, which is subject to federal regulatory power. The value of those shares during that period was always in excess of \$5,000. Rep. Sikes failed to disclose his ownership of stock in these two

corporations in his reports required by House Rule XLIV(A) (1). He has, therefore, violated that rule.

In 1974, Rep. Sikes, then the owner of 1,000 shares of stock in Fairchild Industries, voted for passage of a defense appropriations bill that funded a contract worth in excess of \$73 million with Fairchild. His failure to abstain from voting on legislation in which he had a direct pecuniary interest was a violation of House Rule VIII(1).

In 1961-62, Rep. Sikes sponsored legislation enacted by Congress which removed restrictions on the commercial development of land in Florida on which he and several business associates held a 99-year lease. From 1962 through at least 1972 the company in which he held stock received income from that land. In using his position as a Member of Congress in this way, and receiving a benefit for himself, Rep. Sikes has violated House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service, 72 Stat., pt. 2, B 12 (1958).

Rep. Sikes urged the responsible state and federal government officials to authorize the establishment of the First Navy Bank at the Pensacola Naval Air Station. The bank was established on October 24, 1973, and Rep. Sikes was an initial shareholder. His actions constituted a violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service, 72 Stat. pt. 2, B 12 (1958).

Rep. Sikes's failure to disclose ownership of certain stock  
in violation of House Rule XLIV.

House Rule XLIV(A) (1), which has been in effect since 1968, states that House Members are required to:

List the name, instrument of ownership . . . in any business entity doing a substantial business with the Federal Government or subject to Federal regulatory agencies in which ownership is in excess of \$5,000 fair market value as of the date of filing or from which income of \$1,000 or more was derived during the preceding calendar year.

A. Fairchild Industries

Shortly after charges of impropriety began appearing in the press in the summer of 1975, Rep. Sikes wrote to Rep. John J. Flynt, Chairman of the House Committee on Standards of Official Conduct, admitting ownership of stock in Fairchild Industries. In that July 8, 1975 letter<sup>2/</sup> Rep. Sikes stated that he "acquired this stock in the early 1960's at the time Fairchild established a branch plant in my home town." He also stated in the letter that the stock was sold on July 8, 1975.

In the fall of 1975, after Common Cause Chairman John Gardner had sent letters to all Members of the House urging an investigation by the Committee on Standards of Official Conduct, Rep. Sikes admitted an omission in his filings under Rule XLIV(A) (1). In a "Dear Colleague" letter dated October 28, 1975,<sup>3/</sup> Rep. Sikes

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<sup>2/</sup> The letter is on file with this Committee. A copy is appended hereto as Attachment Y.

<sup>3/</sup> Rep. Sikes's October 28, 1975 letter is appended hereto as Attachment B.

acknowledged that he had owned 1,000 shares of stock in Fairchild Industries and specifically admitted failing to disclose this ownership as required by Rule XLIV(A) (1):

I admit an omission in failing to report ownership of the Fairchild stock for several years. This simply was an oversight. The stock has subsequently been sold. I realized no profit on the transaction.

According to the Standard New York Stock Exchange Stock Reports published by the Standard and Poor's Corporation,<sup>4/</sup> 1,000 shares of Fairchild Industries' stock was worth more than \$5,000 at all times during the years 1968 through 1972 and at certain times during 1973. It is clear that Fairchild was "doing a substantial business with the Federal Government," since it was listed by the Department of Defense among the top 103 defense contractors since 1968, and the top 50 since 1971.<sup>5/</sup> Rep. Sikes, therefore was required to disclose his ownership of Fairchild stock for each year from 1968 through 1972 and perhaps for 1973 as well. The only year for which he did disclose ownership of the stock was 1974 (in a report filed in 1975). Rep. Sikes thus violated House Rule XLIV(A) (1) in each

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<sup>4/</sup> See page 852 of the 1975 Standard and Poor's, appended hereto as Attachment C.

<sup>5/</sup> See Attachment D, which was compiled from the document entitled "500 Contractors Receiving the Largest Dollar Volume of Military Prime Contract Awards for RDT&E, Department of Defense OASD (Comptroller), Directorate for Information and Control" (1968-75).

of the years 1969 through 1973 and possibly 1974 due to his failure to disclose his ownership of Fairchild stock in the reports which he filed in the years 1969 through 1974.

B. First Navy Bank

In addition to the stock in Fairchild Industries, Rep. Sikes's 1975 filing (covering 1974) disclosed for the first time his ownership of stock in the First Navy Bank. On October 26, 1973, the day the First Navy Bank opened for business, Rep. Sikes owned 2,500 shares valued at \$15 each.<sup>6/</sup> As of May, 1975, he still owned 1,400 shares,<sup>7/</sup> having sold 1,100 shares in the interim, according to newspaper accounts.<sup>8/</sup> The Navy's investigations into First Navy stock ownership by several naval officers reveals that, through the period from late 1973 to 1975, stock in the First Navy Bank sold for at least \$15 per share.<sup>9/</sup>

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<sup>6/</sup> See Attachment F which is a May 1973 list of prospective stockholders filed with Office of the Florida Comptroller.

<sup>7/</sup> See Attachment G, which is a list of shareholders as of July 2, 1975, attached as Tab D to the Affidavit of Kenton B. Hancock, Director, Audit Operations (filed in the Navy's investigation proceedings), showing Rep. Sikes as the holder of 1,400 shares.

<sup>8/</sup> St. Petersburg Times, Monday, June 30, 1975, appended hereto as Attachment E. In a January 19, 1976, letter to Chairman Flynt, which is on file with the Committee, Rep. Sikes states that he has sold the remainder of his stock in the First Navy Bank.

<sup>9/</sup> See Attachment H which is a collection of testimony taken in the Navy's investigation: testimony of E. H. Marsh and Samuel L. Lovelace; affidavits of R. E. Loux, John M. Thomas, John P. Fox, M. F. Weisner, Glenn E. Lambert; July 22, 1975 Memorandum by Paul H. Engel.

Therefore, the value of Rep. Sikes's holdings were worth at least \$21,000 throughout this period. Since the bank was subject to regulation by a federal agency, the FDIC, Rep. Sikes was required to disclose the stock ownership in his 1974 filing (covering 1973) just as he did in the 1975 filing (covering 1974). His failure to do so is a violation of House Rule XLIV(A) (1).

Rep. Sikes's failure to abstain from voting in violation of House Rule VIII.

House Rule VIII(1) states that:

Every Member shall be present within the Hall of the House during its sittings, unless excused or necessarily prevented, and shall vote on each question put, unless he has a direct personal or pecuniary interest in the event of such question.

On August 6, 1974, Rep. Sikes voted for passage of the Defense Appropriations Bill for Fiscal 1975, H.R. 16243.<sup>10/</sup> This bill contained an appropriation of over \$73.2 million for procurement of airframes for 30 A-10 close air support aircraft to be built by Fairchild Industries Inc.<sup>11/</sup> At the same time that Rep. Sikes cast this vote favoring Fairchild, he was the owner of 1,000 shares of stock in that corporation, as he has stated in his July 8, 1975, letter to Chairman Flynt.<sup>12/</sup> Thus, Rep. Sikes had a direct pecuniary interest in the Defense Appropriations

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<sup>10/</sup> 120 Cong. Rec. H7766 (Aug. 10, 1974), appended hereto as Attachment Z.

<sup>11/</sup> See Hearings on Department of Defense Appropriations for 1975 (H.R. 16243) before a Subcommittee of the House Committee on Appropriations, 93d Cong., 2d Sess. Part 7, 1056 (1974) and H.R. Rept. No. 93-1255, 93d Cong., 2d Sess. 127 (1974) appended hereto as Attachment W.

<sup>12/</sup> See note 2, supra.

bill for Fiscal 1975. His vote on that bill was in violation of House Rule VIII.

Rep. Sikes's receipt of a benefit to himself as lessee of certain land in violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service.

House Rule XLIII(3) provides that:

A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress.

Section 5 of the Code of Ethics for Government Service, 72 Stat., pt. 2, B 12 (1958), provides that:

Any person in government service should . . . [n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

In 1961-62, Rep. Sikes, in his role as a Member of Congress, sought the enactment of legislation which made possible extensive commercial development of land in Florida leased by a corporation in which he was a vice-president and owned 25% of the stock. Enactment of the legislation paved the way for development of what became known as Holiday Isle by removing various restrictions on the use of the land involved. The personal financial benefits obtained by Rep. Sikes and his business partners continued to flow at least until 1972.

In 1948, the federal government by Act of Congress, authorized the conveyance of certain U.S. lands to Okaloosa County, Florida. Pub. L. 80-885.<sup>13/</sup> The property covered by the Act comprised

all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida, . . . extending from Highway 98 to the mean low level of the Gulf of Mexico, and two miles west from said bridge, and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands) said property being under the jurisdiction of the Department of the Army.

(emphasis added)

The "two small islands" have since become one island as a result of natural accretion; that island is called Holiday Isle.<sup>14/</sup>

Several restrictions were imposed. Section 1(a) of the 1948 Act provided that "said property shall be used only for public recreational purposes." Section 3 provided that

In the event that the land conveyed pursuant to this Act shall be used for any purpose other than for public recreational purposes as herein defined, or shall cease to be used for such purposes, title to said land shall revert to the United States.

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<sup>13/</sup> Rep. Sikes was the sponsor of this legislation. See 93 Cong. Rec. H.R. 6493 (1947), appended hereto as Attachment K. The text of Pub. L. 80-885 is appended hereto as Attachment 1.

<sup>14/</sup> See the General Highway Map of Okaloosa County published by the Florida State Road Department (1967), the relevant portion of which is appended hereto as Attachment J.

Section 1(e) of the Act gave the United States the right to take over the control and operation of the lands in the event of a national emergency.

The deed conveying the land to the County contained a similar description of the land:<sup>15/</sup>

All those tracts or parcels of land aggregating a net total of 875 acres more or less lying and being on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows: [a technical description of the land bounded by a line two miles west of Brooks Bridge and the Gulf of Mexico] and all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel.

(Emphasis added.)

The deed, therefore, conveyed all of the lands covered by the 1948 Act, including the "two small islands." The restrictions recited in Sections 1(a), 1(e), and 3 of the 1948 Act are reiterated in the deed.

In 1959, Rep. Sikes and several associates, doing business as CBS Development Corp., purchased from a local businessman a leasehold interest in Holiday Isle for \$60,000.<sup>16/</sup>

<sup>15/</sup> The deed is filed with the Clerk of the Circuit Court of Okaloosa County, Book 68, Page 312, appended hereto as Attachment L.

<sup>16/</sup> Rep. Sikes states in his "Dear Colleague" letter of October 28, 1975, that he and his associates acquired the lease in 1958. See note 2, *supra*. The records of the Clerk of the Circuit Court of Okaloosa County, Book 119, Page 342, appended hereto as Attachment N, set the time of the purchase as 1959. See also Rep. Sikes's statement before the Northwest Florida Press Club, the text of which was printed in the Pensacola News-Journal on June 1, 1975, appended hereto as Attachment M.

Rep. Sikes's co-investors in CBS were State Senator Newman C. Brackin and businessman Ben H. Cox.<sup>17/</sup> A fourth investor, George Trawick, joined the group later.<sup>18/</sup> In 1961, CBS Development Corp. renegotiated its lease with Okaloosa County.<sup>19/</sup> That lease's description of the land is consistent with descriptions contained in the 1948 Act and the deed:

All that portion of land which formerly comprised Santa Rosa Island Ease [sic] of the present East Pass . . .

(Emphasis added.)

On June 15, 1961, Rep. Sikes introduced H.R. 7696<sup>20/</sup> which would have repealed Section 1(e) of the 1948 Act. On June 29, 1961, Rep. Sikes introduced H.R. 7932<sup>21/</sup> which superseded his first bill. H.R. 7932 eliminated all residual rights of the federal government in the land conveyed under the 1948 Act: it repealed Sections 1(a), 1(e) and 3 quoted above. Rep. Sikes testified before the Armed Services Committee in favor of his bill.<sup>22/</sup> Nowhere in that testimony does he inform the committee of

<sup>17/</sup> CBS's Articles of Incorporation are appended hereto as Attachment O. See also Rep. Sikes's Press Club statement (Attachment M).

<sup>18/</sup> See Rep. Sikes's Press Club statement (Attachment M).

<sup>19/</sup> The lease is filed with the Clerk of the Circuit Court of Okaloosa County, Book, 20 Page 123, appended hereto as Attachment P.

<sup>20/</sup> See 107 Cong. Rec. 10493 (1961) which, with the bill, is appended hereto as Attachment Q.

<sup>21/</sup> See 107 Cong. Rec. 11930 (1961) which, with the bill, is appended hereto as Attachment R.

<sup>22/</sup> See Hearings before the House Armed Services Committee on H.R. 7932, 87th Cong., 1st Sess. (1961), appended hereto as Attachment S.

his pecuniary interest in the land in question. The bill passed both the House and the Senate and became Pub. L. 87-860 on October 23, 1962. 76 Stat. 1138.

The repeal of Sections 1(a), 1(e) and 3 of the 1948 Act benefited the commercial development of the property involved. Section 1(e), which gave the U.S. government the right to take over the property (including Holiday Isle) in the event of a national emergency, was a serious disincentive to investment on the Florida island. Sections 1(a) and 3 of the 1948 Act, which limited use of the property (including Holiday Isle) to "public recreational purposes," was also an impediment to commercial development. Although Section 1(g) of the 1948 Act (and the corresponding section of the deed) defined "public recreational purposes" broadly,<sup>23/</sup> the existence of a reversionary interest in the federal government made it difficult for those with large scale development plans to borrow the money to develop the property.<sup>24/</sup> In his defense to charges made against him, Rep. Sikes has contended that Pub. L. 87-860 was designed for the sole benefit of the Okaloosa County Island Authority, the owner of all the land conveyed in 1948 and the supervisor of the unleased

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23/ Section 1(g) of the 1948 Act states:

The public recreational purposes provided for herein shall include the erection and operation by private persons, for profit, of houses, hotels, bathhouses, casinos, nightclubs, and other enterprises and usages usual to beach resorts and resort housing developments.

24/ Rep. Sikes stated that the reverter clauses hampered development by the Island Authority in his statement to the Northwest Florida Press Club, appended hereto as Attachment M.

portions of that land. He has claimed, moreover, that the land leased by CBS was not benefited by the repeal of the federal government's revisionary interests.<sup>25/</sup> Rep. Sikes has advanced two arguments in support of this contention.

First, Rep. Sikes has stated that Pub. L. 87-860 did not repeal the restrictions in the 1948 Act on the lands "east of the channel" in which he held a leasehold interest.<sup>26/</sup> Contrary to Rep. Sikes's assertions, an examination of both H.R. 7696 and H.R. 7932 demonstrates beyond a doubt that both of Rep. Sikes's bills removed the restrictions imposed on all of the land conveyed in the 1948 Act, including the Holiday Isle property in which he held a leasehold interest.

Rep. Sikes has stated that the House Report<sup>27/</sup> on H.R. 7932 refers only to an "875-acre tract" and that no mention is made of the property east of the channel, revealing an intention to exclude property in which he held an interest from the repeal of the revisionary interest. The 875 acreage figure appears in the House Report and in an attachment thereto, a letter from the Department of the Army, which states that:

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25/ Ibid.

26/ Ibid. See also his "Dear Colleague" letter of October 28, 1975, appended hereto as Attachment B.

27/ See H.R. Rept. No. 1021, 87th Cong., 1st Sess. (1961) appended hereto as Attachment T.

the real property involved in these bills comprises 875 acres of land, more or less, on Santa Rosa Island in Okaloosa County, which were conveyed to Okaloosa County by deed executed by the Secretary of the Army on May 22, 1950, pursuant to the above-cited act of July 2, 1948 as amended by the act of October 26, 1949 (63 Stat. 921).

The Report and the Army letter do not specifically state whether the 875 acres covered by H.R. 7932 includes all of the land conveyed in the deed or merely Santa Rosa Island proper. Rep. Sikes claims that the 875 acres covered by his bill repealing the reversionary interest does not include Holiday Isle, the property in which he held an interest. However, the original deed itself, which was referred to in the Committee Report and in the Army letter, contains a description of the tract of land affected by H.R. 7693 and H.R. 7932. It clearly provides that all of the land, including what became Holiday Isle, measures a total of 875 acres.<sup>28/</sup> The actual text of the legislation also makes it plain that all of the property covered by the 1948 Act, including the portion leased by Rep. Sikes, was intended to be relieved from the restrictions in the original conveyance. Moreover, this fact is clearly established by documents filed with the Circuit Court which release the land from the original restrictions. According to the deed as filed, on September 25, 1963, pursuant to Pub. L. 87-860, the U.S. government released all of its reversionary interest in:<sup>29/</sup>

<sup>28/</sup> See Attachment L, note 15, supra.

<sup>29/</sup> See Attachment U, which is the deed from the federal government to Okaloosa County, filed with the Clerk of the Circuit Court of Okaloosa County, Book 286, Page 298.

(Santa Rosa Island] and all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel.

(emphasis added)

The evidence shows, then, that Holiday Isle, contrary to Rep. Sikes's assertions, was relieved from the U.S. government's reversionary interest by the passage of Pub. L. 87-860.

Rep. Sikes's second argument on behalf of his contention that Pub. L. 87-860 did not benefit him personally is that CBS Development Corp. had no need to have the federal reversionary interests cancelled.<sup>30/</sup> Rep. Sikes says that, because of the cloud on the title, the Okaloosa Island Authority was having trouble financing development of the unleased portion of the property.<sup>31/</sup> Rep. Sikes has stated that "[u]ndoubtedly the cancellation helped the Island Authority with its development plans on the 3-mile, 875 acre tract."<sup>32/</sup>

In contrast, Rep. Sikes says, CBS Development Corp. had no such problems with Holiday Isle, "because our developments were small, funding requirements were not large, and the banks were willing to accept our paper."<sup>33/</sup> The facts belie this claim.

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<sup>30/</sup> See Rep. Sikes's Press Club statement (Attachment M).

<sup>31/</sup> Ibid. See also Attachment T, note 27, *supra*.

<sup>32/</sup> Ibid.

<sup>33/</sup> See Rep. Sikes's Press Club statement (Attachment M).

Prior to the removal of the reverter clause, CBS paid no gross receipts tax to its landlord, the Okaloosa Island Authority under its lease on the Holiday Isle property, revealing that no income was earned on the property. In the ten years following the removal of the reverter clauses in the deed to Holiday Isle, CBS paid to the Island Authority \$19,173.75 in taxes.<sup>34/</sup> Since this fee represented 1 percent of gross receipts,<sup>35/</sup> the gross receipts to CBS for the ten-year period following removal of the reverter clauses were in excess of \$1.9 million. Moreover, prior to its dissolution in 1973, CBS subleased the Holiday Isle property to each of its four shareholders, including Rep. Sikes.<sup>36/</sup> They, in turn, subleased the land to others for \$600,000.<sup>37/</sup>

Thus, Rep. Sikes benefited directly from his sponsorship of Pub. L. 87-860. And his violation of House Rule XLIII(3) continued through 1968, the year of its enactment, to at least 1972. Moreover, Rep. Sikes's actions also constitute a violation of Section 5 of the Code of Ethics for Government Service,

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<sup>34/</sup> These figures were obtained from Doris Jordan, an employee of the Okaloosa Island Authority during that period. (904) 244-1314. It may be verified from documents stored at the Okaloosa County Courthouse in Crestview.

<sup>35/</sup> Attachment P, note 19, *supra*, and Attachment V, a 1965 amendment thereto set the tax at 1 percent. Attachment V, the lease amendment is filed with the Clerk of the Circuit Court of Okaloosa County in Book 244, Page 348.

<sup>36/</sup> See Attachment X, the sublease to Rep. Sikes, which is filed with the Clerk of the Circuit Court of Okaloosa County in Book 666, Page 521.

<sup>37/</sup> See Rep. Sikes's Press Club statement (Attachment M).

72 Stat. pt. 2, B12 (1958), in that the benefits which accrued to him by Pub. L. 87-860 could reasonably be construed to have influenced his sponsorship of Pub. L. 87-860.

Rep. Sikes's violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service in the establishment of the First Navy Bank.

House Rule XLIII(3) provides that:

A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress.

Section 5 of the Code of Ethics for Government Service, 72 Stat., pt. 2, B 12 (1958), provides that:

Any person in government service should . . . [n]ever discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept, for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.

In his efforts to secure the establishment of the First Navy Bank, Rep. Sikes has violated both of these rules.

For approximately 32 years the Florida First National Bank operated a banking facility at Pensacola Naval Air Station, which is located in Rep. Sikes's congressional district. In October 1973, Florida First National Bank was replaced on the base by the First Navy Bank. This event marked the ultimate success of two attempts made by the founders of the First Navy

Bank to replace Florida First National. On the day of the opening of the First Navy Bank, Rep. Sikes owned 2,500 shares in the bank, valued at \$15 each.<sup>38/</sup> Rep. Sikes in his "Dear Colleague" letter of October 28, 1975, admitted that he recommended that the new bank be established "because the need was clear."<sup>39/</sup>

The principal in the two efforts to establish the new bank on Pensacola Naval Air Station was Charles P. Woodbury.<sup>40/</sup> Woodbury is reported to own or control four other banks in the Pensacola area.<sup>41/</sup> The agent for the Woodbury financial interests in the First Navy Bank is reported to have been Porter F. Bedell, now the president of the bank and, prior to 1965, the Base Commander of the Pensacola Naval Air Station.<sup>42/</sup>

In 1965, during the first effort to establish a new bank at the Naval Air Station, Rep. Sikes assisted the Woodbury group. On August 12, 1965, Rep. Sikes wrote to Donald Smith, Regional Comptroller of the Currency, urging approval of the

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<sup>38/</sup> A May 1973 list of "prospective shareholders" filed with the Florida Comptroller's Office, appended hereto as Attachment F, reflects Rep. Sikes's holdings upon the opening of the bank.

<sup>39/</sup> This letter is appended hereto as Attachment B.

<sup>40/</sup> The St. Petersburg Times of June 30, 1975, appended hereto as Attachment E, states the background of the efforts to establish the bank.

<sup>41/</sup> Ibid.

<sup>42/</sup> Ibid.

bank. He also recommended one of the proposed directors:<sup>43/</sup>

It is a pleasure for me to recommend in highest terms Mr. Carlton E. Foster, Jr., and the group associated with him who are making this charter . . . I sincerely hope it will be possible for this charter to be granted and that a decision can be made on the matter in the near future.

Also on August 12, 1965, Rep. Sikes accompanied Bedell, the representative for Woodbury, to a meeting with Thomas DeShazo, Deputy Comptroller of the Currency, regarding the pending application for a federal charter.<sup>44/</sup>

Rep. Sikes wrote a letter, dated July 12, 1966<sup>45/</sup> on Congressional stationery to the Special Assistant to the Comptroller of the Currency, stating simply: "I will appreciate your cooperation and helpfulness in this matter." He enclosed a copy of a letter dated May 25, 1966 from John J. Lynch, Chief of Naval Air Basic Training, to the Comptroller of the Navy recommending that the Navy approve the bank.<sup>46/</sup>

Although the charter for a national bank was denied in 1966, the same principals, again aided by Rep. Sikes, applied in 1972 for a state charter for a new bank on the Pensacola base. That

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<sup>43/</sup> Rep. Sikes's letter is appended hereto as Attachment BB.

<sup>44/</sup> Mr. DeShazo's memorandum for his files of August 12, 1966 is appended hereto as Attachment CC.

<sup>45/</sup> Rep. Sikes's letter is appended hereto as Attachment FF.

<sup>46/</sup> Lynch's memorandum is appended hereto as Attachment EE. Despite these efforts, the federal charter was not approved.

application resulted in the establishment of the First Navy Bank at the Pensacola Naval Air Station on October 24, 1973. In his "Dear Colleague" letter of October 28, 1975,<sup>47/</sup> Rep. Sikes admitted that he had "recommended that it [the bank] be established because the need was clear." His admitted involvement is corroborated by newspaper accounts; the information contained therein we believe to be accurate.

The Deputy Director of FDIC's Division of Bank Supervision, John J. McCarthy, is reported to have stated that: "our congressional liaison office advises that it remembers receiving two or three calls from staff members of the office of Rep. Robert U. Sikes. These calls were routine inquiries as to the status of the application for deposit insurance for the bank."<sup>48/</sup> On November 22, 1972, the FDIC approved insurance for First Navy Bank deposits.

Rep. Sikes contacted Fred O. Dickinson, Florida State Comptroller, regarding the First Navy Bank's charter application. Dickinson wrote to Rep. Sikes on June 23, 1972:<sup>49/</sup>

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<sup>47/</sup> This letter is appended hereto as Attachment B. The "need" for the new bank is irrelevant to the issue of whether Rep. Sikes used his office improperly.

<sup>48/</sup> St. Petersburg Times, July 20, 1975, appended hereto as Attachment DD. While such calls may be "routine" when they are in behalf of a constituent, the propriety of such actions when the Member himself stands to benefit is a different matter.

<sup>49/</sup> This letter is appended hereto as Attachment AA.

Dear Bob: I wish to repeat that we are in an almost continuous process of discussions and correspondence with FDIC relative to setting compatible dates with them for field surveys and examinations. This includes the above captioned application. I shall keep you posted, Bob, both as to the exact dates for the survey and thereafter as soon as I receive the report incident thereto. I am sorry I missed you when I returned your call this morning but Alma advised you had already left the office to meet an airline schedule.

Dickinson subsequently approved the charter for the bank in August 1972.

Thus, over a period of seven years, Rep. Sikes intervened with various state and federal officials to secure the establishment of the First Navy Bank on the Pensacola Naval Air Station. In 1973 Rep. Sikes became the owner of 2,500 shares of stock in the bank worth \$37,500. He thus received a substantial benefit as a result of his activities. His actions constituted a violation of House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service. 72 Stat., pt. 2 B12 (1958).

#### Conclusion

Rep. Sikes has violated various Rules of the House and the Code of Ethics. Consequently, we request that the Committee undertake an investigation of the matters described in this complaint and that the Committee recommend to the House of Representatives that Rep. Sikes be censured and disqualified from serving on the House Appropriations Committee.

VERIFICATION UNDER OATH

Fred Wertheimer, Vice-President of Operations,  
Common Cause, 2030 M Street, N.W., Washington, D.C. 20036,  
being first duly sworn, says that he has read the foregoing  
complaint and knows the contents thereof, and that the same  
is true to his knowledge and belief.



Fred Wertheimer  
Vice-President of Operations  
Common Cause

Subscribed and sworn to before me  
this 6<sup>th</sup> day of April, 1976.

  
Notary Public

My Commission Expires February 14, 1980

## ATTACHMENT A

BOB SIKES  
First District  
FLORIDA

ALMA D. BRYLEN  
LEGISLATIVE ASSISTANT

LEGISLATIVE ASSISTANTS  
MR. JOHN ALLEN  
MR. WARREN JENNINGS  
MR. DEBBIE ALLEN

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

July 10, 1975

COMMITTEE ON  
APPROPRIATIONS

SECRETARIES:  
MRS. HELEN ADAMS CHRISTY  
MRS. ANITA GALLOWAY  
MISS BETTE SPRACHE  
MRS. JEANNE THOMAS  
MRS. BETTY JEAN SWEET  
MISS ANN KELLEY  
MRS. HELEN ALEXANDER  
MRS. JESSICA WHITNEY

Mr. John W. Gardner  
Chairman  
Common Cause  
2030 M Street, N.W.  
Washington, D.C. 20036

Dear Mr. Gardner:

I have your letter which was redated July 10 from July 9. Apparently it was held so that Common Cause could release the contents to the press without giving me an opportunity to provide the facts. This is not an indication of interest in fairness or in facts.

The pro-liberal, anti-defense attitude of Common Cause is well known. Even so, it is disappointing to note that you associate yourself with a smear campaign launched by liberal elements of the press without regard for truth or accuracy.

Now, in case you have any interest in facts, be advised that I have now disposed of the 1,000 shares of stock in Fairchild Industries which I held. This stock was purchased in the early 1960s at the time that Fairchild established a plant in my District. This purchase was not intended for personal enrichment, but to show confidence in an industry which was providing jobs for my constituents. Apparently, these considerations are incomprehensible to the liberal press which has considered my ownership of 1,000 shares of stock in this company a conflict of interest.

I was an organizer of American Fidelity Life Insurance Company which is located in my District. I am a businessman. There is no prohibition against the ownership of stock by Congressmen and, in this case, there is no conflict of interest. There are more than 300 life insurance companies which sell insurance to servicemen. I have never personally sold or attempted to sell life insurance to any serviceman, nor have I used my influence on any military base for American Fidelity.

Mr. John W. Gardner  
July 10, 1975  
Page 2

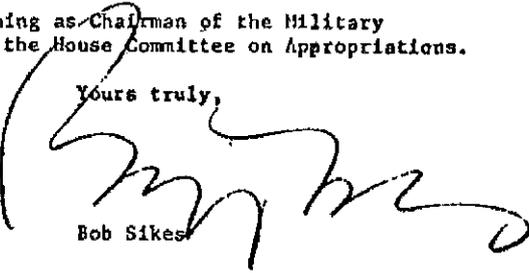
The First Navy Bank was established at the Naval Air Station in Pensacola after the existing facility had failed time and again to provide adequate service and had indicated no interest in establishing a full-service bank which Navy officials felt was needed for military and civilian personnel and their dependents and others at the Naval Air Station. I enclose a statement by the Comptroller of the State of Florida in which he states there was nothing improper or illegal about my investment in the First Navy Bank. My holdings now comprise 1,400 shares. This is a small part of the total stock in the bank. I enclose also, a statement by VADM Malcolm W. Cagle, U.S. Navy Retired, which gives the Navy's side of the need for a bank at the Naval Air Station. This bank simply performs a needed service for personnel in and out of the Navy.

There is no conflict of interest in any of these activities or in any other business venture in which I have been engaged through the years.

I shall consider it a compliment if I continue to enjoy a very low rating by Common Cause -- and so will the great majority of my constituents.

I have no intention of resigning as Chairman of the Military Construction Subcommittee of the House Committee on Appropriations.

Yours truly,



Bob Sikes

S/bs  
Enclosure

## ATTACHMENT B

DCB SIKE  
 FIRST DISTRICT  
 FLORIDA  
 MISS ALMA D. DUTLER  
 ADMINISTRATIVE ASSISTANT  
 TELEPHONE RESTAURANTE  
 140 ANN FLECH  
 MR. STONOR HENNING

Congress of the United States  
 House of Representatives  
 Washington, D.C. 20515

October 28, 1975

COMMITTEE ON  
 APPROPRIATIONS  
 MRS. HILLA ADAMS CHRISTIE  
 EXECUTIVE SECRETARY  
 STATE SECRETARIES  
 MRS. BETTE G. NACHER  
 MRS. JEANNE TIMMONS  
 MRS. BETTY JEAN SWILEY  
 MISS ANN KELLEY  
 MRS. MARIE ALEXANDER  
 MRS. JESSICA WRIGHT

Dear Colleague:

This is in response to the letter directed against me by Common Cause. I propose to be brief and straightforward in acquainting you with the true facts.

1 -- First Navy Bank, Pensacola, Florida: Common Cause claims that the First Navy Bank is the first private independent bank ever allowed by the Defense Department on the grounds of a U.S. Navy base. However, it fails to state that the Defense Department has for many years permitted private full-service banks on both Army and Air Force bases throughout the United States. This bank was established because the branch facility already located there had failed to give needed service and, year after year, despite repeated requests, refused to improve their services. The Department of the Navy in Washington approved the plan because of demonstrated need. The State Comptroller approved the request for a charter. I recommended that it be established because the need was clear. When the bank was established, a number of naval officers purchased stock, generally in small amounts. They considered it a good investment. None are major stockholders.

Also, I own 1,400 shares of First Navy Bank stock. The Comptroller of the State of Florida has said publicly that my involvement is legal and proper. The Navy has investigated the bank and has found no fault with its operation or management. Two admirals have been criticized in the Navy report for what was considered over-zealous activity in behalf of the bank. This is not a reflection on the bank itself or the manner in which it was established.

2 -- Fairchild stock: In the early 1960's, Fairchild Industries established a branch plant in my hometown providing employment for my constituents. I was very pleased about this and, to show my interest and appreciation, I purchased a small amount of Fairchild stock. The criticism is that I owned 1,000 shares of stock in the company when I voted for funds for the A-10 which is manufactured by Fairchild. I voted for the A-10 because it had won grueling and intensive competition in

October 28, 1975

Page two

a flyoff with other aircraft and had been recommended by the Air Force and the Department of Defense as the best available close-support aircraft which would also serve as a tank killer and be best able to survive in the battlefield environment of the 1980's. If I had sought to profit from Fairchild stock, I would have purchased much more.

I admit an omission in failing to report ownership of the Fairchild stock for several years. This simply was an oversight. The stock has subsequently been sold. I realized no profit on the transaction.

3 -- American Fidelity Life Insurance Company: I was one of the organizers of this general life insurance company and a member of its Board of Directors from its beginning in September 1956 until I resigned from the Board on August 15, 1975. It has been a successful business enterprise. There is criticism because it has sold approximately \$290 million in life insurance to servicemen. It has also sold just under \$1 billion of insurance to persons not in the armed forces. There are 1800 life insurance companies in the United States and most of them sell policies to servicemen. The success of American Fidelity is due to sound business policies and not to political influence. I have never approached any individual in an effort to influence the sale of life insurance to members of the armed forces.

4 -- Legislation affecting Holiday Isle: I, together with two associates, acquired a lease on Holiday Isle in 1958. Soon afterward a third associate joined the group. Holiday Isle is a minor part of a tract of beach land administered by Okaloosa County, Florida. The Holiday Isle property was generally considered wasteland at the time my associates and I acquired the lease. The lease was not obtained from the supervisory body, Okaloosa Island Authority, but was purchased from other lessees who were unable financially to develop the property. Their contract provided that all development, including roads, streets, utilities, and other improvements, would be at the expense of the lessee. This was not the case on all other property under the jurisdiction of the Authority. Developmental improvements were made at the expense of the Authority on all property with the exception of Holiday Isle. In order to sell bonds and to raise funds for development on property other than Holiday Isle, the Authority requested that I sponsor legislation to remove an existing reverter clause.

I introduced the legislation and it was approved by Congress. The legislation provided no improvements for Holiday Isle and was not intended to benefit Holiday Isle; therefore, the legislation could not have been introduced for my own benefit. The development of Holiday Isle was much slower than the other property under the jurisdiction of the Authority, and all costs of improvements had to be borne by the lessees.

October 28, 1975  
Page three

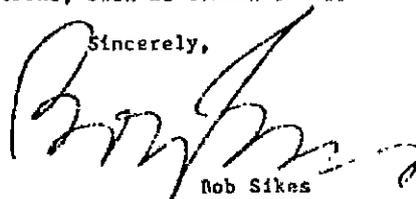
In recent years all Gulf Coast property has shown sharp increases in values. This includes the property on Holiday Isle. But this occurred years after the passage of the reverter clause cancellation and, in the main, the increases in values occurred after I had disposed of my interest in the property. The amounts listed as prospective profits are astronomical and completely unrealistic.

The smaller Gulf Tracts property was acquired in March 1961 as an investment and sold in July 1962 before the bill revoking the reverter clause became law. It is not located on Holiday Isle.

Now let's get down to cases. I was in business before I became involved in public life. All of my adult life I have made investments, generally small and most of them in real estate. This is in keeping with the system of free enterprise, which I think is what this country is all about. My investments have been made almost entirely in my own District and they are well known to my constituents.

The mishmash of charges made by Common Cause include just about every accusation that has been leveled against me in 40 years of public life. Some of them were published, retracted, and apologized for in the days prior to the time when the Supreme Court said the news media could lie about public figures. Now that the media does not have to worry about the truth, they are repeating the charges over and over again -- with the help of liberal lobbying organizations, such as Common Cause.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rob Sikes', written in a cursive style.

Rob Sikes

s/jt

ATTACHMENT C

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FAIRCHILD INDUSTRIES, INCORPORATED

INCOME STATISTICS (Million \$) AND PER SHARE (\$) DATA

Year Ended Dec 31	Net Sales	% Oper Inc of Sales	Oper. Inc.	Depr. & Amort.	*Net Bef. Taxes	**Net Inc.	**Earnings	Common Share (\$)	Divs Paid	Price Range	Price-Earns. Ratio HI LO
1975--	---	---	---	---	---	---	---	0.13	---	9 1/2 - 4 1/2	---
1974--	252.39	8.9	22.38	4.23	11.22	6.02	*1.32	0.30	7 1/2 - 3 1/2	6-3	
1973--	237.77	3.0	7.11	4.06	44.19	42.26	40.50	0.30	13 1/2 - 3 1/2	---	
1972--	229.99	7.3	16.70	4.38	12.09	6.19	*1.36	0.30	14 1/2 - 9 1/2	10-7	
1971--	253.76	7.2	18.15	4.70	12.47	6.61	*1.43	0.30	13 1/2 - 7 1/2	7-5	
1970--	269.05	7.6	20.57	5.31	12.69	6.44	*1.41	0.30	13 1/2 - 6 1/2	10-4	
1969--	314.79	7.6	23.92	5.27	13.44	6.64	*1.4	0.15	24 1/2 - 10 1/2	17-7	
1968--	244.38	6.0	14.62	5.20	6.56	120.54	44.24	0.15	23 1/2 - 14 1/2	---	
1967--	248.68	5.3	14.35	4.40	9.92	5.42	*1.20	0.30	29 1/2 - 17 1/2	25-14	
1966--	210.04	4.6	9.69	3.20	10.32	6.97	*1.37	0.30	22 - 10	14-6	
1965--	115.48	4.8	5.49	1.68	4.25	3.55	1.04	M	23 1/2 - 7	23-7	

PERTINENT BALANCE SHEET STATISTICS (Million \$)

Dec 31	Gross Prop.	Capital Expend	Cash Items	Inventories	Receivables	Current Assets	Current Liab.	Net Working Cap	Cur Assets to Liab	Long Term Debt	Book Val. Com Sh.
1974--	46.74	5.31	8.52	59.4	37.44	103.80	49.80	56.01	2.1-1	34.60	11.40
1973--	42.60	1.97	6.63	54.9	45.19	108.24	52.63	55.61	2.1-1	36.10	10.37
1972--	43.77	1.45	3.05	74.2	35.55	114.67	50.03	64.64	2.3-1	38.08	11.07
1971--	39.48	3.25	5.69	64.6	42.89	115.28	34.69	60.59	2.1-1	29.65	11.75
1970--	43.23	3.79	11.32	94.8	55.29	143.19	108.63	34.76	1.5-1	31.46	10.70
1969--	41.68	5.87	12.17	119.2	58.30	190.94	139.16	51.78	1.4-1	34.09	9.58
1968--	41.84	4.38	13.40	109.1	42.87	168.47	131.04	37.43	1.3-1	33.31	6.94
1967--	39.70	10.70	5.43	92.3	40.07	139.32	87.16	57.16	1.7-1	33.73	11.49
1966--	31.21	10.67	7.14	66.3	37.44	107.02	81.97	25.05	1.3-1	M	10.60
1965--	24.31	9.98	3.30	42.0	40.51	89.07	60.43	28.64	1.5-1	M	9.70

\*Data for 1973 as originally reported, data for each yr. prior to 1973 as taken from subsequent yr's Annual Report; incl Republic Aviation from Sept 30, 1965. \*\*Earnings (sh options as com sh equivalents where applicable), fully diluted sh earns were \$1.18 in 1974, \$1.19 in 1972, \$1.28 in 1971, \$1.24 in 1970, \$1.74 in 1969 & \$1.09 in 1967. #Net \$1.42 sh cr from tax loss carry forward in 1969, all spec chgs of \$5.73 cash in 1968, all spec. crs. of \$0.02 a sh in 1967 & \$0.37 in 1966. \*All profits write down of investment in American Satellite Corp. of \$6.4 million in 1974 & \$5.5 million in 1973. #Default

Fundamental Position

The company (formerly Fairchild Hiller) is an important supplier of aircraft, aircraft components and other aerospace products. In 1974 sales and operating income (excluding ASC development write-downs) broke down as follows: aircraft and parts 84% and 78%, space, electronics and other 10% and 5%, commercial broadcasting 1%, and a deficit of 3%, industrial products 3% and 7% and other 2% and 13%.

Two important programs for the company are its subcontracts on the Boeing 747 and its work on communications satellites. The Electronics and Republic Aviation divisions produce wing control surfaces for the 747, and the Stratons division produces air turbine drives for its hydraulic system. Revenue per plane approximates \$1 million. Delivery rates in 1973 declined from earlier levels and were stable in 1974. In communications satellites FEN has gained valuable experience in producing the Application Technology Satellite for the U. S. military. Billings have reached \$100 million. More important, however, the experience has been utilized to form a domestic communications satellite subsidiary, American Satellite Corp. Of total invested capital of \$19,443,315, ASC at year end 1974 had a carrying value of \$7,543,315.

In addition to its work on the Boeing 747, the Republic Aviation division has won a production contract for the A-10 close support fighter. Billings here in the 1973-80 period could approach \$1 billion if the project continues to receive Congressional approval. In this regard, the A-10 in June, 1974, won a

competitive fly-off against the LTV Aerospace A-7. The fly-off was requested by Congress. This division also makes aft sections for the F-4 fighter.

Burns Aero Seat Co. is a leading maker of aircraft seating.

The 80%-owned Swearingen Aircraft subsidiary makes general aviation aircraft. FEN is providing the subsidiary with up to \$3 million in working capital and the subsidiary will pay the former owners of Swearingen a total of \$13.8 million by December 31, 1981, including \$7 million by December 31, 1976.

In recent years FEN has acquired a number of commercial radio stations.

After a 10-year lapse, cash dividends were resumed in 1966. They were omitted in late 1968 and resumed again in December, 1969.

Employees: 7,006. Shareholders: 20,489.

Finances

Backlog at year-end 1974 was \$220 million, up from \$145 million a year earlier.

In April, 1975 FEN announced a \$25 million revolving credit agreement with a group of banks, good to March 31, 1977.

Capitalization at year-end 1974 was 36.7% debt and 63.3% stockholders' equity.

CAPITALIZATION

LONG TERM DEBT: \$34,500,640, incl. \$25,-552,000 of 4 1/2% debts., due 1992, conv. into com. at \$24.375 a sh.

COMMON STOCK: 4,550,403 shs. (\$1 par).

Incorporated in Md in 1936 Office—Crimontown, Md 20767 Pres—E G Uhl Secy—R R Maffeur VP-Treas—J E Sheridan, Dir. - J C Hoffberger, C A Kuper, W D Lewis, T H Mosier, C D Perkins, W V Platt, M C Stean, E G Uhl, J B Whorton, Jr Transfer Agent—Bankers Trust Co., NYC Registrar—Bank of New York, NYC

Information has been obtained from sources believed to be reliable but its accuracy and completeness and that the opinions based thereon are not guaranteed. Printed in U.S.A.

## ATTACHMENT D

Fairchild Industries/ ranking as a Department of Defense contractor

Rank

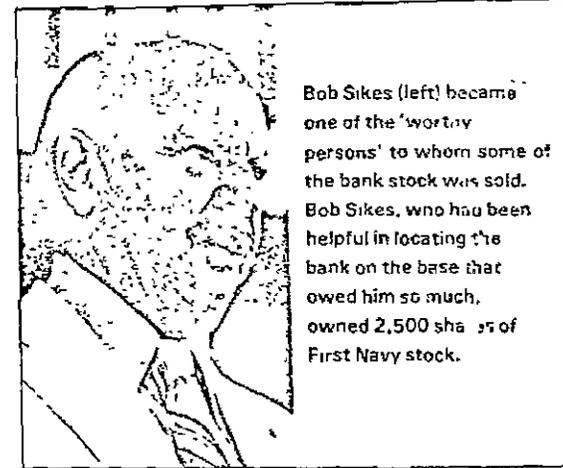
1968 - 103\*  
1969 - 59\*  
1970 - 88\*  
1971 49  
1972 - 35  
1973 - 39  
1974 - 16  
1975 - 17

Source: 500 Contractors Receiving the Largest Dollar Volume of Military Prime Contract Awards for RDT&E. Department of Defense OASD (Comptroller) Directorate for Information Operations and Control (1968-75)

\*/ Before 1971, the company was called Fairchild Hiller.

## ATTACHMENT E

# First bank allowed on U.S. Navy bases has Sikes as major backer, stockholder



Bob Sikes (left) became one of the 'worthy persons' to whom some of the bank stock was sold. Bob Sikes, who had been helpful in locating the bank on the base that owed him so much, owned 2,500 shares of First Navy stock.

68

1973 The St. Petersburg Times

**PENSACOLA NAVAL AIR STATION** — In an historic, singular and secret deal, Florida Congressman Robert L. F. Sikes, one of the great congressional patrons of military appropriations, and 11 admirals and captains among them some of the Navy's highest ranking officers, have emerged as major stockholders in the first private, independent bank ever allowed on the grounds of a U.S. Navy base.

It is the First Navy Bank here, the main cashier and depository for the more than \$200 million annual payroll of the Pensacola Naval Air Station.

It is a state chartered, local bank, but its far flung stockholders include the commander in chief of the Pacific Fleet, deputy chief of Naval operations for Air Warfare and the former chief of naval education and training



dudley  
clendinen

**IT STANDS, BY** permission of the Department of the Navy, on U.S. government land aboard this base, the oldest in the galaxy of military installations in Sikes' district, the First Congressional District also includes Eglin, the largest U.S. Air Force Base in the world, but this Naval Air Station with its outlying fields of Elyson, Curry and Saufley is the largest employer of all the bases with more than 22,000 military and civilian employees, and a combined payroll of more than \$200 million a year.

The continuing strength and stability of this and the other eight bases in the First Congressional District are protected by the mantle of seniority that the 68 year old Sikes has accumulated through 17 consecutive terms in the U.S. House of Representatives. That seniority gives Bob Sikes immense authority over the U.S. military establishment. He chairs a House subcommittee that passes on all military construction, \$5 billion or \$6 billion a year.

He is second in seniority on the House committee that must approve \$60 billion to \$90-billion in military appropriations every year.

And he was influential in placing this bank.

**THE FIRST NAVY BANK** was established by state charter in August 1972 on an exchange of calls and correspon-

dence between Sikes and former Florida comptroller Fred Q. "Bud" Dickinson. Dickinson was subsequently indicted on federal charges of conspiracy to commit extortion by withholding bank charters, defeated at the polls and later acquitted of the charges.

The comptroller was reassuring when Sikes inquired about processing the charter application. In a "Dear Bob" letter sent to Sikes at his congressional office in Washington, D.C., he wrote:

"I wish to repeat that we are in an almost continuous process of discussions and correspondence with FDIC (the Federal Deposit Insurance Corporation), which also had to survey the need for the bank relative to setting compatible dates with them in field surveys and examinations. This includes the above captioned application.

"I shall keep you posted, Bob," Dickinson promised, "but as to the exact dates for the survey and thereafter as soon as I receive the report incident thereto."

"I am sorry I missed you when I returned your call this morning, but Alma (Alma Butler, Sikes' longtime aide) advised you had already left the office to meet an airline schedule."

See BYLINE 2-B



ATTACHMENT F

FIRST NAVY BANK  
Prospective Stockholders

*Also name stockholders in  
1 column  
May '73*

NAME	ADDRESS	SHARES
Robert D. Blake	1804 Grundy Street, Pensacola, Fla. 32507	500
Donato R. Mair	46 Manor Drive, Pensacola, Fla. 32507	500
W. A. Crossnham, Jr.	502 West Moreno Street, Pensacola, Fla. 32501	100
W. H. Tuttle	55 Star Lake Drive, Pensacola, Fla. 32507	2,700
Porter F. Bodell	37 Star Lake Drive, Pensacola, Fla. 32507	1,200
Christopher Pennow[1]	516 West Blount St., Pensacola, Fla. 32501	100
Janette H. Durr	744 80th Avenue, Pensacola, Fla. 32506	300
Robert Blake, III	3905 Lynn Ora Drive, Pensacola, Fla. 32504	100
Earl L. Crono	926 Fairway Drive, Pensacola, Fla. 32507	200
Raymond Dyson	204 Laura Lane, Gulf Breeze, Fla. 32561	500
Philip P. Phillips	1515 West Moreno Street, Pensacola, Fla. 32501	500
Robert A. Brown	2111 Copley Drive, Pensacola, Florida 32503	200
Jerry R. Kennedy	38 Sandalwood Street, Pensacola, Fla. 32505	100
Kathleen C. Motley	716 North 75th Ave., Pensacola, Fla. 32506	20
Rose Marie Croft	1077 Gerhardt St., Pensacola, Fla. 32503	20
Wayne M. Blanchard, II	100 Redwood Circle, Pensacola, Fla. 32506	100
Bank of the South Profit Sh. Pl.	P. O. Box 3228, Pensacola, Fla. 32506	1,600
John M. Thomas (RADM, USN)	2844 Subtle Lane, Fairfax Virginia	500
James Ferris (RADM, USN)	CHAT, Qtrs. 1, NAS, Corpus Christie, Texas 78419	1,000
John O. Fox	111 Altamount Road, Gulf Breeze, Fla. 32561	600
James A. Homyak (CAPT., USN)	Qtrs. A, Nimitz Circle, NAS, Lemoore, Calif. 93245	200
Jean L. Axene (RADM, USN)	Qtrs. 4, NAS, Pensacola, Florida 32508	100
E. H. Marsh (CAPT., USN)	4715 Howe Avenue, Pensacola, Fla. 32504	500
Jay H. Sorensen	4204 N. Clubhouse Drive, Amarilla, Calif. 93010	600
Maurice F. Weisner (ADM., USN)	Qtrs. D, Naval Observatory, Washington, D.C. 20305	200
William D. Howser (ADM., USN)	Qtrs. E, Washington Navy Yard, Washington, D.C. 20390	100
and E. Loux (CAPT., USN)	Qtrs. 41, NAS, Pensacola, Fla. 32508	100
Lovelace	1816 East Moreno Street, Pensacola, Fla. 32503	200
John A. Love	826 Bayshore Drive, Pensacola, Fla. 32507	100
J. C. Harper	908-D North 69th Ave., Pensacola, Fla. 32506	100
Anna D. Butler	407 South 3rd St., Chipley, Fla. 32428	500
Joseph P. Marques	211 South Palafox St., Pensacola, Fla. 32501	100
Robert L. F. Sikes	2215 Hayburn Street, Washington, D.C.	200
C. P. Woodbury	1056 Harbourview Circle, Pensacola, Fla. 32507	17,600
Cleanor G. Woodbury	1056 Harbourview Circle, Pensacola, Fla. 32507	200
William Putnam Woodbury	1056 Harbourview Circle, Pensacola, Fla. 32507	200
Nancy Elaine Woodbury	1056 Harbourview Circle, Pensacola, Fla. 32507	200
Barbara Joan Woodbury	1056 Harbourview Circle, Pensacola, Fla. 32507	200
Marilyn Woodbury	1056 Harbourview Circle, Pensacola, Fla. 32507	200
Charles Putnam Woodbury, III	1056 Harbourview Circle, Pensacola, Fla. 32507	200
Total		35,000

*Lt Col Baker  
697-5342(3)*

*545-6700  
647-5114*

*L 57*

## ATTACHMENT G

THE FOLLOWING IS AN ACCURATE SUMMARY OF MY DISCUSSIONS WITH REAR ADMIRAL CARMODY HELD ON 16 JULY 1975:

I accompanied Admiral Engel to Pensacola and on 2 July 1975, I spoke with a Mr. Lovelace who advised me that his files on the First Navy Bank were on loan to the Public Works Center. I reviewed his file the next day and noted that the handwritten notes in the file RADM Carmody handed me (file entitled Bank of the Blue & Gold) were not in Lovelace's files that I reviewed. I procured a copy of NAVCOMPT letter approving the First Navy Bank. There was no substantive discussion since we did not realize at the time that he was a stockholder.

Admiral Engel and I spoke to Captain Bedell (Ret), President, First Navy Bank, on 2 July 1975. Admiral Tuttle (Ret) was also present. We visited them to procure a list of stockholders which I verified with the stockholders ledgers at the bank (First Navy Bank). Admiral Tuttle appeared to be carrying the ball relating the history of the bank. Questions given to us by Mr. Peniston (ASN(FM)) required that we call at the bank for answers.

The stock certificate issued to Lovelace is dated 13 July. I personally did not interview Captain Long and cannot state if Admiral Engel spoke to him.

I did speak to Commander Brotherton and received the impression from him that the CO NAS Pensacola was told to recommend the First Navy Bank in his letter of 15 June.

Admiral Engel spoke to Admiral Cagle and Admiral Cagle said that he did not buy the stock until after he retired and that he was required to liquidate some real estate holdings to do it. Admiral Engel during his discussions, spoke primarily on the mechanics of purchasing the bank stock. I am not sure if Admiral Engel reduced his conversation to written notes. Admiral Engel spoke to Captain Marsh.

Captain O'Donnell produced several files which I reviewed. I assumed that included among them were the CNET files on the First Navy Bank, and I did not ask specifically for CNET files.

I am of the opinion, after my quick review and based on the material gathered, that there was nothing illegal but things sure were not right. It appears that there was collusion to dispose of the First Florida Bank and to give preference to retired Naval officers.

I understand that the First Navy Bank stock was fully subscribed in April 1972.

I will prepare a memo for Admiral Carmody on the results of the visit Admiral Fogel and I made to Pensacola. The memo will include Admiral Fogel's recommendations. I have shown Admiral Carmody all the documents we procured as a result of our visit.

I do not know Mr. Rubin.

July 31, 1975  
(date)

Klinton B. Hancock  
(signature)

KLINTON B. HANCOCK  
Director, Audit Operations  
(name printed)

Signed: Admiral Fogel  
County of of USA

Before me personally appeared KLINTON B. HANCOCK who after being duly sworn did state that he signed the foregoing instrument on the date indicated and that the statements therein are true and correct to the best of his knowledge and belief.

Robert C. Rehnert  
Dr. J. ZIEMNIK Robert C. Rehnert  
Commander, JAGC, USN

The following is a list of items which I gave to Admiral Carmody or his assistants. The items were procured during my visit with Admiral Engel to NAS Pensacola.

- A - Brief summary of history of establishment of First Navy Bank
- B - Comparison of Proposals offered by the Bank of the Blue and Gold and the Florida First Naval Bank at Pensacola
- C - Articles of Incorporation of First Navy Bank
- D - Listing of First Navy Bank Stockholders
- E - NAVCOMPT ltr of 27 Dec 1965 to CO NAS Pensacola, Subj: Proposed Banking Services at Naval Air Station, Pensacola
- F - Comptroller, NAS Pensacola, ltr of 3 Dec 1969 to CO NAS Pensacola, Subj: Banking Facilities
- G - CAPT W. S. Jett's ltr of 28 Mar 1972 to Mr. Robert D. Blake, President, The Warrington Bank, Subj: Improving the banking facilities at NAS Pensacola
- H - CAPT W. S. Jett's ltr of 28 Mar 1972 to Mr. James C. Robinson, Jr., President, Florida First National Bank, Subj: Improving the banking facilities at NAS Pensacola
- I - Mr. James C. Robinson's (President, Florida First National Bank) ltr of 27 Apr 1972 to CAPT W. S. Jett, Subj: Request and proposal to extend present banking operation
- J - Mr. Robert D. Blake's (President, The Warrington Bank) ltr of 28 Apr, 1972, Subj: Proposals for banking services
- K - CO NAS Pensacola ltr of 5 May 1972 to NAVCOMPT, Subj: Banking services proposals
- L - CAPT W. S. JETT's ltr of 25 May 1972 to Mr. Robert Blake, President The Warrington Bank, Subj: Request for clarification of proposal for establishment of the Bank of the Blue and Gold
- M - CAPT W. S. JETT's ltr of 25 May 1972 to Mr. James C. Robinson, President, Florida First National Bank, Subj: Request for clarification of proposal to expand the banking operations of the Florida First National Bank aboard the NAS Pensacola
- Mc - Mr. Robert D. Blake's ltr of 6 Jun 1972 to CAPT Jett, Subj: Clarification of proposal
- N - Mr. James C. Robinson's ltr of 7 Jun 1972 to CAPT Jett, Subj: Clarification of proposal

## FIRST NAVY BANK STOCKHOLDERS

NAME	ADDRESS	SHARES
AXLINE, Dean I. or Sally H. (RADM)	Qlis. 4, NAS, Pensacola, Fla. 32508	10
BANK OF THE SOUTH Profit Sharing Plan	P. O. Box 3220, 32506	191
BLEULE, Porter I.	37 Star Lake Drive, 32507	2
BIDELL, Porter C. or Betty B.	37 Star Lake Drive, 32507	100
BILLM, Mr. or Mrs. David L.	Route 1 Box 741-B, 32507	
BLAKL, Robert D.	1804 Grundy St., 32507	10
BLAKE, Robert D. or Dully O.	1804 Grundy St., 32507	40
BLAKE, Robert H. III or Frances L.	3905 Lynn Ora Drive, 32504	10
BLANCHARD, Wayne M., III	100 Redwood Circle, Apt. 111, 32506	10
BROSHAMM, H A., JR.	Route 3 Box 700, 32503	20
BROWN, F. Allen	2111 Copley Drive, 32503	20
BUTLER, Alma H. (Miss)	407 South 3rd St., Chipley, Fla. 32428	50
AGLE, Malcolm W. or Virginia L. (VAOM)	4 Star Lake, 32507	150
BYER, William Henry, Jr.	2531 N. Whaley Ave., 32503	
BYER, Rose Marie (Mrs.)	1077 Gerhardt Dr., 32503	2
RONA, Carl I.	926 Fairway Dr., 32057	20
URR, Jimmie H., Jr.	744 80th Ave., 32506	10
JRR, Jimmie H., Jr. or Rebecca A.	744 80th Ave., 32506	20
JRR, Rebecca A.	744 80th Ave., 32506	10
SON, Alma W. (Mrs.)	204 Laura Lane, Gulf Breeze, Fla. 32561	25
SON, Raymond	204 Laura Lane, Gulf Breeze, Fla. 32561	25
PLEY, Isabel P.	203 Baublitts N P., 32507	
RRIS, James or Hazel F. (RADM) (RET)	321 Laguan Vista, Alameda, California 94501	50
PST NAVY BANK Profit Sharing Plan	Naval Air Station, 32508	1184
X, John P. (Capt.)	519 Yester Oaks Circle, Gulf Breeze, Fla. 32561	100
Y, John P. (Capt.)	519 Yester Oaks Circle, Gulf Breeze, Fla. 32561	100
MSLEY, James W.	P. O. Drawer 11, Ft. Walton Beach, Fla. 32548	1
W, H B.	902 Fairway Dr., 32507	1
YAK, James A. or Mary Jo (Capt.)	7 Laura Lane, Gulf Breeze, Fla. 32561	200
SLR, William O. or Betty Lou (VAOM)	Qlis. E, Washington Navy Yard, Washington, D C	100
ES, Raymond H. or Zella W.	1885 Broyhill Circle, Pensacola, Fla. 32506	100
H, J. L.	P. O. Box 230, Pensacola, Fla. 32591	100
HAN, Michael J. or Kathleen	4870 Lacerba Dr., 32506	60
HUY, Jerry R. or M. Tonia	38 Sandalwood St., 32505	100
HERT, Glenn C. or Frances R. (Capt.)	2905 North 20th Ave., 32503	200
HENCE, Mrs. Glenn M.	317 Baublitts Dr., 32507	1
H, R. E. or Barbara B. (Capt.)	Qlis. 41, NAS, Pensacola, Fla. 32508	100
H, Sam A. or May M.	825 Raysmore Dr., 32507	100
H, S. L. or Ruby C.	1816 East Mexico St., 32503	200
H, Barbara Maxim (Mrs.)	46 Manor Dr., 32507	250
H, Donald R.	46 Manor Dr., 32507	250
HFS, Joseph F. or Pauline B.	18-A Via Deluna, Pensacola Beach, Fla. 32561	300
H, Edward H. or Helen J. (Capt.)	415 Howe Avenue, 32504	500
H, Dr. Wallace	901 North 12th, 32501	1
H, Dr. A. J.	411 Navy Blvd., 32507	
H, Jerry Waldo and Laura		

YANKER, Edward J.	C/O Am. Fidelity, 4060 Barrancas Ave., 32507	1
YELLIPS, Kathleen C.	716 North 75th Ave., 32506	50
YELLIPS, Mary B. R D	1515 West Monaco St., 32501 ✓	500
YERICH, Louis Frank dr Eunice S	25 North "1", 32501	1
YARR, George J., Jr.	Suite 215, Professional Bldg., 32501	1
YANTON, Graver, Jr. & Funtleroy	Professional Bldg., 32501	1
YERGEN, Robert L. I.	Route 1, Crestview, Fla., 32536	1400
YORINSON, Jay H. or Doris	4214 N. Clubhouse Dr., Camarillo, California	400
YOUNG, John M. or Carmine A. (RADII)	1004 Polaris Drive, Pt. Mugu, California, 931	500
YUTTER, Magruder H.	55 Star Lake Drive, 32507	100
YUTTER, Magruder H. or Dorothy C.	55 Star Lake Drive, 32507	1100
YULISNER, Maurice F. or Norma H. (ADM)	37 Nakalapa Drive, Honolulu, Hawaii, 96818	200
YOODBURY, Barbara Joan	1056 Harbourview Circle, 32507	200
YOODBURY, Charles P.	1056 Harbourview Circle, 32507	11141
YOODBURY, Charles P., III	1056 Harbourview Circle, 32507	200
YOODBURY, Eleanor G.	1056 Harbourview Circle, 32507	6667
YOODBURY, Marilyn	1056 Harbourview Circle, 32507	200
YOODBURY, Nancy Elaine	1056 Harbourview Circle, 32507	200
YOODBURY, William P.	1056 Harbourview Circle, 32507	200
The Gulf Company	c/o Barnett Bank, P. O. Box 1192, 32595	250

✓ Show name of at original  
 1000 date (1/1/74) with  
 subsequent transactions

10/1/74

10/1/74

- Q - Ltr of Mr. Lowell C. Beasley, Regional Director, FDIC, of 5 Oct 1973 to Mr. Porter F. Bedell, Senior Vice President, Bank of the South, Subj: First Navy Bank, NAS Pensacola
- P - CO NAS Pensacola ltr of 22 Jan 1975 to CAPT Porter F. Bedell, USN (Ret) President, First Navy Bank, Subj: Proposed agreement between NAS Pensacola and the First Navy Bank
- Q - Porter F. Bedell, President, First Navy Bank, ltr of 3 Jun 1975 to Mr. Charles F. Schwan, Director, Domestic Banking Staff, Department of the Treasury, Subj: Statistical illustration of the cash First Navy Bank is required to purchase for Naval agencies and individuals stationed at NAS Pensacola
- R - Porter F. Bedell, President, First Navy Bank, ltr of 3 July 1975 to Admiral Engel, Subj: Taxes, provision of free money for the government, and allotment forms being signed at the bank
- S - Porter F. Bedell, President, First Navy Bank, ltr of 3 July 1975 to Admiral Engel, Subj: Information relating to the First Navy Bank inquiry

## ATTACHMENT H

Excerpts of Record of Interview of RADM Carmody and CAPT E. H. MARSH, II, CEC, USN (Ret) (CDR D. J. Ziemniak present) of 24 July 1975

CAPT MARSH: Captain, and I was Director of the Naval Education and Training Branch of the Southern Division of the Naval Facilities Engineering Command.

CDR ZIEMNIAK: Where was it located?

CAPT MARSH: Pensacola.

CDR ZIEMNIAK: How long were you in that role?

CAPT MARSH: August, well actually September of 1971 'till 30 June 1974.

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CAPT MARSH: Well, if the Admiral hadn't brought it up, I tried to check this back in my bank record and I must have cashed a certified check out of a savings account, because I couldn't even track it down. So it would be April of '73.

CDR ZIEMNIAK: Do you recall when you paid for the stock, simultaneously subscribing and paying for it at the same time?

CAPT MARSH: No, there was some lag in there, and how much I don't remember.

CDR ZIEMNIAK: How much did you pay for the stocks?

CAPT MARSH: \$7,500.

CDR ZIEMNIAK: How many shares?

CAPT MARSH: 500.

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CDR ZIEMNIAK: Did you submit - first of all let me ask are you familiar with Form DD1555 which is the one governing financial interests to be reported to the authorities if you're in a position of conflict? It is an instruction on the Standards of Conduct issued by DOD.

CAPT MARSH: Which I thought was obsolete.

CDR ZIEMNIAK: Why did you think it was obsolete?

CAPT MARSH: Well, I submitted one back in, when they came out with it, I think in '69.

CDR ZIEMNIAK: '67.

CAPT MARSH: Whatever. And then a couple of years later, they cancelled the requirement.

CDR ZIEMNIAK: They cancelled the requirement to file the form?

CAPT MARSH: As far as I know.

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CAPT MARSH: I don't think that I provided any advice to the bank to the best of my recollection. I did when they were having trouble getting the paper work through Charleston, I made a phone call to Charleston to find out where it was and I may have called Washington on the same thing, but it was a routine thing that I did for everybody all the time, this was I think before I was a shareholder or even knew about it, but I

ADM CARMODY: Well; we are trying to ascertain whether in the course of events whether you are sure or not did you do something to assist in the or facilitating the bank getting going.

CAPT MARSH: Not if you consider trying to find out where paperwork is hung up, then I assisted.

-----

ADM CARMODY: We have a note here that says "Captain Call requests we hold any action in this matter pending information from Captain Marsh. Captain Marsh and Admiral Cagle are up to speed on this matter." I gather from this that you were a consultant or an advisor to Admiral Cagle on matters pertaining to the First Navy Bank in the July 1973 time frame, subsequent to your becoming a stockholder. This would indicate that you and Cagle were in consultation on the matter of extending this lease. Do you recall?

CAPT MARSH: Yes, I remember. I don't know whether you'd call it consultation or not. Now, I don't recall the specifics of why the short-term lease was taken in the beginning. But Porter Redell went to Cagle, who came to me and asked me to call -- Ed Paul, I guess -- to see if the lease couldn't be extended. There was some deal where there were two different legal possibilities for the duration of the lease, and obviously they wanted the longer lease in order to decrease the amortization. But I didn't attempt to influence that. I just passed the word.

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RADM CARMODY: Do you recall the nature of the information? I'm not saying it was anything specific, but it was what they're doing.

CAPT MARSH: Yes. It was on, on expediting the lease.

RADM CARMODY: Okay.

CAPT MARSH: They needed the lease by such and such a time in order to get the construction underway. And I think, as I recall, they had a committed date already, as 1 October in order to go into business. But it was nothing more than pushing the papers.

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CAPT MARSH: Well, I think I can safely say I had nothing to do with trying to get it put through. If I was involved, it was strictly --

RADM CARMODY: As a conduit.

CAPT MARSH: -- as a conduit.

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CAPT MARSH: -- on the financial aspects and I don't remember much about those things. One item I do remember specifically, where they asked me to either help out, and I didn't.

RADM CARMODY: Who's they?

CAPT MARSH: Porter and Chris Cagle. They were trying to get for the bank, Porter was, approval of a transformer bank that was substandard. It was substandard according to NAVFAC requirements. And all I, I, they asked me to get into it and I didn't really except to ask the Public Works Center to review what they submitted, if it met the requirements, fine. But I was real careful about that one, because I think at that time I, I was involved with the bank.

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Excerpts of recording of interview between Admiral Carmody and Mr. Samuel L. Lovelace (CDR D. J. Ziemniak present) of 23 July 1975

MR. LOVELACE: Samuel L. Lovelace and I am the Facilities Management Director in the Facilities Management Office, working directly for the Commanding Officer of the Naval Air Station, Pensacola, Florida.

CDR ZIEMNIAK: How long have you been in this position, sir?

MR. LOVELACE: Almost ten years, will be next month.

CDR ZIEMNIAK: Mr. Lovelace, the information that we've received indicates that there might be some misconduct, not that we are saying there was, but there may be and because of that I would like to read you the warning that I've written up for you.

"Mr. Lovelace, the Inspector General is charged by the Chief of Naval Operations to investigate all the circumstances surrounding the establishment and selection of the Blue and Gold Bank now called the First Navy Bank and generally to review any possible involvement of Naval personnel, both military and civilian, to determine if the conduct of any such personnel was improper. Information has been discovered that you are a stockholder in the First Navy Bank and were a stockholder when you, as an agent of the Government, were conducting negotiations with the First Navy Bank. Such conduct appears to be improper and may be a violation of U. S. Code. You may, if you desire, consult with your attorney or anyone you desire and you may terminate this interview at any time that you desire."

Do you have any questions, sir?

MR. LOVELACE: The time frame of my owning --

CDR ZIEMNIAK: No, I'm sorry, any questions on what I just told you?

MR. LOVELACE: No, I understand what you say there, but I think it ought to be put in perspective.

CDR ZIEMNIAK: We will. I am just telling you what we have in case you would like to consult with anybody, you may. And we'll go through all this --

MR. LOVELACE: No, I don't have anything to hide in anything I've done.

CDR ZIEMNIAK: Okay, fine, and you have no questions on the warning?

MR. LOVELACE: Not on the warning itself other than the context of it and the timing --

RAMM CARMODY: We'll straighten out the timing in our questions.

CDR ZIEMNIAK: That is the whole purpose of the interview, that is why we have you here, sir, because we have this information and we would like to talk to you about it.

MR. LOVELACE: I understand that.

CDR ZIEMNIAK: Mr. Lovelace, where were you stationed or what position did you have when you first heard of the Blue and Gold Bank or First Navy Bank?

MR. LOVELACE: In my present position.

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MR. LOVELACE: . . . My office is entirely responsible for the real estate end of it, the license or lease, this sort of thing, the site selection, and this kind of a thing, and not getting involved in the banking facility.  
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MR. LOVELACE: In 1973, it was in late March or early April. They later sent me a letter to the effect -- sometime in April of '73 -- to the effect that it was ready for me to send in my check for the purchase of it.

CDR ZIEMNIAK: How much did you pay for the stock?

MR. LOVELACE: I paid \$15 a share, 200 shares, and I got my stock in July.

CDR ZIEMNIAK: When did you pay for the stock?

MR. LOVELACE: In April of 1973.

CDR ZIEMNIAK: And you got your certificate in July you say?

MR. LOVELACE: In July.

CDR ZIEMNIAK: Are you familiar with the Department of Defense regulations on owning stock and conflict of interest in your dealing as a Government agent with the industry in which you own stock?

MR. LOVELLACE: No.

CDR ZIEMNIAK: What GS rating did you have at the time you purchased the stock?

MR. LOVELLACE: A 13.

CDR ZIEMNIAK: Then you are not familiar with the Form DD 15557

MR. LOVELLACE: I never heard of it.

CDR ZIEMNIAK: So it would be fair for me to assume you never filed that form indicated?

MR. LOVELLACE: I did not, no, I've never heard of the form until you just mentioned, first ever.

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RADM CARMODY: But during the March-April time frame, you were still in negotiation of a lot of little nuances of the lease.

MR. LOVELLACE: Yes.

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MR. LOVELLACE: If you look on this side, you will find some correspondence from Fisher Brown with the insurance people. On that particular subject I got in touch with Porter verbally on the thing and the insurance people in making up these endorsement forms have a lot problems in getting the -- somebody who is strictly an agent type firm like Fisher Brown, has a little bit of trouble getting the power of attorney in order to make one of those endorsements. So they wrote that letter that you saw there indicating they were working on it.

-----  
MR. LOVELLACE: I did it verbally on the thing, Admiral, but this is problem. I wasn't getting an answer back so that is why I wrote that letter to document the thing. He had previously told me that Fisher Brown was working on it. I see what it looks like and I am sorry --

-----  
MR. LOVELLACE: Until this thing started off, I did not know Bob Blake at all.

RADM CARMODY: But after you did know him?

MR. LOVELACE: He was in the initial negotiating and the letter-writing because all the correspondence came from the Warrington Bank initially, asking for a new president of the Warrington Bank.

RADM CARMODY: Why did you deal with Porter Bedell if he was negotiating the lease? Was he a member of the Warrington Bank at this time? I thought he was a member of the Bank of the South? Aren't we getting our banks mixed up here?

MR. LOVELACE: Admiral, I can't tell you who owned those five banks. There are five banks --

RADM CARMODY: Yes, but the point that I am making is there was the Warrington Bank that made the submission and they were the people ostensibly up the line who were doing the work, and I am just curious why it's Bedell sometimes, it's Blake sometimes.

MR. LOVELACE: I agree. After the first draft of that lease was sent to the Warrington Bank, I personally delivered it to the Warrington Bank, and Porter Bedell was there at the time. Subsequent to that time, the correspondence apparently was in their own organization. He was selected to be the president of it and from there on --

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MR. LOVELACE: SOUTHDIVNAVFAC is the engineering field division for this district and as such are the ones that actually do the leasing themselves. We only get data together on it. When our data doesn't conform to their standards on it, they come back to me to get it straightened out and get it in line with something that can be accepted.

CDR ZIEMNIAK: Would you say it is a fair description then that you are merely a gatherer of information and forward it on?

MR. LOVELACE: Yes.

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MR. LOVELACE: I don't have any other answer really, when it gets right down to it, because there was never an ulterior motive in my mind at all on this thing or being persuaded by anybody with the ultimate idea of getting any gain at the end of it. My code of ethics wouldn't let me.

RADM CARMODY: I'll accept that. But were you looking after someone else's interests.

MR. LOVELACE: No, sir. After it was once established that they were going to be the bank here, mine was one of just executing or being the conduit to execute.

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1. Did you ever sit on the Board of the ~~Blue and Gold~~ ~~First Navy Bank?~~

7115 P

2. Did you ever sit on the Board of the ~~Blue and Gold~~ ~~First Navy Bank?~~

I don't know. Believe my first knowledge was an

3. On what date did you attempt to purchase stock in the ~~Blue and Gold~~ ~~First Navy Bank?~~ article in

I was not solicited but asked about purchasing stock. My contact was Magnolia Tuttle. H. Penn. Journal.

4. Who solicited your purchase?

NO ONE

5. When did you attempt to buy your stock?

Over 2 yrs ago About March 1973

6. When did you pay for your stock?

when I received the bill on April 23, 1973

7. When did you receive your stock?

3 mos after the stock certificate was sent

8. How much did you pay for your stock?

15.00 a share (\$1500.00 / 100)

9. Did you submit a DD Form 1555 listing First Navy Bank stock? To whom?

NO

10. Did you in any way render any assistance/services toward the establishment of the ~~Blue and Gold~~ ~~First Navy Bank?~~

NO

11. Did you receive any findings from in connection with the establishment of the ~~Blue and Gold~~ ~~First Navy Bank?~~

NO

12. ~~Do you feel your position could influence the decision to select the~~  
~~First Navy Bank over the First Florida National Bank?~~

*NO*

13. Do you feel your position could have influenced the decision to select  
~~the First Navy Bank?~~

*NO*

14. Do you know any other facts material to this matter that should be  
brought forward at this time?

*I bought stock to make money. It looked like a good investment and still does. Unfortunately it has not paid any money yet nor has it increased in value.*

*21 July:*

*R. E. LOUX*  
(Signature)

*R. E. LOUX*  
(Name printed)

State of *Florida*

County of *Escambia*

Before me personally came and appeared *R. E. LOUX*  
who after being duly sworn did state that he signed the foregoing instrument  
on the date indicated and that the statements therein are true and correct to  
the best of his knowledge and belief.

*R. D. Davidson*  
Notary Public  
Notary Public State of Florida at Large

*1973 10*

## QUESTIONNAIRE

1. What were you doing when you first heard of the Blue and Gold/First Navy Bank? Staff, Chief of Naval Material, Navy Department, Washington, D. C. (Reported May 1972)

2. How did you first hear of the Blue and Gold/First Navy Bank?

Mr. Don Hair, Vice-President, Bank of West Florida who was on two weeks of active duty in Naval Headquarters.

3. What did you do when you were solicited to purchase stock in the Blue and Gold/First Navy Bank? Solicited is not an accurate word. I was told by Mr. Hair, a personal friend, that stock in the new bank may be available and if I was interested he would look into it for me. This was in August 1972.

4. Who arranged your purchase? Again, solicited is inaccurate. Mr. Hair arranged the purchase for me through Captain Bedell. It was my desire to make what I considered a good investment.

5. How did you describe for your stock? 23 April 1973 (See enclosure (1))

6. How did you describe for your stock? 23 April 1973 (See enclosure (1))

7. When did you receive your stock? 23 July 1973 (See enclosures (2) & (3))

8. How much did you pay for your stock? \$15.00 (FIFTEEN DOLLARS) per share. Total \$7500 (SEVENTY-FIVE THOUSAND DOLLARS). (See enclosure (2))

9. Did you submit a DD Form 1552 listing First Navy Bank stock? To whom? I believe so. Rear Admiral Freeman recalls seeing it in my disclosure sheet for a SSAC clearance. (RADM Freeman then MAY 02)

10. Did you in any way render any assistance/services toward the establishment of the Blue and Gold/First Navy Bank? NO

11. Did you receive any finders fees in connection with the establishment of the Blue and Gold/First Navy Bank? NO

- 12. Were you ever in a position to influence the decision to select the Blue and Gold/First Navy Bank over the First Florida National Bank? NO
- 13. Do you feel your position could have influenced the decision to select the Blue and Gold/First Navy Bank? NO
- 14. Do you know any other facts material to this matter that should be brought forward at this time? NO

22 July 1975

(date)

*John M. Thomas*  
 (signature)

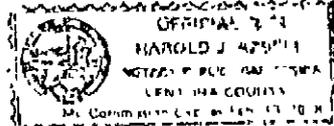
John M. Thomas

(name printed)

State CALIFORNIA

County of VENTURA

I, the undersigned, personally came and appeared John M. Thomas  
 who being duly sworn did state that he signed the foregoing instrument  
 and that the statements therein are true and correct to  
 the best of his knowledge and belief.



*Harold J. Smith*  
 Notary Public

8/8  
67

QUESTIONNAIRE

- ... of the Blue and Gold*
1. At what time you stationed when you the Blue and Gold? *I had been retired about 7 months and was working in the ... business. I retired 7/1/72*
  2. How did you first hear of the Blue and Gold/First Navy Bank? *From ... Mr. Tittle who was in the same real estate business*
  3. At what date were you solicited to purchase stock in the Blue and Gold/First Navy Bank? *Does not recall. I asked ... Tittle, who was a friend of the ... of my ... was a ... for purchase*
  4. Who solicited your purchase? *About one month later ... Tittle informed me that Mr. ... said I could purchase 400 shares.*
  5. At what time you subscribe for your stock? *At that time 12/173 I did not have sufficient funds available but asked if my children could ...*
  6. When did you pay for your stock? *December 1973. Then the ... of the ... account. Then ... 12/173.*
  7. When did you receive your stock? *Both children received their stock on 9/13/73*
  8. How much did you pay for your stock? *They paid 15<sup>th</sup> share at 1500 ea. for 1000 ea.*
  9. Did you submit a DD Form 1555 listing First Navy Bank stock? To whom? *No. I don't own any stock in the ...*
  10. Did you in any way render any assistance or services toward the establishment of the Blue and Gold/First Navy Bank? *No. I was never asked - several months after the ... of ... full-service ... needed in the ...*
  11. Did you receive any finders fees in connection with the establishment of the Blue and Gold/First Navy Bank? *No. I replied in the affirmative*

12. Were you ever in a position to influence the decision to select the Blue and Gold/First Navy Bank over the First Florida National Bank? *No.*

13. Do you feel your position could have influenced the decision to select the Blue and Gold/First Navy Bank? *No - I was not an active duty. and my position at time of retirement as head of a Staff Group would be hard*

14. Do you know any other facts material to this matter that should be brought forward at this time?

*Yes. when I was an active duty I know of no effort to establish another bank if such effort had been previously made I did not know of it. I worked with the 1st Marine and 3rd Airborne, I have no account with the First Navy Bank nor in my children.*

\_\_\_\_\_  
(date)

*John P. Fox* (over)  
\_\_\_\_\_  
(signature)

*21 July 1970*

*John P. Fox*  
\_\_\_\_\_  
(name printed)

Date of \_\_\_\_\_

Name of \_\_\_\_\_

John P. Fox

I hereby certify that the foregoing instrument is the one indicated and that the statements therein are true and correct to the best of my knowledge and belief.

6  
7  
8  
9  
10

*John P. Fox*

## QUESTIONNAIRE

3. How did you become involved when you first heard of the Blue and Gold?  
 I saw a check

4. Who is the Chief of Naval Operations, Washington, D.C.

5. How did you become involved with the Blue and Gold/First Navy Bank?

VADM Cagle

6. On what date were you contacted to purchase stock in the Blue and Gold/First Navy Bank? I do not consider that I was "solicited" to purchase stock in the bank. I was advised of the availability of stock in the Winter/Spring of 1973 in conversation with VADM Cagle. Subsequently, in April 1973, I received a letter from RADM Tuttle (Retired) which offered me 200 shares in the bank.

7. Who solicited your purchase?

See answer to #3 above.

8. When did you subscribe for your stock?

30 April 1973

9. When did you pay for your stock?

3 May 1973 by check.

10. When did you receive your stock?

Approximately 18 August 1973

11. How much did you pay for your stock?

\$3,000.00 for 200 shares.

12. Did you submit a DD Form 1555 listing First Navy Bank stock? To whom?

Yes - to CNO.

13. Did you in any way render any assistance/services toward the establishment of the Blue and Gold/First Navy Bank?

No

14. Did you receive any finder's fees in connection with the establishment of the Blue and Gold/First Navy Bank?

No

12. Do you ever in a position to influence the decision to select the Blue and Gold/First Navy Bank over the First Florida National Bank?

No

13. Do you feel your position could have influenced the decision to select the Blue and Gold/First Navy Bank?

No

14. Do you know any other facts material to this matter that should be brought forward at this time?

See attached sheet.

23 July 1975

(date)

  
(signature)

M. F. WEISNER

(name printed)

State of Hawaii

County of Honolulu

Before me personally came and appeared M. F. WEISNER who after being duly sworn did state that he signed the foregoing instrument on the date in/therein and that the statements therein are true and correct to the best of his knowledge and belief.

  
(Notary Public)

U.S. MARINE CORPS, USMC, USN, 5939 14/2300,



1. On what date and at what time did you first hear of the Blue and Gold/First Navy Bank?

10/10/73, Staffley Field as Commander, Training Air Wing Seven.

2. How did you first hear of the Blue and Gold/First Navy Bank?  
I recall specifically. In early 1973 (about February as I recall), I was at the building being constructed aboard NAS, Pensacola and later asked someone about the building. I was told it was to be a new bank.

3. On what date were you solicited to purchase stock in the Blue and Gold/First Navy Bank?

I was never solicited to purchase stock in the bank.

4. Who solicited your purchase?

No one.

5. When did you subscribe for your stock?

In late December 1974 after I became an employee of the bank.

6. When did you pay for your stock?

January 6, 1975

7. When did you receive your stock?

January 9, 1975

8. How much did you pay for your stock?

\$3,450.00 (200 shares at \$17.25 a share)

9. Did you submit a DD Form 1555 listing First Navy Bank stock? To whom?

No

10. Did you in any way render any assistance/services toward the establishment of the Blue and Gold/First Navy Bank?

Absolutely not.

11. Did you receive any finders fees in connection with the establishment of the Blue and Gold/First Navy Bank?

No

12. ... you ever in a position to influence the decision to select the Blue and Gold/First Navy Bank over the First Florida National Bank?  
No

... feel your position could have influenced the decision to select the Blue and Gold/First Navy Bank?  
No

14. Do you know any other facts material to this matter that should be brought forward at this time?  
Please see reverse side.

July 22, 1975  
(Date)

*Glenn E. Lambert*  
(Signature)

Glenn E. Lambert  
(Name printed)

State of Florida  
County of Escambia

Before me personally came and appeared Glenn E. Lambert  
who after being duly sworn did state that he signed the foregoing instrument on the date indicated and that the statements therein are true and correct to the best of his knowledge and belief.

*John Kennedy*  
(Notary Public)

NOTARY PUBLIC STATE OF FLORIDA  
BY COMMISSION EXPIRES SEP 23 1978

*JK*

00  
22 July 1975

MEMORANDUM FOR THE RECORD

Subj: Telephone conversations with various Naval Officers stockholders  
in the First Navy Bank, NAS Pensacola, Florida

1. On Tuesday, 1 July 1975, while on a routine field visit to the Naval Audit Site at NAS Cherry Point, NC, I was directed by Mr. Gary Peniston, ASN(EN), to change my planned itinerary and proceed to NAS Pensacola, FL, to informally inquire into allegations made in the Washington Post that Mr. Robert L. F. Sikes and a number of senior Naval Officers were the owners of the First Navy Bank, NAS Pensacola.

2. I was directed to contact the Naval Officers and ask the following questions.

a. Do you now or have you ever owned stock in the First Navy Bank, formerly the Bank of the Blue and Gold?

b. When did you obtain it?

c. What was the source from which you obtained it?

d. What was the price paid?

e. Did you submit a statement of financial interest, DD 155?

f. Was the stock listed on the statement (if above)?

3. In addition, I was to inquire concerning the type and degree of solicitation utilized in the marketing of the bank's stock.

4. The first step taken in the pursuance of this assignment was to visit the office of Mr. Porter Bedell (CAPT USN (Ret)), President of the First Navy Bank. Mr. Bedell provided a listing of all stockholders of the bank and made the stock register available for inspection. These papers provided answers which were immediately relayed to the ASST(EN) by phone.

5. The following officers were contacted by phone concerning their participation in the capitalization of the First Navy Bank:

VAJG Bill O'Neil, USN (Ret)  
 LCDR Don A. King, USN (Ret)  
 RADM Jim L. Lewis, USN (Ret)  
 VADM Jack H. O'Connell  
 CAPT John Fox, USN (Ret)  
 CAPT Jim Bernal, USN (Ret)  
 CAPT Glenn Landrum, USN (Ret)  
 CAPT Ray Voss, USN (Ret)

The ASN(PM) instructed me not to speak to VADM Wetsner and Hunter since he was going to do that. Although several attempts were made to contact RADM Thomas, USN, and CAPT Ed Burch, USN (Ret), mine were successful.

6. Each of the officers contacted confirmed their respective ownership in stock of the First Navy Bank and the date of acquisition recorded in the bank register. RADM Kente stated that he had a check stub dated 4/20/74 for his purchase but that the stock was not issued until July 1973. The initial price was confirmed by all to be \$15.00. RADM Ferris reported that he had sold 500 shares for about \$7800 which amounted to a 62% profit on investment (this transaction was properly recorded in the register). VADM Gagle purchased his shares from RADM Tuttle for \$15.00/share plus the cost of interest from the date of original issuance to the date of sale. RADM Tuttle stated that he had purchased his shares on borrowed money and as the prime rate escalated he needed to liquidate a portion of his shares and reinvest the capital. CAPT Fox and Lambert invested well after retirement. All indicated that they had not executed the DD 1554 in fact. Without exception there was no knowledge of the form or its intent. There was also a uniform response with respect to solicitation. It is apparent from the conversations held that buyers sought out bank officials to purchase stock vice the opposite.

7. No conclusions have been drawn from the information derived on this assignment. The data has been provided as directed to the ASN(PM).

8. During the period of visit to Pensacola, Messrs. Simmons and Hancock of the Naval Audit Service Headquarters conducted research in the fund files and interviewed Mr. Sam Lovelace. CDR Carl Brotherton, SC, USN, was interviewed by all three of us. A separate memo for the record covers this part of the investigation.

PAUL H. GAGLE

## ATTACHMENT I

(2 STAT.) 80TH CONG., 2D SESS.—CHS. 812, 813—JULY 2, 1948

1229

quently allowed by the court for the subsurface, when added to any value previously allowed by the court for the surface, shall not exceed the court's determination of the value, if any, of the land, surface, and subsurface, valued as a whole. The parties may compromise or settle in whole or part claims for any of the surface or subsurface values involved, and any settlement or compromise shall be reduced to a separate judgment. The services rendered by the attorney or attorneys in obtaining any judgment shall constitute a separate employment and undertaking involving a single set of services and the court shall award separate compensation for the services rendered in obtaining each separate judgment. Nothing in this Act shall be construed to reduce or increase fees payable to counsel in accordance with their duly approved and executed contracts or to preclude their continued representation in any case until paid; nor, with respect to any judgment hereunder, shall this amendment impair or limit any claim, right, defense, or offset otherwise applicable."

Approved July 2, 1948.

Attorneys' fees.

[CHAPTER 813]

## AN ACT

To authorize the Secretary of the Army to sell and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States in and to a portion of Santa Rosa Island, Florida, and for other purposes.

July 2, 1948  
[P. L. 80-325]  
[Public Law 556]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Army is authorized to convey, subject to the limitations and conditions hereinafter enumerated and such others as he may prescribe, to Okaloosa County, State of Florida, for recreational purposes, all right, title, and interest of the United States in and to all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida, except for a strip of land six hundred feet wide (three hundred feet east and three hundred feet west from center line of road leading to radar site "Dick"), extending from Highway 98 to the mean low water level of the Gulf of Mexico, and two miles west from said bridge, and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands), said property being under the jurisdiction of the Department of the Army. Such conveyance shall be made upon payment by said county of a sum which shall be fifty per centum of the fair value of the property conveyed, based upon the highest and best use of the property at the time it is offered for sale regardless of its former character or use, as determined by the Secretary, less such portion of the price originally paid by said county for said island, prior to its conveyance to the United States, as the Secretary shall determine to be fair and equitable. The deed of conveyance of said property by the Federal Government will contain the following limitations and restrictions:

Okaloosa County,  
Fla.  
Conveyance.

Payment by county.

Limitations and restrictions.

a. That said property shall be used only for public recreational purposes.

b. That climb-proof, chain-link fences eight feet in height, with three strands of barbed-wire (three barbs) at the top, together with necessary gates, be constructed by and at the expense of Okaloosa County, its successors or assigns, one at the westerly limit of area conveyed, and a second surrounding the immediate area of radar site "Dick", the fence erected at the westerly limit to be maintained by Okaloosa County and the fence erected around radar site "Dick" to be maintained by the Department of the Army.

c. That the Federal Government reserves the free right of ingress and egress in, on, and over the above-described property to other Federal Government property.

d. That the Federal Government reserves an avigation easement in perpetuity, prohibiting the erection of any structure or obstacle in excess of seventy-five feet above mean low-water level within the area to be conveyed.

e. That in the event of a national emergency the United States of America, acting through the Secretary of the Army, shall have the right to take over from Okaloosa County, its successors or assigns, complete control and operation of the property herein described for such use and for such length of time as the emergency shall require, in the discretion of the Secretary of the Army; without rental or other charge as far as Okaloosa County is concerned but subject to all valid existing private rights in and to the said property or any part or parts thereof: *Provided*, That just compensation shall be given to the owners, lessees, or other persons interested for the taking of control or operation of, or rights in, improvements of said property.

f. That cost of any surveys that will be necessary in connection with the conveyance of said land shall be borne by the county of Okaloosa, its successors or assigns.

g. The public recreational purposes provided for herein shall include the erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, night clubs, and other enterprises and usages usual to beach resorts and resort housing developments.

**Use of property**

Sec. 2. The property herein described shall be retained by the said Okaloosa County and shall be used by it only for such public recreational purposes as it shall deem to be in the public interest or be leased by it from time to time, in whole or in part or parts to such persons and only for such public recreational purposes as it shall deem to be in the public interest and upon such terms and conditions as it shall fix and always to be subject to regulation by said county whether leased or not leased, but never to be otherwise disposed of or conveyed by it: *Provided*, That nothing herein shall prevent the said county from conveying the said property back to the Federal Government, or, subject to the limitations and restrictions hereinbefore indicated, to the State of Florida or any agency thereof; any such conveyance to be subject to all valid rights of third parties then existing or outstanding.

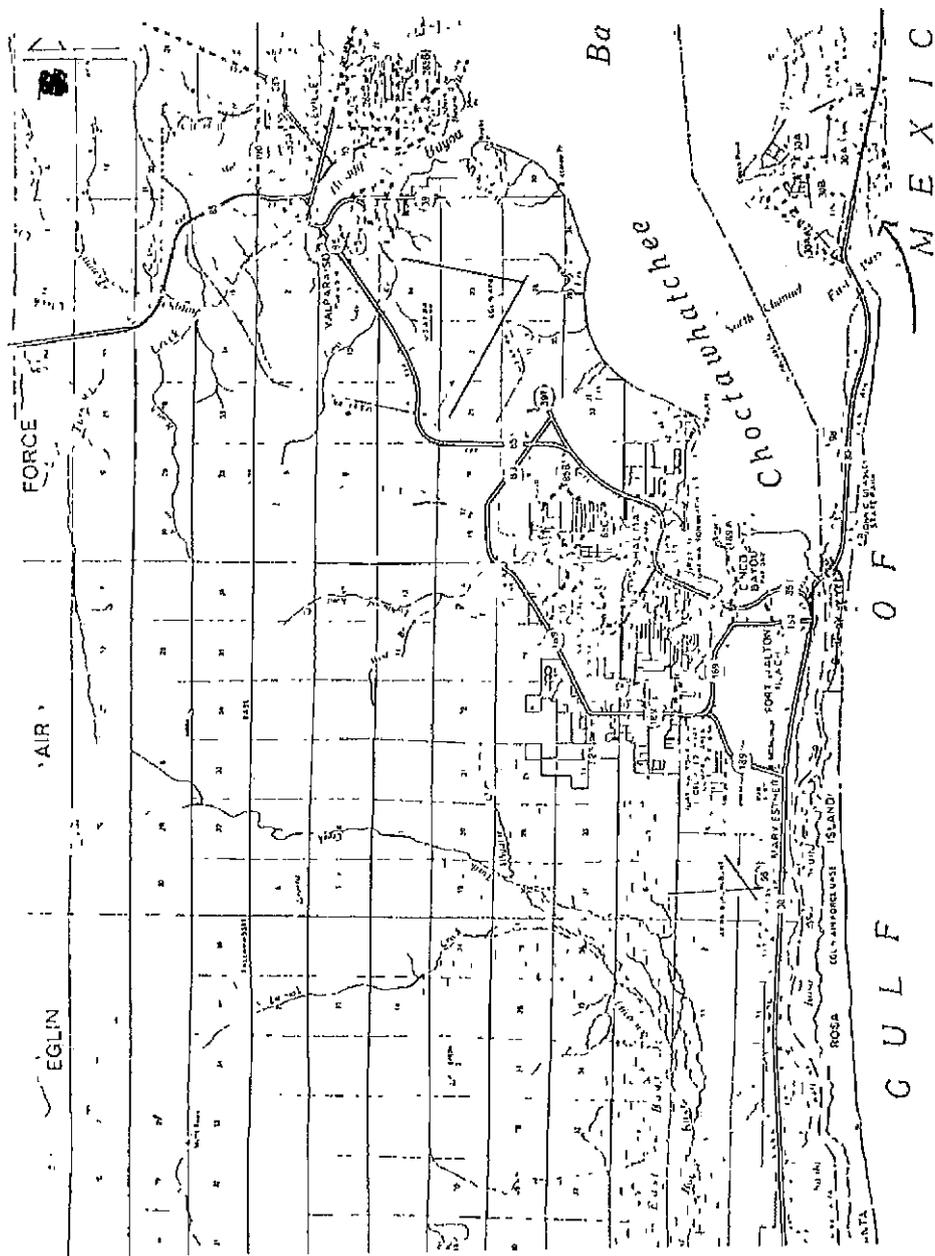
**Reversion to U. S.**

Sec. 3. In the event that the land conveyed pursuant to this Act shall be used for any purpose other than for public recreational purposes as herein defined, or shall cease to be used for such purposes, title to said land shall revert to the United States. The county of Okaloosa shall be obligated to require compliance with all of the other restrictions and limitations enumerated in this Act. And the said county shall, in all its leases of the said property, or part, or parts thereof, provide that in the event of a failure on the part of the lessee or lessees, heirs, successors, or assigns, to comply with such restrictions and limitations, all the rights, titles, and interests of such noncomplying lessee or lessees, heirs, successors, or assigns shall be forfeited, and shall revert to the county of Okaloosa to be held subject to the terms and provisions of this Act.

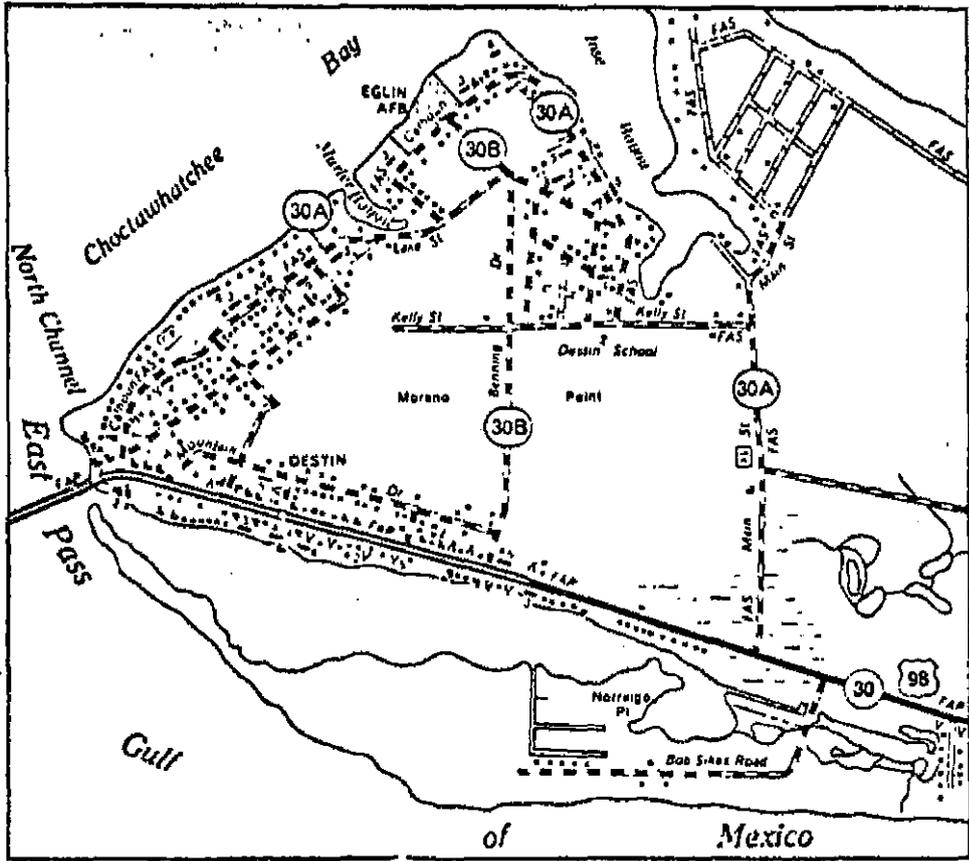
Sec. 4. It is herein provided that the above-described lands are subject to valid existing rights, including those arising out of a lease granted to the Island Amusement Company by Escambia County, Florida, on September 10, 1929, and subsequently modified.

Approved July 2, 1948.

ATTACHMENT J



General Legend



INSET 'G'  
 R 22 W, R 23 W - T 2 S  
 0 01 02 03 04 05 MILE

FRONT WALTON BEACH

## ATTACHMENT K

752. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year 1917 in the amount of \$200,000 for the Federal Works Agency (H. Doc. No. 295); to the Committee on Appropriations and ordered to be printed.

753. A communication from the President of the United States, transmitting deficiency estimates of appropriation in the amount of \$183,282.06 and supplemental estimates of appropriation for the fiscal year 1947 in the amount of \$12,000; in all, \$195,282.06; for the District of Columbia (H. Doc. No. 296); to the Committee on Appropriations and ordered to be printed.

754. A communication from the President of the United States, transmitting a deficiency estimate of appropriation for the fiscal year 1942 in the amount of \$62 50, together with drafts of proposed provisions pertaining to existing appropriations, for the Department of Justice (H. Doc. No. 297); to the Committee on Appropriations and ordered to be printed.

755. A communication from the President of the United States, transmitting a revised estimate of appropriation for the fiscal year 1947 involving a decrease of \$400,000 for the Department of Justice (H. Doc. No. 298); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. REEVES: Committee on the Judiciary. S. 605. An act to reimburse certain Navy personnel and former Navy personnel for money stolen or obtained through false pretenses from them while they were on duty at the United States naval training station, Farragut, Idaho; without amendment (Rept. No. 537). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 597. An act to provide for the protection of forests against destructive insects and diseases, and for other purposes; without amendment (Rept. No. 538). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CRAVENS: Committee on the Judiciary. S. 254. An act for the relief of the legal

guardian of Glenna J. Howrey; with an amendment (Rept. No. 520). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. S. 361. An act for the relief of Alva R. Moore; without amendment (Rept. No. 521). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. S. 423. An act for the relief of John. B. Barton; without amendment (Rept. No. 522). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. S. 425. An act for the relief of Col. Frank R. Loyd; without amendment (Rept. No. 523). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. S. 620. An act for the relief of Mrs. Ida Elma Franklin; without amendment (Rept. No. 524). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. S. 664. An act for the relief of Mr. and Mrs. Edward H. Jaenhart; without amendment (Rept. No. 525). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 431. A bill for the relief of the Columbia Hospital of Richland County, S. C.; without amendment (Rept. No. 526). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 645. A bill for the relief of Ben. W. Colburn; with an amendment (Rept. No. 527). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 988. A bill to confer jurisdiction upon the District Court of the United States for the Western District of Kentucky to hear, determine, and render judgment upon the claims of certain property owners adjacent to Fort Knox, Ky.; without amendment (Rept. No. 528). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 1737. A bill for the relief of Owen R. Brewster; without amendment (Rept. No. 529). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 1800. A bill for the relief of David Hickey Post, No. 235, of the American Legion; with an amendment (Rept. No. 530). Referred to the Committee of the Whole House.

Mr. CRAVENS: Committee on the Judiciary. H. R. 1930. A bill for the relief of the Growers Fertilizer Co., a Florida corporation; without amendment (Rept. No. 531). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. H. R. 2056. A bill for the relief of J. C. Bateman; with an amendment (Rept. No. 532). Referred to the Committee of the Whole House.

Mr. SPRINGER: Committee on the Judiciary. H. R. 2306. A bill for the relief of Myrtle

Ruth Osborne, Marion Walts, and Jessie A. Walts; with amendments (Rept. No. 533). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 2399. A bill for the relief of Joseph W. Beyer; with an amendment (Rept. No. 534). Referred to the Committee of the Whole House.

Mr. REEVES: Committee on the Judiciary. H. R. 2434. A bill for the relief of Ruth A. Hainston; with an amendment (Rept. No. 535). Referred to the Committee of the Whole House.

Mr. JENNINGS: Committee on the Judiciary. H. R. 2607. A bill for the relief of the legal guardian of George Wesley Hobbs, a minor; without amendment (Rept. No. 536). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDREWS of Alabama:

H. R. 3730. A bill to amend section 20 (12) of the Interstate Commerce Act with respect to recourse, by an initial or delivering carrier, against the carrier on whose line loss of, or damage or injury to, property is sustained, on account of expense incurred in defending actions at law; to the Committee on Interstate and Foreign Commerce.

By Mr. D'EWART:

H. R. 3731. A bill authorizing modifications in the repayment contracts with the Lower Yellowstone Irrigation District No. 1 and the Lower Yellowstone Irrigation District No. 2; to the Committee on Public Lands.

By Mr. FOGARTY:

H. R. 3732. A bill to provide a Federal old-age pension for the needy aged; to the Committee on Ways and Means.

By Mr. LANHAM:

H. R. 3733. A bill to extend section 205 (e) of the Emergency Price Control Act to authorize refund to manufacturers of certain wearing apparel; to the Committee on Banking and Currency.

By Mr. O'HARA (by request):

H. R. 3734. A bill to protect consumers, retailers, distributors, manufacturers, dealers, and producers from misnaming, misbranding, improper identification, and deceptive or misleading advertising of fur products and articles made in part or in whole from fur, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SIKES:

H. R. 3735. A bill to authorize and direct the Secretary of War to donate and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States in and to a portion of Santa Rosa Island, Fla., and for other purposes; to the Committee on Armed Services.

By Mr. KEFAUVER:

H. R. 3736. A bill to amend an act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914 (38 Stat. 730), as amended; to the Committee on the Judiciary.

By Mr. BATES of Massachusetts:

H. R. 3737. A bill to provide revenue for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. SIKES:

H. R. 3738. A bill to amend Public Law 88, Seventy-ninth Congress, approved June 23, 1945; to the Committee on Banking and Currency.

By Mr. ROHRBOUGH:

H. R. 3739. A bill to authorize the Veterans' Administration to acquire certain land as a site for the proposed Veterans' Administration facility at Clarksburg, W. Va., and for other purposes; to the Committee on Veterans' Affairs.

By Mr. SPRINGER (by request):

H. J. Res. 212. Joint resolution authorizing the President of the United States to proclaim the 1st day of each year as Good Neighbor Day, when American citizens will focus their attention upon setting an example of friendly consideration for others through practice of the Golden Rule; a fitting occasion to establish a high standard of personal conduct for all the days to follow and point the way, year by year, to a century of peace from each Good Neighbor Day; to the Committee on the Judiciary.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CELLER:

H. R. 3740. A bill for the relief of Andrew Osleicimski Czapski; to the Committee on the Judiciary.

By Mr. FOOTE:

H. R. 3741. A bill for the relief of Harry Evans, the Hull Brewing Co., and the Security Insurance Co.; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 3742. A bill for the relief of Robert Wilhem Gerling; to the Committee on the Judiciary.

By Mr. LANHAM:

H. R. 3743. A bill for the relief of the Riegel Textile Corp.; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII,

607. Mr. MCGREGOR presented a petition from the Muskingum Protective Association

## ATTACHMENT L

STATE OF FLORIDA  
 COUNTY OF OKALOOSA

BOOK 15: PAGE 312

THIS INDENTURE made by and between the UNITED STATES OF AMERICA, party of the first part, acting by and through Frank Pace, Jr., Secretary of the Army, under and pursuant to the powers and authority contained in the Act of 2 July 1948 (62 Stat. 1229), as amended by the Act of 26 October 1949 (Public Law 395, 81st Congress), and Okaloosa County, State of Florida, party of the second part,

WITNESSETH:

THAT the said party of the first part for and in consideration of the payment of the sum of Four Thousand Dollars (\$4,000.00), to it in hand paid by the said party of the second part, the receipt of which is hereby acknowledged, and for the further consideration of the assumption by party of the second part of all the obligations and its taking subject to and its covenant to abide by and agreement to certain exceptions, reservations, restrictions, conditions, covenants, and limitations, as set out hereinafter, does hereby remise, release, and quitclaim without warranty of any kind, unto the party of the second part, its successors and assigns, all right, title, and interest, for use only for public recreational purposes as hereinafter defined, and subject to exceptions, reservations, restrictions, conditions, covenants, and limitations herein set forth, the following described property situate and lying in the County of Okaloosa, State of Florida, to-wit:

All those tracts or parcels of land or realty, a net total of 875 acres more or less lying and being on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows:

Beginning at the point of intersection of the south shore line of Santa Rosa Sound with a north-south line which lies east 1,327,473.95 feet of the origin of the State Co-ordinate System (Tombard Projection Florida North Zone), said point being 2 miles west of a certain point on the center line of the south end of Brooks Bridge over Santa Rosa Sound at Fort Walton, Florida, the co-ordinates of which are N 515,025.45 feet, E 1,330,033.95 with reference to said State Co-ordinate System; thence easterly along the meanders of said south shore line of Santa Rosa Sound three miles more or less to the intersection of said shore line with a north-south line which lies East 1,343,313.95 feet from the origin of said State Co-ordinate System; thence southerly along said north-south line to the north shore line of the Gulf of Mexico; thence westerly along the meanders of said shore line of the Gulf of Mexico three miles more or less to the intersection of said shore line with the aforesaid north-south line which lies East 1,327,473.95 feet of the origin of said State Co-ordinate System; thence northerly along said north-south line to the point of beginning;

And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel;

LESS AND EXCEPTING the land comprising the site of radar station "Dick," containing 17 acres more or less and more particularly described as follows: From aforesaid point on the center line of the south end of Brooks Bridge over Santa Rosa Sound at Fort Walton, Florida; thence S 39° 39' E 996.6 feet to a point on the south right-of-way line of U. S. Highway No. 98, the point of beginning, the co-ordinate of said point

being North 514,250.43 feet, East 1,338,660.53 feet with reference to said State Co-ordinate System; thence easterly along said south right-of-way line along a curve to the left having a radius of 3175.36 feet and a distance of 662.4 feet and a long chord which bears S. 56° 56' E. 661.31 feet; thence S. 03° 14' W. 1,090 feet more or less to the north shore line of the Gulf of Mexico; thence westerly along the meanders of said shore line to a point which bears N 78° 39' W. 601 feet; thence N 08° 14' E 1335 feet to the point of beginning.

Bearings are grid bearings referred to in Luskert Co-ordinate System, State of Florida North Zone.

Said property being a part of the same property acquired by the United States of America from the County of Escambia, State of Florida, through resolution of the Board of Commissioners of Escambia County at a regular meeting held on the 9th day of November 1938 and recorded in Minute Book 10, page 91, of the public record of that office. Said lands were transferred by the County of Escambia to the National Park Service, Department of the Interior, and subsequently transferred to the War Department by Presidential Proclamation No. 2659, dated 13 August 1946.

EXCEPTING AND RESERVING THEREFROM all uranium, thorium, and all other materials determined pursuant to Section 5 (b) (1) of the Atomic Energy Act of 1946 (60 Stat. 761) to be peculiarly essential to the production of fissionable material, contained in whatever concentration, in deposits in the lands covered by this instrument, which are hereby reserved for the use of the United States, together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine, and remove the same, making just compensation for any damage or injury occasioned thereby. However, such land may be used, and any rights otherwise

acquired by this disposition may be exercised, as if no reservation of such materials had been made; except that, when such use results in the extraction of any such material from the land in quantities which may not be transferred or delivered without a license under the Atomic Energy Act of 1946, as it now exists or may hereafter be amended, such material shall be the property of the United States Atomic Energy Commission, and the Commission may require delivery of such material to it by any possessor thereof after such material has been separated to such from the ore in which it was contained. If the Commission requires the delivery of such material to it, it shall pay to the person mining or extracting the same, or to such other person as the Commission determines to be entitled thereto, such sums, including profits, as the Commission deems fair and reasonable for the discovery, mining, development, production, extraction, and other services performed with respect to such material prior to such delivery, but such payment shall not include any amount or amount of the value of such material before removal from its place of deposit in nature. If the Commission does not require delivery of such material to it, the reservation hereby made shall be of no further force or effect.

AND FURTHER RESERVING to the party of the first part:

1. A perpetual easement for right-of-way over the above-described property for purposes of ingress to and egress from other property of the United States.
2. A perpetual aviation easement to the airspace over said property, to provide clearance for military aircraft and to prohibit the erection on the above-described property of any structure or obstacle in excess of seventy-five (75) feet above mean low water level.

TO HAVE AND TO HOLD the above-described land, except the property and rights excepted above, unto the said party of the second part, its successors, and assigns, for so long as the said property shall be used for the said public recreational purposes, provided, however, that if the said property shall cease to be used for these purposes or shall at any time be used for any other purposes, all right, title, and interest hereby conveyed shall automatically revert to and revest in the party of the first part; and under and subject to the reservations, restrictions, covenants, conditions, and limitations set forth in this instrument, and further subject to any valid existing rights in the said property, including a 100-foot right-of-way for United States Highway No. 98, any other existing easements for public roads, public utilities, railroad rights-of-way and pipe line, and further including those rights arising out of a lease granted to the Island Amusement Company by Escambia County, Florida, on September 10, 1929, as subsequently modified.

BY THE ACCEPTANCE of this instrument or any rights thereunder, the party of the second part, for itself, its successors, and assigns, assumes the obligations of, covenants to abide by and agrees to, and this conveyance is made subject to, the following reservations, restrictions, conditions, and covenants, which shall be binding and enforceable against the party of the second part and shall run with the land:

1. That climb-proof, chain-link fences eight feet in height, with three strands of barbed wire (three barbs) at the top, together with necessary gates, shall be constructed by and at the expense of the

party of the second part, its successors, and assigns, one at the westerly limit of the area hereby conveyed, and a second surrounding the immediate area of radar site "Dick," the fence erected at the westerly limit to be maintained by the party of the second part and

the fence erected around radar site "Dick" to be maintained by the party of the first part.

2. That costs of any surveys that will be necessary in connection with the conveyance shall be borne by the party of the second part, its successors, or assigns.

3. That the party of the second part shall retain title to property herein conveyed and shall not transfer or convey title to the said property to any person, firm or corporation, or dispose of, use or lease said property in any manner except as specifically provided in this instrument, provided further, however, that nothing herein shall prevent the party of the second part from conveying the said property back to the party of the first part, or to the State of Florida or an authorized agency thereof subject to exceptions, reservations, restrictions, conditions, covenants, and limitations contained herein; any conveyance authorized in this instrument, however, shall be made subject to all valid rights of third parties then existing or outstanding. That in the event of a breach of the conditions or covenants of this instrument, party of the first part, may immediately enter and remove itself or title to the property conveyed herein.

That the public recreational purposes provided for herein shall include the erection and operation by such persons, for profits, of homes, hotels, restaurants, cafes, bathhouses, casinos, night clubs,

and other enterprises and usages usual to beach resorts and resort housing developments.

b. That the property conveyed herein shall be used by party of the second part only for such public recreational purposes as it shall deem to be in the public interest, or may be loaned by party of the second part from time to time in whole or in part or parts to such persons and only for such public recreational purposes as said party of the second part shall deem to be in the public interest and upon such terms and conditions as it shall fix, and said property, whether loaned or not loaned, shall be subject always to regulation by said party of the second part.

c. That party of the second part shall be obligated to require compliance with all of the exceptions, reservations, restrictions, conditions, covenants, and limitations enumerated herein; that the said party of the second part shall, in all its leases of the said property, or part, or parts thereof, provide that in the event of a failure on the part of the lessee or lessees, heirs, successors, or assigns, to comply with such exceptions, reservations, restrictions, covenants, conditions, and limitations, all the rights, titles, and interests of such noncomplying lessee or lessees, heirs, successors, or assigns shall be forfeited, and shall revert to the party of the second part, to be held subject to the terms and provisions contained herein.

7. That in the event of a national emergency party of the first part, acting through the Secretary of the Army, shall have the right to take over from party of the second part, its successors and assigns, complete control and operation of the property herein described for such use and for such length of time as the said emergency shall require, in the discretion of the Secretary of the Army, without rental or other charge but subject to all valid existing private rights in and to the said property or any part or parts thereof, provided, that just compensation shall be given to the owners, lessees, or other persons interested for the taking of control or operation of, or rights in, improvements of said property.

8. That party of the second part shall save, hold harmless and indemnify party of the first part, its officers, agents, servants, and employees from and against any and all liability, claim, cause of action or demand caused by loss of life, damage to property or injury to the persons of party of the second part, its officers, agents, servants, employees, lessees, licensees, invitees or any third persons on the property conveyed herein, arising from (a) the exercise by party of the first part of its rights and interests, excepted and reserved herein, except as specifically provided hereinbefore, and (b) the condition of the said property due to former use thereby by party of the first part while in its possession.

and control prior to the date of this conveyance.  
That part of the record of the deed to which this  
instrument is to be recorded at the cost of the grantor  
in the proper office of the County and State in  
which the property is located.

This conveyance is accepted by the Grantee this 8<sup>th</sup>  
day of July 1950.

W. S. Spencer  
Chairman of the Board of County  
Commissioners, Okaloosa County,  
State of Florida

Signed and sealed by

W. S. Spencer  
as Chairman of the Board of  
County Commissioners, Okaloosa  
County, State of Florida, in  
the presence of witnesses as  
follows:

Pat Sanders  
Mr. [unclear]

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I hereby certify that on this day before me, an officer duly  
authorized in the state aforesaid and in the county aforesaid to take  
acknowledgments, personally appeared W. S. Spencer  
to me known and known to be the person described in and who executed  
the foregoing instrument as Chairman of the Board of County  
Commissioners, Okaloosa County, State of Florida, and that he  
acknowledged before me that he executed the same as such officer in  
the name and on behalf of the County of Okaloosa, State of Florida.

Witness my hand and seal in the county and state last aforesaid

8<sup>th</sup> day of July, 1950

C. A. Chesapeake  
County Clerk

STATE OF FLORIDA  
OZALOSA COUNTY # 4999

I hereby certify that this instrument was filed for  
record this 22<sup>nd</sup> day of July, 1950  
at 7 A. M. and duly recorded in 63  
of 32 on page 312 of 1 instrument.

CLERK OF COURT

IN WITNESS WHEREOF, I, Frank Pace, Jr.

Secretary of the Army, under authority of the Act of Congress  
aforesaid, have hereunto set my hand and caused the seal of the  
Department of the Army to be affixed to this instrument this  
22<sup>nd</sup> day of May, A. D., 1950.

UNITED STATES OF AMERICA

BY Frank Pace, Jr.  
Frank Pace, Jr.  
Secretary of the Army

Signed, sealed and delivered  
in the presence of

Harold P. Jackson  
Lemuel P. Bradley

STATE OF VIRGINIA )  
 COUNTY OF ARLINGTON ) SS

I hereby certify that on this day before me, an officer duly authorized in the state aforesaid and in the county aforesaid to take acknowledgments, personally appeared Frank Pae Jr. to me known and known to be the person described in and who executed the foregoing instrument as secretary of the Army of the United States of America, and acknowledged before me that he executed the same as such officer in the name and on behalf of said United States of America.

WITNESS my hand and official seal in the county and state last aforesaid this 22nd day of May A. D. 1950.

A. F. Spada  
 Notary Public

My Commission Expires 14 Sept 1952

## ATTACHMENT M

PLAYGROUND DAILY NEWS, Sunday Morning, June 1, 1975—Page 5A

TEXT OF REP. SIKES STATEMENT  
BEFORE NW FLORIDA PRESS CLUB

me the opportunity to  
.. you today and I intend  
take advantage of the op-  
portunity to tell you about the  
operations of the CBS  
Development Corporation and  
my participation in it. Let me  
state in the beginning that I  
trust the Pensacola and Fort  
Walton dailies will print my  
statement in its entirety. It is a  
prepared statement so that they  
need not make "mistakes." I  
think it proper that they use  
front page space with major  
headlines and photographs,  
repeated for 4 or 5 days with  
minor modifications, in order to  
afford me equal time with that  
they gave my detractors. What  
I have learned to anticipate is  
two paragraphs from my  
statement and a rehash of the  
charges in The New York  
Times.

After World War II there was  
rapid demobilization in military  
forces and a very big drop in the  
economy of Northwest Florida.  
Pensacola's Naval Air Station  
and Eglin Air Force Base were  
cut far below their wartime  
strengths. The Panama City  
shipyard, Tyndall, the Panama  
City amphibious naval base,  
and Whiting were closed or  
scheduled to close. Faced with  
severe economic problems, the  
area leaders were searching  
frantically for new activities  
which would help offset losses in  
revenue.

The federal government  
owned all of Santa Rosa Island  
with its unmatched but little-  
used beaches. West Florida had  
long cast wistful glances at the  
lucrative tourist industry of  
South Florida. The beaches  
could open the door to tourism.  
After conferences with District  
leaders and at their request, I  
introduced legislation to  
transfer title of the western half  
of the island to Escambia  
County which once had owned  
all of it. The eastern half was  
still being used by Eglin, but  
Eglin officials agreed to the  
transfer of 3 miles of the beach,  
immediately adjacent to Fort  
Walton Beach, to Okaloosa  
County. Another bill was in-  
troduced to accomplish this.  
Almost as an afterthought, a  
low-lying area east of the pass  
and formerly a part of Santa  
Rosa Island was included. It  
was partially submerged and  
considered largely worthless.

It was first estimated that the  
3-mile strip contained 600 acres.  
There had been no survey to  
establish accurately the  
acreage. During the transfer  
proceedings, it was established  
that the tract contained about  
875 acres. No one attempted to  
estimate the acreage of the two  
small islands east of the pass  
and several miles away. Please  
remember that neither the U.S.  
Corps of Engineers nor the  
Island Authority, which was  
later established, considered  
the 875 acres to include what is  
now Holiday Isle. This bill was

passed in 1948.

In 1953 the State Legislature created an Island Authority for the supervision of the property. Streets were laid out and lot lines established on the 3-mile tract. There was some speculator activity, but only very limited development.

I felt that the Island Authority lots represented a very good investment. Nevertheless, I refrained from investing there, even when prices were at their lowest. I didn't want it said I was trying to cash in on my own legislation and I knew there would always be some who claimed that had been my purpose in passing the bill.

Let me remind you that I am a businessman. I have confidence in Northwest Florida. Most of my investments have been in Northwest Florida real estate. Most of the property which I own was accumulated slowly in earlier years when prices were low. Actually, I never had much money to invest. Most of that property is now much more valuable. Anyone who invested in well-located property in Northwest Florida in the 1940s and 1950s knows what has happened to land values as development progressed.

Later a situation developed which looked attractive as an

investment. In 1955 the Island Authority had leased the low-lying areas east of the pass for \$100. Obviously they didn't place much value on it. They had no plans then or later to develop that area with streets and utilities similar to those on the 3-mile, 875-acre tract. In fact, I thought they should have kept the area for park purposes, but they leased it instead.

As a condition of the lease, the Authority required that the lessors spend \$50,000 to improve the property within a 30-month period. It was Ben Cox who told me that the lessors were unable to comply with the requirements for development and would soon be in default. In 1957, he and Newman Brackin and I arranged with the lessors to acquire their lease. This was nine years after the legislation was passed. If there were any others interested in acquiring the lease, then or before, I did not hear of it. Most people laughed at the idea that Holiday Isle would in time be valuable property. There was still much desirable land which was less subject to tidal and storm damage and much less costly to develop.

We bought the lease for \$60,000, though we thought it pretty high for a lease which had cost \$100 just a few years before. We also took in another associate, George Trawick. We four were the stockholders of

CBS Then came the problem of developing the island. We had a lease from the Island Authority which called for a one percent assessment on all revenues received. Those who acquired leases on the 3-mile, 875-acre tract paid more, but the Authority provided their streets, utilities and maintenance. The Authority assumed no responsibility to assist in the development of Holiday Isle. CBS was the red-headed stepchild that had to make its own way. Nevertheless, we managed to meet the requirements for improving the property at our own expense. We had to borrow some money to do so.

A few years later, the Island Authority found itself having problems in attempting to provide the improvements needed on the 3-mile, 875-acre tract. A reverter clause in the original legislation had been specified by the military in order to insure that the island was used for recreational purposes. Recreational purposes had later been construed to mean virtually any activity associated with the use and enjoyment of the beaches. However, the existence of such a clause was making it very difficult for the Authority to borrow money needed for development. CBS was not having a similar problem

because our developments were small, funding requirements were not large, and the banks were willing to accept our paper. Please remember, the Island Authority was not committed in any way for any improvements on Holiday Isle. Holiday Isle had to pay its own way.

At the request of the Authority, and with the concurrence of military officials, I introduced and passed a bill cancelling the reverter clause. The bill was introduced in 1961 and action completed in 1962. It is this bill on which The New York Times attempts to make a case that the bill was for my own benefit. The bill was introduced 14 years ago and passed 13 years ago. It is a little late for The Times to "discover" an interest in it.

Now let me call your attention to the official report on the original bill conveying the property to Okaloosa County. It includes not only the 3-mile strip but also, and I quote, "that part of Santa Rosa Island which lies east of the new channel at East Pass, consisting of two small islands." I have also the report on the bill which repealed the reverter clause. It mentions only the 875-acre tract. Nothing is said about the property east of the pass. This was deliberate. I assumed that

Holiday Isle was excluded by the way in which the language of the report was written. Others have said the language is broad enough that this property also can be considered as included in the bill. This situation could mean a cloud on the title and that a further bill would be required for clarification. Anyway, my intentions were clear. I did not seek to cancel the reverter clause on Holiday Isle. I did not consider that I was affected by the legislation and did not expect to benefit from the introduction and passage of the bill. It was intended only to help the Island Authority make improvements on the 875-acre, 3-mile tract.

Undoubtedly the cancellation of the reverter clause helped the Island Authority with its development plans on the 3-mile, 875-acre tract. Improving economic conditions probably helped considerably more. Long after significant progress was being made in the development of the 3-acre tract, CBS was still having serious difficulties making progress on Holiday Isle. Most of it was too low for development. Sand had to be pumped in or bulldozed at the expense of the lessors. Development was too costly to be undertaken except a little at a time. Many investors were

afraid of the low-lying aspects of the property. Old-timers will remember that, before development, a lot of it was under water even after a heavy rain. Sales were slow.

It was years later before any appreciable sales were made, and the prices were considerably lower than those prevailing on the larger tract. Actually, it was a sales drive by John W. Brooks Realty that sold much of the land then available, but only at very low down payments and long terms. This was in 1967 and 1968, five and six years after the passage of the reverter clause bill.

Still later, land speculation spread to all of Northwest Florida and beach land prices simply went through the ceiling. Regrettably, it came too late to benefit CBS. We sold our interests in mid-1972 for \$400,000. Some of the remuneration was in sales contracts on leases. I had received limited income from sales prior to that time. I still receive a small amount from the sales contracts which have not been fully paid out. I have seen comments about additional payments to CBS based on future sales by White Sands, which bought the CBS holdings. Frankly, I know nothing about this. I was not present when the sale was

negotiated. But I can tell you there have been no receipts to CBS from sales by White Sands.

The sudden bloom of Holiday Isle and the emergence of condominiums and similar developments came more than a decade after the passage of the reverter clause bill and only after the discovery by investors that Northwest Florida was a relatively undeveloped area ripe for additional activities. It appears that some people have made a lot of money on Holiday Isle since CBS sold its holdings. Those are the breaks of the investment game.

Much has been written about land on Holiday Isle which is not on the tax rolls. At the time that CBS holdings were sold, there was no tax for any of the island property. Ad valorem taxation came later and still is an unresolved question. The courts haven't completed action on it. The U.S. Corps of Engineers asked CBS for an easement for spoilage disposal on a part of the island. Most of you know what problems everyone, including the government, encounters today in finding areas for spoilage disposal. Without maintenance dredging, East Pass, which is used by thousands of boats, could not be kept open. CBS gave the Engineers the easement they

wanted. I repeat -- CBS gave the Engineers the easement they wanted. There was no compensation. As I recall it, that easement was used very little in spoilage operations. Most of the spoil was deposited west of the pass or on the western tip of Holiday Isle which is owned by Okaloosa County. The greater part of the land fill which is the subject of newspaper comment comes from accretion. It has always been difficult to keep East Pass open. Jetties were constructed to help accomplish this. The jetties stopped the westward drift of beach sand from tidal action, with which people are familiar all along the northern Gulf Coast. This resulted in accretion at the point nearest the jetty. Ordinarily accretion is considered to belong to the upland landowner. He loses from erosion; gains from accretion.

(Continued from Page 5A)

CBS made no attempt to develop the property in question and did not offer it for sale. The press seems reluctant to clarify the fact that the accretion and/or fill problem has no relation whatever to CBS. The Pensacola press says the effect of the soil pumping was to increase the area of the property "which is now almost twice the size it was in 1967." If they are implying it has doubled the size of Holiday Isle, the statement is false.

The press has carried a statement indicating major manipulation by CBS through secondary corporations. There was one instance, only one, when there had been no development on Holiday Isle, and CBS set up a subsidiary corporation which built five or six houses. This was in an effort to get some action started on the island.

That in general is the story of CBS. Now what in the world would prompt a major newspaper to launch an attack based on a 13-year-old charge against a conservative Congressman in far away Northwest Florida - a charge which one newspaper after another has scrutinized for news value and dropped because they found no validity in it?

You would think that The New York Times could find plenty to do in sweeping around its own back door. New York has one of the highest crime rates in the nation. It is not safe to walk the streets. It is a welfare state and the City is bankrupt. It owes

begged that the material not be published; pointed out that great harm could be done in our international relations. The Times ignored this plea and tried to make a hero of Ellsberg. World communism benefited.

The Times is one of those which is spearheading the efforts to discredit or destroy the CIA, an agency which is essential if we are to know what the enemy is doing - what progress he is making in weaponry, and what steps he is taking to circumvent U.S. diplomacy. Now morale is at an all-time low in the CIA and many foreign governments will no longer cooperate with us. They are afraid of Congressional disclosures from CIA hearings about their own intelligence programs.

You will find in the columns of The New York Times one effort after another to degrade and discredit the magnificent achievement of American forces in freeing the Mayaguez and her crew. President Ford's bold action helped America to stand proud again. It gave the world a reason to believe that America will stand by its principles. But, day after day, newspapers like the The Times are trying to tear down the image that achievement created at home and abroad. Just what is it they are trying to do to America?

And, if that isn't enough, it was The New York Times that praised Fidel Castro - calling him the Robin Hood of the Caribbean. He imprisoned anyone who stood in his way, stole American-owned property on the island, and continued to

It is a policy of The New York Times and others of their type to drown facts with words, confuse and obscure their meaning with meandering phrases which say little or nothing and which can be construed to mean but don't say, except in the headlines, what the publication wants you to believe. Then they repeat the charges with variations day after day until the public has only the accusation to remember. This, of course, is similar to the communist "big lie" technique, which works very well for the communists. The Times is anti-defense and pro-liberal. Have you ever known it to speak out for America, or only what is wrong with America?

The New York Times charges of conflict of interest are false — completely false. They know this. Unfortunately, public officials have very little or no protection from an unscrupulous press. One of the unbelievably bad decisions of the U.S. Supreme Court when it was stacked with liberals said the press could lie about public officials with immunity unless malice can be shown. Of course, it is extremely difficult to prove a newspaper lied with malice.

Just about everybody has said, don't make this speech. The charges have died down. They said, you will give your detractors an excuse to repeat their charges all over again. They say, most people know the charges are false anyway. Just bow your head, grit your teeth, and take it.

They say it is foolhardly to joust with the press. They say, you can't win. They say, you can't outstink a polecat — you can't have the equipment. A newspaper goes to the public every day. If you defend yourself from its charges, it will print a paragraph or two of your statement, then it will launch into a rehash of its own charges. This is the censorship of the liberal press in America. There is virtually no way for a conservative to get a favorable press. I question that the dictatorships practice a censorship that is any tighter than the one which the liberal press of this country imposes on conservative public officials. To the liberal press, anything a conservative does is wrong.

You have long known that I fight for the causes in which I believe. I like to see people stand together and work together for things that are constructive. I think we must nourish and keep alive confidence in America. Recently I read a quotation from a young woman's address to her graduating class: "Our problem today isn't so much the noise of the bad; it is the silence of the good." I think it is both the noise of the bad and the silence of the good. But so very often all that we hear is the noise of America's detractors. They love to wallow in the wrong and ignore the good. This country has something special to offer — freedom, the right of every person to live in peace and dignity, the right to pursue a livelihood with opportunity for those who really seek it.

Next year we are going to celebrate this country's bicentennial. I hope that it won't be characterized as an ending for America, but that it will be a new proud beginning for a greater America on tomorrow. The important thing is that historians not write that this

nation died because not enough people cared and spoke up for it and all the goodthings it stands for.

For Bob Sikes I confess it is disheartening to undergo these attacks when I have put in a lifetime of hard work for a people and an area which I love. I have been proud of the way West Florida has developed in an almost unbelievable way from a rural, pioneer section to a thriving, strong and prosperous area. Most of you here today are working in jobs and for businesses which didn't exist when I went to Congress. My efforts for a better West Florida and a better America will continue in whatever capacity I find myself. It is just possible that the prospects of a good fight with the likes of The

New York Times and whatever imitators - local or otherwise - who want to tag along will start

my political adrenalin to flowing all over again. I may have to change my plans about retiring.

• Someone once said, "Judge me by my enemies." That's good enough for me.

...n year at a rate of  
 a billion dollars a year.  
 ...a New York nearly every  
 ...ial is a liberal. It is a very  
 ...nd day in July, with frost on  
 ...he ground, when The Times  
 criticizes a liberal.

Let me remind you I am a conservative. The Times hates conservatives and moderation in government. They are one of the principal bellwethers of the leftist movements in this country. Apparently they want a welfare state. Welfare recipients are easier to control than independent citizens who pay taxes. It is the old story of bread and circuses.

There is more. Anti-defense, pro-liberal elements went to great lengths to strip Eddie Hebert of his power on the House Committee on Armed Services. Times personnel were aiding and abetting the action. The ultra-liberals said at the same time "We have to get Sikes, too...he is another one we can't handle." They failed. Now the word is out that Sikes may have much more power in the next Congress. I am not going to give additional details on that story. In any event, it scared the living daylights out of the anti-defense liberals I am in their way. In their own words The Times says I am an "enormously powerful" Congressman. If I am out of the way, their group thinks they can control the Defense Subcommittee on Appropriations and cut defense expenditures almost at will. That won't help our nation to stand against communism. It won't help Northwest Florida military installations which are a very

important part of America's defense. It is too bad the local press isn't a little more concerned with this aspect of the machinations of The Times.

These are the reasons you have seen a coordinated attack on your Congressman by people far removed from our District and completely disinterested in our growth and development. They couldn't care less whether we sink or swim.

I think it well that I acquaint you with the national policies of this major publication. It was The New York Times that helped to break the story about U.S. efforts to raise the sunken Russian submarine. We badly needed valuable secrets which could be obtained from that submarine. We knew where it was. The Russians didn't. We were making significant progress in raising it when The Times bought material about the operation which had been in Howard Hughes' safe. He was the contractor. The Administration learned that The Times had this information and literally begged that it not be published because it would kill the operation and destroy our opportunity to get information we could not obtain in any other way. The Times ignored the government's pleas -- published the story -- and killed the operation. Communist Russia benefited.

It was The New York Times that published the government security documents containing important classified information and secrets which the Communist Ellsberg had stolen from locked government files. Here also the government

push the spread of communism throughout the hemisphere.

The policies of The New York Times in publishing government secrets in clear violation of the law -- a timid Department of Justice lets them operate beyond the law -- helps to destroy our effectiveness in defense and diplomacy, and could one day cost the lives of millions upon millions of Americans.

Perhaps these are the reasons more and more people tell me they no longer believe anything they read in the newspapers. They are tired of twisted, biased reporting and warped editorializing. I tell them there are always the comic strips which generally appear reliable. But, I must hasten to add that The Washington Post dropped "Li'l Abner" because that strip poked fun at the liberals.

## ATTACHMENT N

ASSIGNMENT OF LEASE

STATE OF FLORIDA

MAY 11 1955

COUNTY OF OKALOOSA

OFFICIAL RECORDS

KNOW ALL MEN BY THESE PRESENTS, that Finley J. Duncan, being the sole owner of that certain lease from the Okaloosa Island Authority dated April 7, 1955, a copy of which is hereto attached, containing four pages initialed by the parties hereto and marked "Exhibit A", hereinafter called the assignor, and C. B. S. Development Corporation, a corporation, hereinafter called the assignee, make and enter into the following agreement:

## WITNESSETH:

1. For and in consideration of the sum of \$10.00 and other good and valuable considerations by the assignee paid to the assignor, the receipt whereof is hereby acknowledged, and in consideration of the covenants herein contained, the assignor does hereby grant, bargain, sell, convey assign, transfer, endorse and set over to the assignee, its successors and assigns, all of the assignor's right, title and interest in and to the certain lease dated April 7, 1955, from the Okaloosa Island Authority, attached hereto as "Exhibit A",

2. The assignor covenants that he is the sole owner of said lease and that he has not pledged, encumbered, conveyed or assigned the said lease or any interest in same or in any manner whatsoever impaired, jeopardized, restricted or limited full and complete ownership of said lease and has full right to assign the same, it being understood that the sublease from the assignor to the assignee hereof is the sole exception to this covenant.

3. The assignor covenants that he has paid the rentals reserved in said lease and that all things to be done by him to perform the conditions of said lease have been done. The assignee acknowledged that the terms and conditions of its sublease required the performance of certain parts of the conditions of said lease and the assignor is not responsible for the performance of the conditions to be performed by the assignee by said sublease.

4. The assignee covenants and agrees to pay to the assignor the sum of sixty thousand and no/100 Dollars (\$60,000.00) of which sum thirty thousand and no/100 Dollars (\$30,000.00) shall be paid in cash and the receipt therefor is acknowledged, and the balance of thirty thousand Dollars (\$30,000.00) shall be paid on or before [unclear] from date with five percent interest from date and said obligation shall be evidenced by a promissory note of the assignee delivered at the execution of these agreements and the assignee covenants and agrees to make, execute and deliver to the assignor a good and sufficient mortgage upon the entire interest, right, title and interest of the assignee in and to said lease as security for the payment of said note.

5. The assignee further covenants that it, its successors and assigns, during the remaining term of the lease, will not operate or permit to be operated any coin operated music, vending or amusement machine upon any of the lands described in said lease, except machines of the assignor, his successors and assigns. In the event that any such machines be operated, the usual and customary contracts and percentages for such operation shall be acceptable to both parties. This covenant is a specific consideration for this assignment and the parties agree that it may be specifically enforced.

6. The wife of the assignor shall join in the execution of this assignment to release any and all claim of whatsoever nature she may have, actual or inchoate, in and to the said lease and the property described therein.

Signed, sealed and delivered this [unclear] day of July, 1959.

Signed, sealed and delivered in our presence

[Signature]  
[Signature]

[Signature] SEAL  
FRILEY DUNCAN  
[Signature] SEAL  
CAROLE L. DUNCAN

419 PAGE 343  
OFFICIAL RECORDS

ATTEST:

[Signature]  
Secretary

C. B. S. DEVELOPMENT CORPORATION  
By:

[Signature] PRESIDENT  
BOOK 117 PAGE 344  
RECORDED

STATE OF FLORIDA  
OKALOOSA COUNTY

Before me the undersigned authority personally appeared Finley B. Duncan and wife Carole L. Duncan, who being known to me to be the individuals described acknowledged before me that they each executed the foregoing instrument for the uses and purposes set forth.

WITNESS my hand and official seal this 29 day of July, 1959.

[Signature]  
NOTARY PUBLIC, STATE OF FLORIDA AT  
LARGE. MY COMM. EXP. July 8, 1963

STATE OF FLORIDA  
OKALOOSA COUNTY

Before the undersigned authority personally appeared Newman C. Brackin and B. H. Cox, who being known to me to be the President and Secretary of C. B. S. Development Corporation, acknowledged before me that they, for the uses and benefit of the said corporation and with full power and authority vested in them by said corporation executed the foregoing instrument for the uses and purposes therein set forth.

WITNESS my hand and official seal this 27 day of July, 1959.

[Signature]  
NOTARY PUBLIC, STATE OF FLORIDA AT  
LARGE. MY COMM. EXP. July 8, 1963

The above and foregoing agreement and assignment of lease is hereby approved and confirmed this 27 day of July, 1959.

OKALOOSA ISLAND AUTHORITY  
By

ATTEST:

[Signature]  
Secr

[Signature]  
VICE CHAIRMAN

LEASE

STATE OF FLORIDA  
 COUNTY OF OKALOOSA:

This lease agreement entered into by and between Okaloosa Island Authority, herein called the Authority, as an agency of Okaloosa County, Florida and Percy D. Duncan, herein after called the Lessee, Witnesseth:

1. The Authority does hereby grant, demise and lease unto the lessee in consideration of the rents and covenants herein reserved and contained, certain property of Santa Rosa Island in Okaloosa County, Florida, described as follows herewith:

All that portion of land which formerly comprised a part of Santa Rosa Island, that lies East of the New East Pass Channel.

to have and to hold the above described premises unto the lessee, their heirs, successors and assigns, for and during the full term and period of ninety-nine years, or until sooner terminated as hereinafter provided; subject, however, to those covenants, restrictions, encumbrances, limitations and rights of entry for conditions broken contained in the laws, leases and conveyances affecting Santa Rosa Island in Okaloosa County, Florida, to-wit: (A) Act of July 2, 1948 (62 Stat.1229) as amended by the act of 26th October 1949 (Public Law 395 of the 81st Congress); (B) Conveyance by the United States of America to Okaloosa County, Florida, recorded in deed book 63 at page 312 et Seq; (C) Chapter 29336, Laws of Florida, Acts of 1953,

2. The Lessee hereby agrees to pay to the Authority the sum of \$100.00 and the Authority hereby acknowledges receipts thereof, and the Lessee hereby agrees to pay an annual rental of 2-1/2% of the gross income of the Lessee's business operations on said premises, or the sum of \$1,000.00 whichever is the greater. The sum of \$1000.00 being payable in advance and a final settlement made on the percentage rental within (30) days after. Said rentals shall become due when Lessee begins business operations

3. The Authority has no responsibility or obligation for the construction of roads, utilities or grading of land. It having been determined by the Authority that the nature of the land hereby leased does not permit development and in the same manner as contemplated by the present Master Plan.

4. Lessee covenants and agrees at his own expense and cost to erect and complete and maintain the buildings and other improvements essential thereto and to spend an improvement on the leased lands not less than \$50,000.00 within two and one half (2-1/2) years from the date of this contract, unless the time so fixed is extended for good cause by the Authority.

5. That the lessee, his heirs, successors and assigns shall have the right to renew this lease at its normal expiration date for the further term of 99 years in the event it has not prior to such time been cancelled for the cause by the authority, and upon the normal expiration date of any such renewal, upon the continuation of rental payments only, by giving notice of intention to renew in writing to the Authority not less than six months prior to the expiration of the original term or any renewal term thereof. This lease may be assigned, mortgaged, pledged or transferred, but only with the written approval of the Authority. Each and every of the provisions, agreements, covenants and conditions of this lease shall bind and be obligatory upon, and inure to the benefit of, the successors, personal representatives, heirs, and assigns of the parties hereto. In the event lessee shall with the consent of the Authority mortgage or pledge his rights and interests hereunder, so long as a mortgagee or pledgee keeps on file with the Authority a proper address, notice of any default by the Lessee will be sent to the Mortgagee or Pledgee at such address at the same time notice of such default is sent to the Lessee and the Lessee, Mortgagee or pledgee shall have the privilege of making good such default at any time within sixty (60) days of mailing of notice thereof to such address.

6. In the event of damage to or destruction of any buildings or improvements herein required to be constructed on the leased premises by fire, windstorm, water or any other cause what-so-ever, Lessees, their heirs, successors and assigns shall at their own cost within a reasonable time repair or replace such buildings or improvements so as to place the "property" back in operation.

7. Upon the expiration or sooner termination of this lease, lessee shall be allowed a period of fifteen (15) days in which to remove all of his personal property, including such furnishings and fixtures installed by the lessee as may be removed without injury to the land or improvements; and the Lessee shall surrender possession of the land and improvements in as good state and condition as reasonable use and wear will permit.

IN WITNESS WHEREOF, This agreement is executed in duplicate on this 7th day of April, 1955.

OKALOOSA ISLAND AUTHORITY

By W. L. Marks (Seal)  
VICE Chairman

ATTEST:

James E. Miller  
Secretary

\_\_\_\_\_  
LESSEE (Seal)

\_\_\_\_\_  
LESSEE (Seal)

Signed and sealed and delivered in the presence of:

\_\_\_\_\_

As to Okaloosa Island Authority

Signed and sealed and delivered in the presence of:

\_\_\_\_\_

As to the Lessee

*[Handwritten marks and signatures]*

STATE OF FLORIDA

COUNTY OF OKALOOSA.

Before the undersigned authority this day personally appeared Clifford H. Meigs, well known to me and known to me to be the Chairman of Okaloosa Island Authority, and acknowledged that he executed the foregoing instrument for and in the name of the said Authority, as its Chairman, and caused its seal to be affixed thereto pursuant to due and legal action of said Authority, Authorizing him so to do.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 7th day of April, 1955.

\_\_\_\_\_  
NOTARY PUBLIC

MY COMMISSION EXPIRES:

*Exhibit F*

*L*

*J*

ATTACHMENT O

ARTICLES OF INCORPORATION

of

C. B. S. DEVELOPMENT CORPORATION,

A CORPORATION

- - - -

We, the undersigned, in order to form a corporation for the purposes hereinafter set forth, under and pursuant to the Laws of the State of Florida, hereby certify as follows:

(a) The name of the Corporation shall be: C. B. S. Development Corporation, a corporation.

(b) The General nature of the business or businesses to be transacted is:

(1) To take, lease, purchase or otherwise acquire, and to own, use, hold, sell, convey, exchange, hire, lease, mortgage, work, improve, develop, cultivate, and otherwise handle, deal in, and dispose of real estate, real property, and any interest or right therein.

(2) To take, purchase, or otherwise acquire, and to own, hold, sell, convey, exchange, hire, lease, pledge, mortgage, and otherwise deal in and dispose of all kinds of personal property, chattels, chattels real, choses in action, notes, bonds, mortgages and securities.

(2) To make, enter into, perform, and carry out, contracts for constructing, building, altering, improving, repairing, decorating, maintaining, furnishing, and fitting up buildings, tenements, and structures of every description; to advance money to, and to enter into agreements of all kinds with builders, contractors, property owners, and others, for said purposes.

(3) To collect rents, and to make repairs, and to transact, on commission or otherwise, the general business of real estate dealer, and, generally, the sale, leasing, control and management of lands, buildings, and property of all kinds.

*Handwritten notes and signatures:*  
A large circle is drawn around the word "ARTICLES" in the header.  
A signature is written vertically on the right side of the page, appearing to read "C. B. S. Development Corporation".

(4) To purchase, lease, exchange, and otherwise acquire any and all rights, permits, privileges, franchises, and concessions suitable or convenient for the purposes of the corporation.

(5) To conduct and transact business in any of the States, Territories, Colonies, or dependencies of the United States and in any and all foreign countries; to have one or more offices therein, and therein to hold, purchase, mortgage, and convey real and personal property without limitation or restriction except as imposed by the local laws.

(6) To endorse, assume, insure or guarantee any contract or contract obligation, bond, note, mortgage or other evidence of indebtedness.

(7) To acquire by purchase, original subscription, or otherwise, and to guarantee, hold, hypothecate or dispose of stocks, bonds, mortgages or any other obligation of any person, persons, firm or corporation.

(8) The corporation shall have the power to borrow money, with or without security; to execute mortgages and collateral trust indentures; to execute and issue bonds, notes, mortgages, certificates, and collateral trust notes secured by all or any of the assets of the corporation.

(9) To have and exercise all the powers conferred by the laws of the State of Florida upon corporations.

(c) The amount of capital stock authorized shall be Nine Thousand Dollars ( \$ 9,000.00), divided into Ninety (90) shares of the par value of One Hundred Dollars ( \$ 100.00) each and shall be paid for in cash.

(d) The amount of capital with which the corporation shall begin business shall be Five Hundred Dollars ( \$ 500.00).

(e) The term for which the corporation shall exist shall be perpetual.

*By unanimous vote of  
Stockholders  
17/22/60*



## ATTACHMENT P

LEASE AGREEMENT  
 OKALOOSA ISLAND AUTHORITY  
 STATE OF FLORIDA  
 OKALOOSA COUNTY

BOOK 200 PAGE 123  
 OFFICIAL RECORDS

This lease agreement entered into by and between Okaloosa Island Authority, hereinafter called the Authority, and C.B.S. Development Corporation, a Corporation hereinafter called Lessee, Witnesseth:

1. The Authority does hereby grant, demise and lease unto the Lessee in consideration of the covenants and agreements herein contained, certain property in Okaloosa County, Florida, described as follows:

All that portion of land which formerly comprised Santa Rosa Island Ease of the present East Pass and West of dividing line between said property and the property of A.M. Henderson, Trustee, less the North-Westerly 1600 feet dedicated for public park purposes.

to have and to hold the above described property unto the Lessee, its successors and assigns, for and during the term of ninety-nine years, subject however, to the limitations and conditions contained in the following: (A) Act of July 2, 1948, (83 Stat. 1229) as amended by the act of October 26, 1949, (Public Law 395 of the 81st. Congress); (B) Conveyance from the United States of America to Okaloosa County, Florida, recorded in Deed Book 63 at page 312, et seq; (C) Chapter 29336, Laws of Florida, Acts of 1953, an amendments thereto.

2. Lessee hereby agrees to pay to the Authority an annual rental of 1% of all gross receipt of any nature derived from the property for a period of 20 years of the term hereof and 2% of said gross receipts per annum for the remaining term hereof, said amounts to be paid in the month of February of each year for the preceding year.

3. It has been determined by the Authority that the nature of the land hereby leased does not permit the development in the same manner as other properties of the Authority and the Authority does hereby disclaim any right, authority or privilege to plan, control, supervise, or in any manner interfere with the development of said property by the Lessee. The Authority has no responsibility or obligation for the construction of roads, utilities or grading of land.

4. The Authority further covenants and agrees that if the Lessee shall pay the rent as herein provided and shall keep, observe and perform all of the other covenants of this lease to be kept, observed and performed by the Lessee, the Lessee shall peaceably and quietly have, hold and enjoy the said premises for the term aforesaid.

5. In the case any portion of the rental remains unpaid for the space of 90 days after the time of payment herein set out or in case the Lessee shall default in the performance of or breach any of the other covenants, conditions, terms and provisions of this lease and shall continue in such non-payment, default or breach after 90 days notice in writing from the Authority then the Authority in any such event may declare this lease terminated subject to the provision contained in Paragraph 4 hereof. Provided that in cases where Federal Agencies have an interest in the leasehold estate by reason of insuring or guaranteeing a loan thereon, or otherwise, this lease may not be forfeited or terminated for any breach or default other than non-payment of rents attributable to the use and occupancy of land. In the event it shall become necessary for the Authority to retain the services of an attorney in order to enforce any of the provisions of this lease, or to effect any collection of the sums due hereunder, Lessee agrees to pay a reasonable attorney's fee in addition to any other amounts determined to be due to the Authority.

6. Upon the expiration or sooner termination of this lease, Lessee shall be allowed a period of 90 days in which to remove all of his property, including such furnishings and fixtures installed by the Lessee as may be removed without injury to the land and improvements and Lessee shall surrender possession of land and improvements in as good state and condition as reasonable use and wear will permit.

7. The failure, or successive failures on the part of the Authority, to enforce any covenant or agreement, or no waiver or successive waivers, on its part of any condition, agreement or covenant herein shall operate as a discharge thereof or render the same invalid, or impair the right of the Authority to enforce the same in event of any subsequent breach or breaches. The acceptance of rent by the Authority shall not be deemed a waiver by it of any earlier breach by the Lessee, except as to such covenants and conditions as may relate to the rent so accepted.

8. Each and every of the conditions, covenants and agreements herein contained shall be obligatory upon and inure to the benefit of the successors and assigns of the parties hereto, and this lease may be assigned, mortgaged, pledged, or transferred without notice to the Authority.

9. It is expressly agreed and understood that all leases upon said property heretofore entered into by and between the parties hereto, or any prior leases which have been assigned to Lessee are hereby cancelled and annulled, however, this lease shall not be construed to interfere with or amend any contract rights of third parties having dealt with the lessee, and this lease agreement shall and does constitute the lease agreement between the parties hereto.

10. This property shall be subject to taxes legally levied by Okaloosa County under same conditions as any other property of the Authority.

11. In event Lessee shall fully perform all the terms, provisions and conditions on his part to be performed for the full term of this lease, Lessee shall have the right and privilege at his election to renew this lease for a further term of 99 years, by giving the Authority written notice of such election to renew not later than 6 months prior to the expiration of the original term. Such renewal shall be on the like covenants, provisions and conditions as are in this lease contained, including an option for further renewals.

12. The lessee shall dedicate to Okaloosa County a right of way at least 50 feet in width extending from the dividing line between said property and the property of B. L. Henderson, to dividing line of the west 1800 feet heretofore dedicated for public work.

IN WITNESS WHEREOF, this lease is executed in duplicate on this 7th day of SEPTEMBER 19 61.

*James Bonileen*  
Secretary

OKALOOSA ISLAND AUTHORITY  
SEAL, by *P. A. Wingard*  
Chairman

O. B. S. DEVELOPMENT CORPORATION  
A Corporation  
*William D. ...* Pres.

STATE OF FLORIDA  
COUNTY OF OKALOOSA

BEFORE ME the undersigned authority, personally appeared  
J. D. Wiggard, well known to me and known  
to me to be the Chairman of the Okaloosa Island Authority, and  
he acknowledged that he executed the foregoing instrument for  
and in the name of said Authority, as its  
Chairman, and caused its seal to be thereto affixed, pursuant  
to due and legal action of said Authority, authorizing him so  
to do.

Witness my hand and official seal this 9<sup>th</sup> day of September  
1961, at Fort Walton Beach, Okaloosa County, Florida.

My Commission Expires:

March 1962

J. D. Wiggard  
Notary Public, State of Florida  
at Large

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day, before me an officer  
duly authorized in the State and County aforesaid to take  
acknowledgment, personally appeared Newman C. Brackin and  
B.H. Cox, well known to me to be the President and Secretary  
respectively of O.B.S. Development Corporation's Corporation,  
and that they severally acknowledged executing the same in the  
presence of two subscribing witnesses freely and voluntarily  
under authority duly vested in them by said corporation and  
that the seal affixed thereto is the true corporate seal of  
said corporation.

WITNESS my hand and official seal in the County and State  
last aforesaid this 9<sup>th</sup> day of September, A.D. 1961.

J. D. Wiggard  
Notary Public, State of Florida  
at Large

February 5 1965  
My Commission Expires:

## ATTACHMENT Q

87TH CONGRESS  
1ST SESSION

H. R. 7696

## IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1961

Mr. SIXES introduced the following bill; which was referred to the Committee on Armed Services

## A BILL

To amend the Act of July 2, 1948, to repeal that portion reserving to the United States the right to take control of certain real property situated on Santa Rosa Island, Florida, during a national emergency, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*  
 3 That (a) subparagraph e. of the first section of the Act en- △  
 4 titled "An Act to authorize the Secretary of the Army to  
 5 sell and convey to Okaloosa County, State of Florida, all the  
 6 right, title, and interest of the United States, including any  
 7 restriction on use thereof, in and to a portion of Santa Rosa  
 8 Island, Florida, and for other purposes", approved July 2,  
 9 1948 (62 Stat. 1229), is hereby repealed.

1       (b) The Secretary of the Army shall issue such writ-  
2 ten instruments as may be necessary to bring the convey-  
3 ance made to Okaloosa County, Florida, on May 22, 1950,  
4 under authority of the Act of July 2, 1948, into conformity  
5 with the amendment made by subsection (a) of this section.

6       Sec. 2. The first section of this Act shall take effect on  
7 the date the county of Okaloosa, Florida, shall pay to the  
8 Secretary of the Army the fair market value, as of May 22,  
9 1950 (as determined by the Secretary), of the property in-  
10 terest authorized to be conveyed to such county under the  
11 first section of this Act.

## ATTACHMENT R

Union Calendar No. 423

87th CONGRESS  
1st Session

H. R. 7932

[Report No. 1021]

## IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 1961

Mr. SIXES introduced the following bill; which was referred to the Committee on Armed Services

AUGUST 23, 1961

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italics]

## A BILL

To amend the Act of July 2, 1948, so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Florida.

1 *Be it enacted by the Senate and House of Representa-*  
 2 *tives of the United States of America in Congress assembled,*  
 3 *That (a) subparagraph c of the first section and the first*  
 4 *sentence of section 3 of the Act entitled "An Act to autho-*  
 5 *ize the Secretary of the Army to sell and convey to Okaloosa*  
 6 *County, State of Florida, all the right, title, and interest of*  
 7 *the United States in and to a portion of Santa Rosa Island,*  
 8 *Florida, and for other purposes," approved July 2, 1948 (62*  
 9 *Stat. 1229), are hereby repealed;*

10 *That (a) the first sentence in the first section of the Act en-*

— 1 —

1 *titled "An Act to authorize the Secretary of the Army to*  
2 *sell and convey to Okaloosa County, State of Florida, all the*  
3 *right, title, and interest of the United States, including any*  
4 *restriction on use thereof, in and to a portion of Santa Rosa*  
5 *Island, Florida, and for other purposes", approved July 2,*  
6 *1948 (62 Stat. 1229), is hereby amended by striking the*  
7 *words "for recreational purposes". Subparagraphs a, c, and*  
8 *y of the first section, and all of sections 2 and 3 of the*  
9 *Act are hereby repealed.*

10 (b) The Secretary of the Army shall issue such written  
11 instruments as may be necessary to bring the conveyance  
12 made to Okaloosa County, Florida, on May 22, 1950, under  
13 authority of the Act of July 2, 1948, into conformity with  
14 the amendment made by subsection (a) of this section.

15 Sec. 2. The first section of this Act shall take effect on  
16 the date the county of Okaloosa, Florida, shall pay to the  
17 Secretary of the Army the fair market value, as of May 22,  
18 1950 (as determined by the Secretary), of the property  
19 interest authorized to be conveyed to such county under the  
20 first section of this Act.

## ATTACHMENT S

moments ago, I am going to ask Mr. Kelleher to read the bill, and then read the report.

Mr. KELLEHER. Yes, sir.

Mr. HERRICK. What bill is that?

Mr. KELLEHER. H.R. 7932. [Reading:]

**A BILL** To amend the act of July 2, 1948, so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Islands, Fla.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) subparagraph e of the first section and the first sentence of section 3 of the Act entitled "An Act to authorize the Secretary of the Army to sell and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States in and to a portion of Santa Rosa Island, Florida, and for other purposes", approved July 2, 1948 (62 Stat. 1229), are hereby repealed.

(b) The Secretary of the Army shall issue such instruments as may be necessary to bring the conveyance made to Okaloosa County, Florida, on May 22, 1950, under authority of the Act of July 2, 1948, into conformity with the amendment made by subsection (a) of this section.

SEC. 2. The first section of this Act shall take effect on the date the County of Okaloosa, Florida, shall pay to the Secretary of the Army the fair market value, as of May 22, 1950 (as determined by the Secretary), of the property interest authorized to be conveyed to such county under the first section of this Act.

(The bill, H.R. 7932, is as follows:)

[H.R. 7932, 85th Cong., 1st sess.]

**A BILL** To amend the Act of July 2, 1948, so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Florida

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That (a) subparagraph e of the first section and the first sentence of section 3 of the Act entitled "An Act to authorize the Secretary of the Army to sell and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States in and to a portion of Santa Rosa Island, Florida, and for other purposes", approved July 2, 1948 (62 Stat. 1229), are hereby repealed.

(b) The Secretary of the Army shall issue such written instruments as may be necessary to bring the conveyance made to Okaloosa County, Florida, on May 22, 1960, under authority of the Act of July 2, 1948, into conformity with the amendment made by subsection (a) of this section.

SEC. 2. The first section of this Act shall take effect on the date the county of Okaloosa, Florida, shall pay to the Secretary of the Army the fair market value, as of May 22, 1950 (as determined by the Secretary), of the property interest authorized to be conveyed to such county under the first section of this Act.

The CHAIRMAN. What is the report from the Department in regard to it?

Mr. KELLEHER. The report is dated August 19, 1961.

(The report referred to is as follows:)

DEPARTMENT OF THE ARMY,  
Washington, D.C., August 19, 1961.

HON. CARL VINSON,  
Chairman, Committee on Armed Services,  
House of Representatives.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to H.R. 7932, 85th Congress, a bill to amend the act of July 2, 1948, to repeal that portion reserving to the United States the right to take control of certain real property situated on Santa Rosa Island, Fla., during a national emergency, and for other purposes, and H.R. 7032, 85th Congress, a bill to amend the act of July 2, 1948, so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Fla. The Secretary of Defense has delegated to the Depart-

ment of the Army the responsibility for reporting the views of the Department of Defense thereon.

The Department of the Army on behalf of the Department of Defense would interpose no objection to these bills, provided they are amended as set forth below. The purposes of the bills are stated in the titles. The bills also provide that Okaloosa County shall pay to the Secretary of the Army the fair market value, as of May 22, 1950, of the property interests which the United States would replenish thereby, with the determination as to fair market value to be made by the Secretary.

Santa Rosa Island, about 45 miles long and from one-quarter to one-half mile wide, lies along the upper gulf coast of Florida. Prior to 1925 the island was owned by the United States. During that year all of the island, with the exception of the Fort Pickens Military Reservation, was sold by the War Department to Escambia County, Fla., for \$10,000. In 1937 Escambia County conveyed to the Department of the Interior without cost all of Santa Rosa Island except Fort Pickens. It was the intent that the Department of the Interior would develop the island for park and recreational purposes. Little was done, however, and in 1941 the Department of the Interior conveyed the eastern half of the island to the War Department for use as a part of Eglin Field. The boundary line between the counties was later changed, upon payment by Okaloosa County to Escambia County of \$10,000 for sovereignty of the property over the eastern part of the island, which includes the land to which L.R. 7608 and H.R. 7082 refer.

The real property involved in these bills comprises 875 acres of land, more or less, on Santa Rosa Island in Okaloosa County, which were conveyed to Okaloosa County by deed executed by the Secretary of the Army on May 22, 1950, pursuant to the above-cited act of July 2, 1948, as amended by the act of October 26, 1949 (63 Stat. 921). The conveyance was subject to the various restrictions and limitations stated in the enabling act, the major ones of which provided for (a) use of the land by the county or its lessees only for such public recreational purposes as the county deems to be in the public interest, with reverter of title to the United States in the event the property is not used for this purpose or is used for other purposes; (b) restriction against alienation of title except to the United States or any agency of the State of Florida; and (c) the right of the United States to use the property in the event of a national emergency without rental or other payments to Okaloosa County, but subject to existing private rights and to payment of just compensation to others, including owners and lessees involved for taking control over improvements on the property.

Excepted and reserved from the conveyance were perpetual easement interests for airspace and for access rights-of-way, and fissionable materials, pursuant to section 5(b)(1) of the Atomic Energy Act of 1946 (60 Stat. 761). The reservation of fissionable materials was extinguished by section 68 of the Atomic Energy Act of 1954, as amended (68 Stat. 934; 72 Stat. 632). The deed provided for a monetary consideration of \$4,000, which represented 50 percent of the fair market value, as determined by the Secretary of the Army after taking into consideration the limitations and restrictions in the conveyance, less the price originally paid by Okaloosa County for that portion of the island prior to its conveyance to the United States.

By special act of the 1953 Florida Legislature, the Okaloosa Island Authority was created as an instrumentality of the county vested with administrative powers over the portion of Santa Rosa Island owned by the county. A substantial volume of construction has been put on the island under Okaloosa County ownership, including hotels, motels, apartments, private beach cottages, restaurants, auto service stations, and various types of resort business. Some leases extend for terms up to 99 years, with privileges of renewal for a like term. Authorized public recreational purposes are defined in the conveyance and enabling legislation to include "erection and operation, by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, nightclubs, and other enterprises and usages usual to beach resorts and resort housing developments."

The Department of the Army has been informed on behalf of the Okaloosa Island Authority that a serious handicap in marketing bonds for further development of Santa Rosa Island exists because the right of the Government to use the property in the event of a national emergency and the other restrictions against use of the property present a difficulty in furnishing a completely nar-

retable title as required by bonding companies. H.R. 7696 and H.R. 7932 are designed to remedy this situation. Whether the bills would accomplish this purpose, however, is doubtful. Both H.R. 7696 and H.R. 7932 would, if enacted, extinguish the right of the Government to use the property in the event of a national emergency. H.R. 7932 goes further in attempting to repeal the provision for reverter of title to the United States for failure to comply with the use restriction. Since the bill as written leaves in effect other provisions restricting use, however, it is questionable whether a repeal of the express reverter words only would preclude a possibility of action to re-vest title in the United States in the event the county failed to use the property for recreational purposes.

It has been determined that the military departments of the Department of Defense no longer require the use of the property involved in the event of a national emergency and that there is no need to retain a right of reverter for failure to comply with the use for which the property was granted. Accordingly, in order to give the county the advantages of a fee simple absolute title and to release the Government from the burden of residual interests which it no longer requires, it is recommended that the first sections of H.R. 7696 and H.R. 7932 be amended by substituting the following for subparagraph (a) :

"That (a) the first sentence in the first section of the Act entitled 'An Act to authorize the Secretary of the Army to sell and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States, including any restriction on use thereof, in and to a portion of Santa Rosa Island, Florida, and for other purposes', approved July 2, 1958 (62 Stat. 1229), is hereby amended by striking the words 'for recreational purposes'. Subparagraph (a), (e), and (g) of the first section, and all of sections 2 and 3 of the Act are hereby repealed."

The date of May 22, 1950, for establishment of the fair market value of the property interests to be released is considered an unrealistic standard of compensation, in that it would preclude the Government from realizing the benefit of any enhancement in property value during the past 11 years in which it has retained these interests. Therefore, it is recommended that section 2 of these bills be revised by inserting the word "current" before the words "fair market value" and deleting the words "as of May 22, 1950."

Enactment of these bills will have no effect on the budgetary requirements of the Department of the Army.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

ELVIS J. STARR, JR.,  
Secretary of the Army.

The CHAIRMAN. Now, members of the committee, I see our distinguished colleague from Florida, Mr. Sikes, is here. And I would respectfully ask him, please, to come around, to get his views with reference to the proposed amendment.

I am particularly concerned about the last amendment, by fixing the fair market value as of May 22, 1950.

I am impressed by the suggested amendment of the Department, that the word "current" before the "fair market value" is the proper way to handle that phase of it.

What is your reaction, Mr. Sikes, in reference to that amendment?

Mr. SIKES. Mr. Chairman, the second amendment to which you referred is in my opinion not a sound amendment.

I would like to point to the fact that the Government has in no way contributed to the enhancement of the value of this property.

Since 1950 the Government has had no voice in this property.

The restrictions placed on the property by the original deed have possibly, quite probably held back the enhancement of the value.

To allow the Government now to share in an increasing value to which the Government contributed nothing, would seem unrealistic. And I don't know that my county could afford to pay it.

I feel that all of the enhancement in value since 1950 has been the result of the work of the island authority which administers the property, and as the result of development that has taken place through private activities on the island. And now to have the Government share in that and penalize the county, I think is completely unsound and unjustifiable.

May I continue by saying that the situation as pointed out in the report about the bill and the reason for the bill is exactly the true picture.

The development of the property is hindered by the restrictions. We are unable, that is, the island authority which administers the property, is unable to sell bonds for the continued development of the property.

FHA and VA will not come into the island because there are these restrictions on the property. So we are just about at a standstill until we can remove these restrictions.

The Army has expressed itself as being in accord—as having no further use for the property and being in accord with our desire to remove the restrictions.

The first amendment, I agree to wholeheartedly.

The second amendment, I do not believe is fair or realistic, and I ask that the committee not—

The CHAIRMAN. Now, let's be realistic about this. You are up against what is known on the other side of the Capitol as the Morse formula. And if you do not follow that formula your chances are very slim of getting favorable consideration by the Senate, because the Senate has committed itself to fair market value, not upon some previous date, but upon the fair market value at the consummation of the transaction.

Mr. KILDAY. May I ask a question?

Mr. BECKER. Mr. Chairman.

(Further chorus of "Mr. Chairman.")

The CHAIRMAN. Mr. Kilday. Wait. Mr. Kilday.

Mr. KILDAY. To see if I understood the report correctly.

The county which preceded Okaloosa County, whatever it is—

Mr. SMART. Escambia.

Mr. SIKES. Escambia County.

Mr. KILDAY (continuing). Gave the property to the Government.

Mr. SIKES. That is correct.

Mr. KILDAY. And it changed county names by virtue of simply hanging the county line.

Mr. SIKES. That is correct.

Mr. KILDAY. And as unimproved property, the county has acquired

Mr. SIKES. That is right.

Mr. KILDAY. From the Government.

Mr. SIKES. It was unimproved property which had gone to the Government at no cost.

Mr. KILDAY. That is right.

Mr. SIKES. It cost the Government nothing originally.

Mr. KILDAY. I thought the report said there had been extensive improvements, in the way of motels, hotels, shops, and whatnot.

Mr. SIKES. That is correct.

Mr. KILDAY. Since 1950.

Mr. SIKES. Since 1950.

After the property went back to Okaloosa County, intensive improvements began. And the value of the property has increased a great deal.

Now, for the Government to go in and collect that value seems totally unrealistic. And I don't think they could afford it or would entertain it.

Mr. KILDAY. I don't see why the Government insists—

Mr. SIKES. We are willing to pay the fair market value as of the time the county acquired the property.

Mr. KILDAY. And, of course, the Government does not own title. This is a reversionary interest.

Mr. SIKES. That is correct.

Mr. KILDAY. For national defense.

Mr. SIKES. Nothing but a reversionary interest, and a restriction. (Chorus of "Mr. Chairman.")

The CHAIRMAN. Well, there are certain restrictions on it, are there not?

Mr. SIKES. Beg pardon, sir?

The CHAIRMAN. The county acquired the property with certain reservations of the Government.

Mr. SIKES. That is right.

The CHAIRMAN. And one of them was that it should be devoted entirely to recreational purposes.

Mr. KILDAY. Yes, for recreation purposes.

Mr. PIKE. Recreation.

(Chorus of "Mr. Chairman.")

The CHAIRMAN. Wait 1 minute.

Recreation. Now, it is not being devoted to that purpose. It is being devoted to a business purpose, or something, a commercial purpose.

Mr. SIKES. That is covered in the deed of transaction. All of these purposes are covered in the deed of transaction.

Mr. OSMERS. Mr. Chairman, could I ask a question?

Mr. SIKES. Yes.

Mr. OSMERS. Am I correct that at the present time there are motels and hotels and commercial activity constructed there?

Mr. SIKES. Yes, there are. And they are permitted under the deed of transfer to the county.

Mr. OSMERS. They are privately owned, are they?

Mr. SIKES. Privately owned.

Mr. OSMERS. Privately owned.

Mr. SIKES. They are on land leased to private individuals or corporations by the county.

Mr. OSMERS. Oh, I see. It is on leased land.

Now, there is a question, Mr. Chairman, that possibly no one here knows. Maybe the gentleman from Florida would know.

How much money are we talking about here? What is the difference in value between 1950 and today? Five dollars, \$5 million?

The CHAIRMAN. I would say—there is \$4,000 mentioned somewhere here. I don't know where that \$4,000 was mentioned. But keep this in mind—

Mr. OSMERS. I heard \$10,000 mentioned, back in 1928.

Mr. SIKES. Four thousand dollars was the amount of money paid by the county to the Government for the deed at the time they got it. Now, Okaloosa County paid to Santa Rosa County—to Escambia County. \$10,000, back—

Mr. OSMERS. 1928.

Mr. SIKES. For their right to the property.

Now, in 1950, Okaloosa County paid to the United States \$4,000 for its interest in this property, other than the reversionary interest, and the reverter clause.

Of course, if the Government should require this property, they still have the right of eminent domain. They can go in and condemn any part of it they want, just as on any other property, regardless of what you do here. But this is spelled out in the deed, that the Government has a right to move in, and that plus the restriction for recreational purposes only has been held by the bonding companies, by FIA and by VA, to color title or prejudice title so they can't go in there.

We are trying to arrange—we are trying to make it possible for the development of this property to continue in private hands.

(Chorus of "Mr. Chairman.")

The CHAIRMAN. To answer Mr. Osmer's question, in dollars and cents—

Mr. HÉBERT. I have a question.

The CHAIRMAN. Now, what would be the fair market value today?

Mr. SIKES. No one has attempted to say what it would be today. But it would run into a great deal of money. The fair market value of the property would run into a great deal of money because of the improvements.

Now, what the Government's interests are worth nobody can say, because the Government's interests are only that reversionary clause and the restrictions that have been placed on the property.

The CHAIRMAN. Mr. Hébert.

Mr. HÉBERT. Mr. Chairman, I will say to my colleague that I will support you in what you want to do.

However, I think the record should be quite clear here because of some things that are liable to happen later on.

When you first acquired—not you, but I mean when the county acquired this property, was the GSA regulations in effect at that time whereby for the disposal of surplus property you had to go through certain channels?

Mr. SIKES. GSA was in operation at that time.

The GSA laws have been changed since then. The same phraseology, or the same laws quite possibly are not in effect now that were in effect. But we did have a surplus property disposal program.

Mr. HÉBERT. That is correct.

Mr. SIKES. Now, whether GSA had taken it over at that time, I don't recall.

Mr. HÉBERT. That is important now. Because if that was—in my understanding, the GSA disposal provisions were in effect at that time.

The effect of the bill which you introduced and had successfully passed and enacted into law circumvented the disposal provisions of the GSA.

Now, I say that for this reason: I am trying to bring out the record on it.

I have a similar situation in my own area, whereby I introduced a bill to do exactly what you accomplished, used your bill as a lead, and the Department rejected it.

Now, I can't understand how the Department rejects one bill and comes in and agrees to another bill.

Mr. SIKES. What was the date of your bill, may I ask?

Mr. HÉBERT. This year, Mr. Sikes.

Mr. SIKES. Well, quite probably—I don't recall the date, but quite probably the GSA procedure was not in effect in 1950 when my bill was passed.

Mr. HÉBERT. Well, the Morse formula was in effect at the time.

Mr. SIKES. And if the Morse formula was in effect, we have to assume, without any documentation at this moment, that the Morse formula was based on the disposal practices or regulations of GSA.

Mr. HÉBERT. Now, I am for you.

Mr. SIKES. The point is—

Mr. HÉBERT. Because I want to get equal treatment.

Mr. SIKES. I understand.

The point is, this is not an interest in the property that we are talking about. This is a reversionary interest which the Government held which clouds title.

The CHAIRMAN. Now, I think everyone understands the amendment.

Mr. RIVERS. Let me ask a question.

Mr. HÉBERT. We don't understand it. And I want to know exactly what the position is going to be.

Mr. RIVERS. May I ask—

The CHAIRMAN. Well, if we pass the bill, the policy will be established.

Mr. HÉBERT. The bill which I introduced has the same language as this one.

The CHAIRMAN. Oh, we can talk about that—

Mr. BECKER. Mr. Chairman, I have one question I would like to get straightened out, with Mr. Sikes.

The CHAIRMAN. Yes.

Mr. BECKER. I am inclined to agree with the view that Mr. Hébert has taken on this.

But the point is: In all this report, that was so lengthy—there is a lot of confusion to it.

Escambia County first owned the Santa Rosa Island. It was part of Escambia County.

Mr. SIKES. That is correct.

Mr. BECKER. And then they conveyed it to the Federal Government.

Mr. SIKES. They conveyed the entire island to the Federal Government.

Mr. BECKER. For no—

Mr. SIKES. No remuneration.

Mr. BECKER. Was this at the request of the Federal Government for defense purposes? Was this a request of the Federal Government?

The CHAIRMAN. That is right, for Eglin.

Mr. BECKER. In connection with Eglin Field?

Mr. SIKES. No, this had nothing to do with Eglin Field. This was—

Mr. KELLEHER. The Department of Interior was going to develop it.

Mr. SMART. To Interior for public recreational purposes.

Mr. SIKES. To Interior for public recreational purposes.

There was the belief at the time that if they transferred this property to Interior for public recreational purposes they would establish a park—spend some money and develop it, help to develop the area:

None of that took place.

Mr. BECKER. None of that took place?

Mr. SIKES. None of it.

Mr. BECKER. Then in 1950, when the two counties changed the ownership of the island, or the territory, it became a part of Okaloosa County?

Mr. SIKES. That is right.

Mr. BECKER. Then at that time Okaloosa County purchased it back from the Federal Government for \$4,000?

Mr. SIKES. For \$4,000, for a 3-mile strip of this island. The island itself is 45 miles long.

Mr. BECKER. But only a 3-mile strip?

Mr. SIKES. Only a 3-mile strip.

Mr. BECKER. But the rest of the island still remains a part of the Federal Government, and still does today?

Mr. SIKES. The Federal Government still owns about two-thirds of the remainder of the island. Some of it has been transferred back to Escambia County by other legislation.

Mr. BECKER. Part of it has been transferred back to Escambia County?

Mr. SIKES. By other legislation.

Mr. BECKER. Yes.

Mr. SIKES. That is not involved in this transaction at all.

Mr. BECKER. So the whole island is not involved in this business?

Mr. SIKES. The whole island is not involved. There are about 30 miles of this island that still belongs to the Federal Government, and is not affected by this bill whatever. All that is affected is the 3-mile strip of the island that was purchased by Okaloosa County in 1950 for \$4,000.

At that time, the Government held certain reversionary interests, which we are discussing now, and this reverter clause and things of that sort, which has colored the title so it is interfering with the development of the property, we are trying to eliminate that color on title.

Mr. BECKER. Now, during all this time no taxes have been paid on this property to anyone?

Mr. SIKES. During the period that the Government owned it?

Mr. BECKER. That is right.

Mr. SIKES. That is correct.

Mr. BECKER. No taxes have been paid to anyone?

Mr. SIKES. That is correct. Taxes are now being paid.

Mr. BECKER. Taxes are now—

Mr. SIKES. On the 3-mile strip.

Mr. BECKER (continuing). Being paid on the 3-mile strip.

Mr. SIKES. But not on the other property that belonged, I mean, it now belongs to the Government, or that are on this 3-mile strip, during the time it belonged to the Government.

The CHAIRMAN. Now, members of the committee—

Mr. RIVERS. Let me ask him a question.

Mr. SIKES. Mr. Chairman, I want to be sure I cleared this question. Frank, did I clear your question? Do you understand it?

During the time the Government owned this property, it paid taxes.

Mr. BECKER. That is right.

Well, that is the part I am getting at. I am interested in your 1950 date.

In view of the tax situation why should we fix a fair market value today and pay the Federal Government for it, if it has been out of taxation all these years?

I don't see that point. And I am inclined to agree with you, will admit it is going to be a very good proposition.

Mr. RIVERS. Let me ask Mr. Sikes a question.

Mr. SIKES. The Government hasn't contributed a thing to this property since 1950.

Mr. BECKER. That is the point I wanted to make.

Mr. RIVERS. The Government got this strip of land for nothing?

Mr. SIKES. Got it free.

Mr. RIVERS. They have paid nothing to enhance its value?

Mr. SIKES. They have done nothing whatever to enhance its value.

Mr. RIVERS. They have just held it there?

Mr. SIKES. That is all.

Mr. RIVERS. It has never returned anything to the State or to the Federal Government by way of income?

Mr. SIKES. Nothing at all.

Mr. RIVERS. Is there any reason that the Morse formula is so sacrosanct that it should be applied to a thing where the Government just got a windfall on something?

Mr. SIKES. I wouldn't think it should be, in the House.

(Chorus of "Mr. Chairman.")

Mr. RIVERS. Wait a minute now.

In this committee, too.

If there should be any increase in value, it should inure to the county, so they can improve it.

Mr. SIKES. The county has made the improvements that have been made.

Mr. RIVERS. Why, certainly.

The State of Florida, the county, or whoever is going to be the fee simple owner should have that increase in value, so that they can improve it for the benefit of the public down there.

Now, if it is paid into the Treasury, it is gone forever and you will not see it.

The CHAIRMAN. Now—

Mr. RIVERS. If you get that, then you can use that improved value for the benefit of the people who are going to use it. That is the way it seems to me.

Mr. SIKES. My distinguished friend is a better advocate than I am.

Mr. RIVERS. I am a "Mr. Sikes Democrat," that is all.

Mr. HARDY. Mr. Chairman—may I ask a question, Mr. Chairman?

Mr. SIKES. Yes, sir?

Mr. HARDY. How much of the island are we talking about?

Mr. SIKES. Three miles.

Mr. KELLEHER. 875 acres.

Mr. HARDY. How much of the island still remains under Federal control?

Mr. SIKES. About 30 miles.

Mr. HARDY. So we are talking about—

Mr. SIKES. It is a long, narrow island. It is 45 miles long. It is anywhere from one-fourth to a mile wide. This is a 3-mile strip, involving 875 acres. About 30 miles still is in the hands of the Federal Government, and there is no disposition to remove that.

As a matter of fact, the Government doesn't want any more land conveyed back to the county or the State, because they want right of ingress and egress to Eglin and to other military installations in the area.

Mr. HARDY. So, actually, we are talking about less than 10 percent of the total land which was originally involved?

Mr. SIKES. That is correct.

Mr. HARDY. The whole island was originally decided to the Federal Government for development for recreational purposes by the county, is that correct?

Mr. SIKES. And no development took place.

The CHAIRMAN. Now, members of the committee, I think we all understand this amendment.

What is the attitude of the committee? All in favor of this amendment as suggested by the Department—

Mr. PRICE. What is the amendment?

The CHAIRMAN. Strike out "as of May 1950", on page 2, line 7, and insert after the word "Army", "current fair market value."

All in favor of that amendment hold up your hand.

Mr. PRICE. Is that the first amendment?

The CHAIRMAN. No, this is the second amendment.

You needn't argue about the other one.

Mr. AMENDS. Nobody is in favor of it.

Mr. KELLEHER. Nobody in favor.

The CHAIRMAN. All right.

All opposed.

(Show of hands.)

The CHAIRMAN. A quorum being present, the committee unanimously rejects the Department's amendment.

Without objection, the bill will be favorably reported with the other amendment in it.

Mr. Bennett, report the bill.

Thank you, Mr. Sikes.

Mr. SIKES. Thank you, Mr. Chairman and gentleman.

Mr. HENRICK. You will remember that when I come here.

(Whereupon, the committee proceeded to further business.)

## ATTACHMENT T

57TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
1st Session } No. 1021

REPEALING PORTIONS OF LAW RELATING TO RESIDUAL  
 RIGHTS IN LAND IN FLORIDA

August 23, 1901.—Committed to the Committee of the Whole House on the  
 State of the Union and ordered to be printed

Mr. BENNETT of Florida, from the Committee on Armed Services,  
 submitted the following

R E P O R T

[To accompany H.R. 7932]

The Committee on Armed Services, to whom was referred the bill  
 (H.R. 7932) to amend the act of July 2, 1948, so as to repeal portions  
 thereof relating to residual rights in certain land on Santa Rosa  
 Island, Fla., having considered the same, report favorably thereon  
 with amendment and recommend that the bill as amended do pass.

The amendment is as follows:

On page 1, strike all of lines 3 through 9 and insert in lieu thereof  
 the following:

1 That (a) the first sentence in the first section of the Act—  
 2 entitled "An Act to authorize the Secretary of the Army  
 3 to sell and convey to Okaloosa County, State of Florida,  
 4 all the right, title, and interest of the United States, includ-  
 5 ing any restriction on use thereof, in and to a portion of  
 6 Santa Rosa Island, Florida, and for other purposes", ap-  
 7 proved July 2, 1948 (62 Stat. 1229), is hereby amended by  
 8 striking the words "for recreational purposes". Subpara-  
 9 graphs a, c, and g of the first section, and all of sections 2  
 10 and 3 of the Act are hereby repealed.

EXPLANATION OF AMENDMENT

Since it appears doubtful that the bill as drafted would accomplish  
 the purpose sought, and since the military departments of the Depart-  
 ment of Defense no longer require the use of the property in the event  
 of a national emergency, it is the view of the committee that the bill  
 should be amended to insure that these purposes are accomplished.  
 This amendment will give the county the advantages of a fee simple

~~ABROGATE THIS BILL WITH RESPECT TO THE GOVERNMENT'S INTERESTS IN CERTAIN LANDS~~  
 interests which it no longer requires.

#### PURPOSE OF THE BILL

The purpose of H.R. 7932 is to repeal certain portions of the act of July 2, 1948 (62 Stat. 1229) in order to release residual interests of the United States in certain land on Santa Rosa Island, Fla.

#### BACKGROUND OF THE BILL

##### *Santa Rosa Island, Fla.*

Santa Rosa Island, about 45 miles long and from one-quarter to one-half mile wide, lies along the upper gulf coast of Florida. Prior to 1928 the island was owned by the United States. During that year all of the island, with the exception of the Fort Pickens Military Reservation, was sold by the War Department to Escambia County, Fla., for \$10,000.

##### *Conveyance to Interior*

In 1937 Escambia County conveyed to the Department of the Interior without cost all of Santa Rosa Island except Fort Pickens. It was the intent that the Department of the Interior would develop the island for park and recreational purposes. Little was done, however, and in 1941 the Department of the Interior conveyed the eastern half of the island to the War Department for use as a part of Eglin Field.

##### *Change in county line*

The boundary line between the counties was later changed, upon payment by Okaloosa County to Escambia County of \$10,000 for sovereignty of the property over the eastern part of the island, which includes the land to which H.R. 7932 pertains.

##### *Conveyance by Army*

The real property involved in these bills comprises 875 acres of land, more or less, on Santa Rosa Island in Okaloosa County, which were conveyed to Okaloosa County by deed executed by the Secretary of the Army on May 22, 1950, pursuant to the above-cited act of July 2, 1948, as amended by the act of October 26, 1949 (63 Stat. 921). The conveyance was subject to the various restrictions and limitations stated in the enabling act, the major ones of which provided for (a) use of the land by the county or its lessees only for such public recreational purposes as the county deems to be in the public interest, with reverter of title to the United States in the event the property is not used for this purpose or is used for other purposes; (b) restriction against alienation of title except to the United States or any agency of the State of Florida; and (c) the right of the United States to use the property in the event of a national emergency without rental or other payments to Okaloosa County, but subject to existing private rights and to payment of just compensation to others, including owners and lessees involved for taking control over improvements on the property.

##### *Exceptions and reservations*

Excepted and reserved from the conveyance were perpetual easement interests for airspace and for access rights-of-way, and fissionable

(50 Stat. 761). The reservation of easements was extinguished by section 68 of the Atomic Energy Act of 1954, as amended (68 Stat. 934; 72 Stat. 632). The deed provided for a monetary consideration of \$1,000, which represented 50 percent of the fair market value, as determined by the Secretary of the Army after taking into consideration the limitations and restrictions in the conveyance, less the price originally paid by Okaloosa County for that portion of the island prior to its conveyance to the United States.

#### *Improvements to land*

By special act of the 1953 Florida Legislature, the Okaloosa Island Authority was created as an instrumentality of the county vested with administrative powers over the portion of Santa Rosa Island owned by the county. A substantial volume of construction has been put on the island under Okaloosa County ownership, including hotels, motels, apartments, private beach cottages, restaurants, auto service stations, and various types of resort business. Some leases extend for terms up to 99 years, with privileges of renewal for a like term. Authorized public recreational purposes are defined in the conveyance and enabling legislation to include "creation and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, nightclubs, and other enterprises and usages usual to beach resorts and resort housing developments."

#### *Difficulty in marketing bonds*

The Committee has been informed that a serious handicap in marketing bonds for further development on Santa Rosa Island exists because the right of the Government to use the property in the event of a national emergency and the other restrictions against use of the property present a difficulty in furnishing a completely marketable title as required by bonding companies. H.R. 7932 is designed to remedy this situation.

#### *No defense requirement*

It has been determined that the military departments of the Department of Defense no longer require the use of the property involved in the event of a national emergency and that there is no need to retain a right of reverter for failure to comply with the use for which the property was granted.

#### *Fair market value*

It will be noted that the bill provides that Okaloosa County shall pay to the Secretary of the Army the fair market value as of May 22, 1950 (as determined by the Secretary) of the property interest authorized to be conveyed to such county.

The Department of Defense recommended that the fair market value be determined as of the present time rather than as of May 22, 1950. The committee rejected this suggested amendment, however, since the increase in value of the property since 1950 has in no way been contributed to by the United States and it would be, therefore, unfair to require this enhancement of value to be reflected in the amount required for payment by the county.

## FISCAL DATA

Enactment into law of this measure will not involve the expenditure of any Federal funds.

## DEPARTMENTAL DATA

With the exception of the amendment referred to above the Department of the Army, on behalf of the Department of Defense, and the Bureau of the Budget have no objection to this measure as is evidenced by letter dated August 19, 1961, from Secretary of the Army Staff which is set out below and made a part of this report.

DEPARTMENT OF THE ARMY,  
OFFICE OF THE SECRETARY OF THE ARMY,  
Washington, D.C., August 19, 1961.

Hon. CARL VINSON,  
Chairman, Committee on Armed Services,  
House of Representatives.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to H.R. 7696, 87th Congress, a bill to amend the act of July 2, 1948, to repeal that portion reserving to the United States the right to take control of certain real property situated on Santa Rosa Island, Fla., during a national emergency, and for other purposes, and H.R. 7932, 87th Congress, a bill to amend the act of July 2, 1948, so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Fla. The Secretary of Defense has delegated to the Department of the Army the responsibility for reporting the views of the Department of Defense thereon.

The Department of the Army on behalf of the Department of Defense would interpose no objection to these bills, provided they are amended as set forth below. The purposes of the bills are stated in the titles. The bills also provide that Okaloosa County shall pay to the Secretary of the Army the fair market value, as of May 22, 1950, of the property interests which the United States would relinquish thereby, with the determination as to fair market value to be made by the Secretary.

Santa Rosa Island, about 45 miles long and from one-quarter to one-half mile wide, lies along the upper gulf coast of Florida. Prior to 1928 the island was owned by the United States. During that year all of the island, with the exception of the Fort Pickens Military Reservation, was sold by the War Department to Escambia County, Fla., for \$10,000. In 1937 Escambia County conveyed to the Department of the Interior without cost all of Santa Rosa Island except Fort Pickens. It was the intent that the Department of the Interior would develop the island for park and recreational purposes. Little was done, however, and in 1941 the Department of the Interior conveyed the eastern half of the island to the War Department for use as a part of Eglin Field. The boundary line between the counties was later changed, upon payment by Okaloosa County to Escambia County of \$10,000 for sovereignty of the property over the eastern part of the island, which includes the land to which H.R. 7696 and H.R. 7932 pertain.

The real property involved in these bills comprises 7 1/2 acres of land, more or less, on Santa Rosa Island in Okaloosa County, which were conveyed to Okaloosa County by deed executed by the Secretary of the Army on May 22, 1950, pursuant to the above-cited act of July 2, 1948, as amended by the act of October 26, 1949 (63 Stat. 921). The conveyance was subject to the various restrictions and limitations stated in the enabling act, the major ones of which provided for: (a) use of the land by the county or its lessees only for such public recreational purposes as the county deems to be in the public interest, with reverter of title to the United States in the event the property is not used for this purpose or is used for other purposes; (b) restriction against alienation of title except to the United States or any agency of the State of Florida; and (c) the right of the United States to use the property in the event of a national emergency without rental or other payments to Okaloosa County, but subject to existing private rights and to payment of just compensation to others, including owners and lessees involved for taking control over improvements on the property.

Excepted and reserved from the conveyance were perpetual easement interests for airspace and for access rights-of-way, and fissionable materials, pursuant to section 5(b)(1) of the Atomic Energy Act of 1946 (60 Stat. 761). The reservation of fissionable materials was extinguished by section 68 of the Atomic Energy Act of 1954, as amended (68 Stat. 934; 72 Stat. 632). The deed provided for a monetary consideration of \$4,000, which represented 50 percent of the fair market value, as determined by the Secretary of the Army after taking into consideration the limitations and restrictions in the conveyance, less the price originally paid by Okaloosa County for that portion of the island prior to its conveyance to the United States.

By special act of the 1953 Florida Legislature, the Okaloosa Island Authority was created as an instrumentality of the county vested with administrative powers over the portion of Santa Rosa Island owned by the county. A substantial volume of construction has been put on the island under Okaloosa County ownership, including hotels, motels, apartments, private beach cottages, restaurants, auto service stations, and various types of resort business. Some leases extend for terms up to 99 years, with privileges of renewal for a like term. Authorized public recreational purposes are defined in the conveyance and enabling legislation to include "erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, nightclubs, and other enterprises and usages usual to beach resorts and resort housing developments."

The Department of the Army has been informed on behalf of the Okaloosa Island Authority, that a serious handicap in marketing bonds for further development on Santa Rosa Island exists because the right of the Government to use the property in the event of a national emergency and the other restrictions against use of the property present a difficulty in furnishing a completely marketable title as required by bonding companies. H.R. 7696 and H.R. 7932 are designed to remedy this situation. Whether the bills would accomplish this purpose, however, is doubtful. Both H.R. 7696 and H.R.

7032. . . . .  
 use of property in the event of a national emergency. H.R. 7032 goes further in attempting to repeal the provision for reverter of title to the United States for failure to comply with the use restriction. Since the bill, as written, leaves in effect other provisions restricting use, however, it is questionable whether a repeal of the express reverter words, only, would preclude a possibility of action to revert title in the United States in the event the county failed to use the property for recreational purposes.

It has been determined that the military departments of the Department of Defense no longer require the use of the property involved in the event of a national emergency and that there is no need to retain a right of reverter for failure to comply with the use for which the property was granted. Accordingly, in order to give the county the advantages of a fee simple absolute title and to release the Government from the burden of residual interests which it no longer requires, it is recommended that the first sections of H.R. 7606 and H.R. 7032 be amended by substituting the following for subparagraph (a):

"That (a) the first sentence in the first section of the Act entitled 'An Act to authorize the Secretary of the Army to sell and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States, including any restriction on use thereof, in and to a portion of Santa Rosa Island, Florida, and for other purposes', approved July 2, 1948 (62 Stat. 1229), is hereby amended by striking the words 'for recreational purposes'. Subparagraphs a, e, and g of the first section, and all of sections 2 and 3 of the Act are hereby repealed."

The date of May 22, 1950, for establishment of the fair market value of the property interests to be released is considered an unrealistic standard of compensation, in that it would preclude the Government from realizing the benefit of any enhancement in property value during the past 11 years in which it has retained these interests. Therefore, it is recommended that section 2 of these bills be revised by inserting the word "current" before the words "fair market value" and deleting the words "as of May 22, 1950".

Enactment of these bills will have no effect on the budgetary requirements of the Department of the Army.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget advises that, from the standpoint of the administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely yours,

ELVIS J. STAHR, Jr.,  
 Secretary of the Army.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, there is herewith printed in parallel columns the text of provisions of existing law which would be repealed or amended by the various provisions of the bill.

EXISTING LAWTHE BILL

Public Law 885—80th Congress  
(62 Stat. 1220)

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Army is authorized to convey, subject to the limitations and conditions hereinafter enumerated and such others as he may prescribe, to Okaloosa County, State of Florida, for recreational purposes, all right, title, and interest of the United States in and to all or any part of that portion of Santa Rosa Island, Florida, extending one mile east from Brooks Bridge on United States Highway 98 near the town of Fort Walton, Florida, except for a strip of land six hundred feet wide (three hundred feet east and three hundred feet west from center line of road leading to radar site "Dick"), extending from Highway 98 to the mean low water level of the Gulf of Mexico, and two miles west from said bridge, and to all or any part of that portion of said Santa Rosa Island which lies east of the new channel at East Pass (consisting of two small islands), said property being under the jurisdiction of the Department of the Army. Such conveyance shall be made upon payment by said county of a sum which shall be fifty per centum of the fair value of the property conveyed, based upon the highest and best use of the property at the time it is offered for sale regardless of its former character or use, as determined by the Secretary, less such

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subparagraph c of the first section and the first sentence of section 3 of the Act entitled "An Act to authorize the Secretary of the Army to sell and convey to Okaloosa County, State of Florida, all the right, title, and interest of the United States in and to a portion of Santa Rosa Island, Florida, and for other purposes", approved July 2, 1948 (62 Stat. 1229), are hereby repealed.

(b) The Secretary of the Army shall issue such written instruments as may be necessary to bring the conveyance made to Okaloosa County, Florida, on May 22, 1950, under authority of the Act of July 2, 1948, into conformity with the amendment made by subsection (a) of this section.

Sec. 2. The first section of this Act shall take effect on the date the county of Okaloosa, Florida, shall pay to the Secretary of the Army the fair market value, as of May 22, 1950 (as determined by the Secretary), of the property interest authorized to be conveyed to such county under the first section of this Act.

## EXISTING LAW

portion. The price originally paid by said county for said island, prior to its conveyance to the United States, as the Secretary shall determine to be fair and equitable. The deed of conveyance of said property by the Federal Government will contain the following limitations and restrictions:

a. That said property shall be used only for public recreational purposes.

b. That climb-proof, chain-link fences eight feet in height, with three strands of barbed wire (three barbs) at the top, together with necessary gates, be constructed by and at the expense of Okaloosa County, its successors or assigns, one at the westerly limit of area conveyed, and a second surrounding the immediate area of radar site "Dick," the fence erected at the westerly limit to be maintained by Okaloosa County and the fence erected around radar site "Dick" to be maintained by the Department of the Army.

c. That the Federal Government reserves the free right of ingress and egress in, on, and over the above-described property to other Federal Government property.

d. That the Federal Government reserves an avigation easement in perpetuity, prohibiting the erection of any structure or obstacle in excess of seventy-five feet above mean low-water level within the area to be conveyed.

e. That in the event of a national emergency the United States of America, acting through the Secretary of the Army, shall have the right to take over from Okaloosa County, its successors or assigns, complete control and operation of the property herein described for such use and for such length of time as the emergency

## THE BILL

## EXISTING LAW

## THE BILL

shall require, in the discretion of the Secretary of the Army; without rental or other charge as far as Okaloosa County is concerned but subject to all valid existing private rights in and to the said property or any part or parts thereof: *Provided*, That just compensation shall be given to the owners, lessees, or other persons interested for the taking of control or operation of, or rights in, improvements of said property.

f. That cost of any surveys that will be necessary in connection with the conveyance of said land shall be borne by the county of Okaloosa, its successors or assigns.

g. The public recreational purposes provided for herein shall include the erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, night clubs, and other enterprises and usages usual to beach resorts and resort housing developments.

SEC. 2 The property herein described shall be retained by the said Okaloosa County and shall be used by it only for such public recreational purposes as it shall deem to be in the public interest or be leased by it from time to time, in whole or in part or parts to such persons and only for such public recreational purposes as it shall deem to be in the public interest and upon such terms and conditions as it shall fix and always to be subject to regulation by said county whether leased or not leased, but never to be otherwise disposed of or conveyed by it: *Provided*, That nothing herein shall prevent the said county from conveying the said property back to the Federal Government, or, subject to the limitations and restrictions hereinbefore indicated,

EXISTING LAW

THE BILL

to the State of Florida or any agency thereof; any such conveyance to be subject to all valid rights of third parties then existing or outstanding.

Sec. 3. In the event that the land conveyed pursuant to this Act shall be used for any purpose other than for public recreational purposes as herein defined, or shall cease to be used for such purposes, title to said land shall revert to the United States. The county of Okaloosa shall be obligated to require compliance with all of the other restrictions and limitations enumerated in this Act. And the said county shall, in all its leases of the said property, or part, or parts thereof, provide that in the event of a failure on the part of the lessee or lessees, heirs, successors, or assigns, to comply with such restrictions and limitations, all the rights, titles, and interests of such noncomplying lessee or lessees, heirs, successors, or assigns shall be forfeited, and shall revert to the county of Okaloosa to be held subject to the terms and provisions of this Act.

Sec. 4. It is herein provided that the above-described lands are subject to valid existing rights, including those arising out of a lease granted to the Island Amusement Company by Escambia County, Florida, on September 10, 1929, and subsequently modified.

Approved July 2, 1948.

By and with the advice and consent of the Senate and House of Representatives of the State of Florida, in conference assembled, I hereby certify that the foregoing is a true and correct copy of the bill as passed by the Senate and House of Representatives of the State of Florida, in conference assembled, on July 2, 1948.

## ATTACHMENT U

## QUITCLAIM DEED

STATE OF FLORIDA  
COUNTY OF OKALOOSA

BOOK 286 PAGE 298  
OFFICIAL RECORDS

THIS INDENTURE, Made by and between the UNITED STATES OF AMERICA, Party of the First Part, Acting by and through the Secretary of the Army, under the pursuant to the power and authority contained in the Act of Congress, approved 23 October 1962 (Public Law 87-860), in OKALOOSA COUNTY, STATE OF FLORIDA, Party of the Second Part, WITNESSETH:

WHEREAS, by indenture dated 22 May 1950, and recorded on 8 July 1950 in the Office of the Clerk of Circuit Court of Okaloosa County, Florida, in Deed Book 63, Page 312, the Party of the First Part, acting by and through Frank Pace, Jr., Secretary of the Army, under and pursuant to the Act of Congress approved 2 July 1948 (62 Stat. 1229), as amended by the Act of Congress approved 26 October 1949 (Public Law 395, 81st Congress), conveyed unto the Party of the Second Part, certain tracts or parcels of land aggregating 875 acres, more or less, situate on Santa Rosa Island, Okaloosa County, State of Florida, which said land is the same land hereby conveyed by the Party of the First Part unto the Party of the Second Part, which said land is more particularly described hereinafter, and,

WHEREAS, the said Acts of Congress under and pursuant to which said conveyance dated 22 May 1950 was executed, required and directed that said conveyance contain certain specified limitations, restrictions and reservations by which the Party of the First Part reserved unto itself certain rights and easements in and to said land and imposed certain limitations on the use to which said land might be put upon the Party of the Second Part, and

WHEREAS, said Acts of Congress specified a formula for determining the sum of money to be paid by the Party of the Second Part to the Party of the First Part as the fair value of said land conveyed, which said formula directed that the said limitations, restrictions and reservations, cited in said conveyance, be taken into account in determining the fair value of said land, and

WHEREAS, the fair value of said land was determined to be FOUR THOUSAND DOLLARS (\$4,000.00), which sum of money was duly paid by the Party of the Second Part, the receipt of which was acknowledged by the Party of the First Part, and

WHEREAS, Section One (1) of the Act of Congress approved 23 October 1962, (Public Law 87-860), further amended the said Act of Congress approved 2 July 1948 (62 Stat. 1229) by repealing certain of the said limitations, restrictions and reservations specified in said Act of 2 July 1948 (62 Stat. 1229) and directing the Secretary of the Army to issue such written instruments as might be necessary to bring the said conveyance dated 22 May 1950 into conformity with the said Act of 2 July

1962 (62 Stat. 1229); and further, Section Two (2) of said Act of 23 October 1962 (Public Law 87-860) declares that the first section of the Act shall take effect on the date that the Party of the Second Part shall pay to the Secretary of the Army, the current fair market value, as determined by the Secretary of the Army, of the property interest authorized to be conveyed to the Party of the Second Part under the first section of said Act of 23 October 1962 (Public Law 87-860):

NOW THEREFORE, THIS INDENTURE WITNESSETH, that the Party of the First Part for and in consideration of the sum of FIFTY-FIVE THOUSAND AND NO/100 (\$55,00.00), to it in hand paid by the Party of the Second Part, the receipt and sufficiency of which is hereby acknowledged, does hereby remise, release, and quitclaim without warranty of any kind, unto the Party of the Second Part, its successors and assigns, all of its right, title and interest, subject to the exceptions, reservations, restrictions, conditions, covenants and limitations hereinafter set forth in and to the following described property situate and lying in the County of Okaloosa, State of Florida, to-wit:

All those tracts or parcels of land aggregating a net total of 875 acres, more or less, situate and lying on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows:

Beginning at the point of intersection of the south shore line of Santa Rosa Sound with a north-south line which lies east 1,327,473.95 feet of the origin of the State Coordinate System (Lambert Projection Florida North Zone), said point being 2 miles west of a certain point on the center line of the south end of Brooks Bridge over Santa Rosa Sound at Fort Walton Beach, Florida, the co-ordinates of which are N 515,025.45 feet, E 1,338,033.95 with reference to said State Co-ordinate System; thence easterly along the meanders of said south shore line of Santa Rosa Sound three miles more or less to the intersection of said shore line with a north-south line which lies East 1,343,313.95 feet from the origin of said State Co-ordinate System; thence southerly along said north-south line to the north shore line of the Gulf of Mexico; thence westerly along the meanders of said shore line of the Gulf of Mexico three miles more or less to the intersection of said shore line with the aforesaid north-south line which lies East 1,327,473.95 feet of the origin of said State Co-ordinate System; thence northerly along said north-south line to the point of beginning; And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel;

LESS AND EXCEPTING the land comprising the site of radar station "Dick" containing 17 acres more or less and more particularly described as follows:

From aforesaid point on the center line of the south end of Brooks Bridge over Santa Rosa Sound at Fort Walton, Florida; thence S 39° 39' E 996.6 feet to a point on the south right-of-way line of U.S. Highway No. 90, the point of beginning, the

co-ordinate of said point being; North 5142 50.43 feet, East 1,338,660.53 feet with reference to said State Co-ordinate System; thence easterly along said south right-of-way line along a curve to the left having a radius of 3175.36 feet and a distance of 662.4 feet and a long chord which bears S 56° 56' E 661.31 feet; thence S 08° 14' E 1335 feet to the point of beginning.

Bearings are grid bearings referred to in Lambert Co-ordinate System, State of Florida, North Zone.

The above described property being a part of the same property acquired by the UNITED STATES OF AMERICA from COUNTY OF ESCAMBIA, STATE OF FLORIDA, through resolution of the Board of Commissioners of Escambia County at a regular meeting held on 9th day of November 1938, and recorded in Minute Book 10, Page 91 of the public record of that office. Said lands were transferred by the County of Escambia to the National Park Service, Department of the Interior, and subsequently transferred to the War Department by Presidential Proclamation No. 2659, dated 13 August 1945.

RESERVING UNTO THE PARTY OF THE FIRST PART:

1. A perpetual and assignable easement for right-of-way over the above described property for purposes of ingress to an egress from other property of the United States.

2. A perpetual and assignable aviation easement to the air space over said property, to provide clearance for military aircraft and to prohibit the erection on the above-described property of any structure or obstacle in excess of seventy-five (75) feet above mean low water level.

TO HAVE AND TO HOLD the above-described property, except the property and rights excepted and reserved above, unto the said Party of the Second Part, its successors and assigns forever. This conveyance is made subject to existing easements for public roads and highways, public utilities, railroads and pipelines, and further, subject to the reservations, restrictions, covenants, conditions and limitations set forth in this instrument, and further subject to any valid existing rights in the above-described property, including those rights, if any, arising out of a lease granted to the Island Amusement Company by Escambia County, Florida on 10 September 1929, as subsequently modified.

BY THE ACCEPTANCE of this instrument or any rights thereunder, the Party of the Second Part, for itself and for its successors and assigns, assumes the obligations of, covenants to abide by, agrees to, and this conveyance is made, given and accepted subject to the following reservations, restrictions, conditions, and covenants which shall be enforceable against the Party of the Second Part and shall run with the land described herein:

1. That climb-proof, chain-link fences eight (8) feet in height, with three (3) strands of barbed wire (three (3)

barbs) at the top, together with necessary gates, shall be constructed by and at the expense of the Party of the Second Part, its successors and assigns, one such fence to be constructed at the Westerly limit of the area hereby conveyed, and a second such fence surrounding the immediate site "Dick", the fence erected at the Westerly limit to be maintained by the Party of the Second Part and the fence erected around radar site "Dick" to be maintained by the Party of the First Part.

2. That costs of any surveys that will be necessary in connection with this conveyance shall be borne by the Party of the Second Part, its successors and assigns.
3. That the Party of the Second Part, its successors and assigns, shall save, indemnify and hold harmless the Party of the First Part, its officers, agents, servants and employees from and against any and all liability, claim, cause of action or demand, of whatever nature, caused by loss of life, damage to property or injury to the persons of the Party of the Second Part, its officers, agents, servants, employees, lessees, licensees, invitees, or any third party or parties on the property herein conveyed, arising from (a) the exercise by the Party of the First Part of its rights and interests excepted and reserved herein and (b) the condition of the property herein conveyed due to former use thereof by the Party of the First Part while said property was in its possession and control prior to the date of this conveyance unto the Party of the Second Part.
4. That the Party of the Second Part forthwith shall cause this instrument to be recorded at its own expense in and at the proper office of the County and State wherein the property herein conveyed is situate.

IN WITNESS WHEREOF, I, /s/ Cyrus R. Vance Secretary of the Army, by under and pursuant to the Act of Congress aforesaid, have hereunto set my hand and caused the seal of the Department of the Army to be affixed to this instrument this 25th day of SEPTEMBER A.D., 1963.

Signed, sealed and delivered  
in the presence of:

s/ Pauline J. Allen  
s/ Curtis Moore, Jr.

UNITED STATE OF AMERICA

BY: /s/ Cyrus Vance  
Secretary of the Army

## ATTACHMENT V

RECORDED IN OFFICIAL RECORD BOOK 209, PAGE 123, RECORDS OF OKALOOSA COUNTY, FLORIDA.

FILED IN OFFICIAL RECORD BOOK 209, PAGE 123, RECORDS OF OKALOOSA COUNTY, FLORIDA.

RECORDED IN OFFICIAL RECORD BOOK 209, PAGE 123, RECORDS OF OKALOOSA COUNTY, FLORIDA.

FILED IN OFFICIAL RECORD BOOK 209, PAGE 123, RECORDS OF OKALOOSA COUNTY, FLORIDA.

BOOK 209 PAGE 123  
OFFICIAL RECORDS

## AMENDMENT TO LEASE

OKALOOSA ISLAND AUTHORITY  
STATE OF FLORIDA  
OKALOOSA COUNTY

This agreement entered into by and between Okaloosa Island Authority, hereinafter called the Authority, and C.B.S. Development Corporation, hereinafter called Lessee, witness - whereas certain changes in lease dated September 9, 1961, and appearing of record in Official Record Book 209, Page 123, records of Okaloosa County, Florida, are necessary to enable Lessee or its assignee to obtain mortgage financing for the construction of dwellings on residential lots, including the requirements of the Federal Housing Administration, and whereas the parties hereto consent and agree to such changes, now therefore it is mutually agreed, as follows:

1. That paragraph 2 of that certain lease agreement dated September 9, 1961, and appearing of record in Official Record Book 209, Page 123, records of Okaloosa County, Florida, be deleted therefrom and the following paragraph substituted therefore:

2. Lessee hereby agrees to pay to the Authority an annual rental of 1% of all gross receipts of any nature derived from the property for a period of 20 years of the term hereof and 2% of said gross receipts per annum for the remaining term hereof, said amounts to be paid in the month of February of each year for the preceding year, provided that in the event a part of the property above-described is sub-divided by the lessee for use as residential property, from the annual receipts actually received by the lessee an amount equal to 1% of the annual rent so paid to it.

Amounts payable hereunder as to any residential property shall be determined by an annual audit of the books of the lessee and all payments made to lessee by an assignee-lessee or the holder of any mortgage covering the interest of an Assignee-Lessee shall be deemed to be paid in full satisfaction of the obligation of such Assignee-Lessee, and it is agreed that the Authority shall have no right to terminate the interest of such Assignee-Lessee under and by virtue of any of the terms hereof as long as payments are made to Lessee. No termination in any event shall be effective as to the Federal Housing Administration, Veterans Administration, or the holder of any

mortgage shall be made without written notice thereof, mailed to said parties at least ninety days before such termination.

2. That paragraph 3 of that certain lease agreement dated September 9, 1961 and appearing of record in Official Record Book 209, Page 123, records of Okaloosa County, Florida, and the following paragraph substituted therefor:

3. It has been determined by the Authority that the nature of the land hereby leased does not permit the development in the same manner as other properties of the Authority and the Authority does hereby disclaim any right, authority or privilege to plan, control, supervise, or in any manner interfere with the development of said property by the Lessee. The Authority has no responsibility or obligation for the construction of roads, utilities or grading of land. The C.B.S. Corporation, Lessee hereunder, is granted the right and authority to fully develop the leased property, including authority to subdivide certain areas into residential lots and authority to grant to an Assignee-Lessee, by assignment or otherwise, a leasehold interest in any residential lot, to run concurrently with the term granted hereunder, plus the period of any renewal of the term as provided herein, and with authority to fix the terms and conditions of the leasehold interest of the said Assignee-Lessee. The authority granted to the Lessee hereunder shall include the right to provide for the construction of roads, utilities, and other necessary actions to fully develop the use of the demised premises, including also authority to issue and record subdivision plats, area zone map or maps, protective covenants and restrictions.

3. That paragraph 5 of that certain lease agreement dated September 9, 1961, and appearing of record in Official Record Book 209, Page 123, records of Okaloosa County, Florida, be deleted therefrom and the following paragraph substituted therefor:

5. In the case any portion of the rental remains unpaid for the space of 90 days after the time of payment herein set out on in case the Lessee shall default in the performance of or breach any of the other covenants, conditions, terms and provisions of this lease and shall continue in such non-payment, default or breach after 90 days notice in writing from the Authority then the Authority in any such event may declare this lease terminated subject to the provision contained herein. Provided that in cases where Federal Agencies have an interest in the leasehold estate by reason of insuring or guaranteeing a loan thereon, or otherwise, this lease may not be forfeited or terminated for any breach or default other than non-payment

BOOK 244 PAGE 300  
OFFICIAL RECORDS

of rents attributable to the use and occupancy of land. In the event it shall become necessary for the Authority to retain the services of an attorney in order to enforce any of the provisions of this lease, or to effect any collection of the sums due hereunder, Lessee agrees to pay a reasonable attorney's fee in addition to any other amounts determined to be due to the Authority. It is agreed, however, that this paragraph shall be inapplicable to any payments due on account of any residential lot where the rental is paid pursuant to paragraph ~~2~~ 1 of the amendment hereof.

4. That said agreement dated September 9, 1961, except as modified herein, shall remain in full force and effect.

IN WITNESS WHEREOF, this lease is executed in duplicate on this 23 day of August 19 62.

ATTEST:

*James E. Swisher*  
Secretary

*[Signature]*  
Secretary

OKALOOGA ISLAND AUTHORITY

By *J. D. Wenzigard*  
Chairman

O. B. S. DEVELOPMENT CORPORATION  
Corporation

By *[Signature]* Pres.

STATE OF FLORIDA  
COUNTY OF OKALOOSA

BEFORE ME the undersigned authority, personally appeared  
J. D. Winpard, well known to me and known to me to be  
Chairman of the Okaloosa Island Authority, and he acknowledged that he  
executed the foregoing instrument for and in the name of said Authority,  
as its Chairman, and caused its seal to be thereto  
affixed, pursuant to due and legal action of said Authority, authorizing him  
so to do.

Witness my hand and official seal this 23 day of August  
1962, at Fort Walton Beach, Okaloosa County, Florida.

My Commission Expires:

February 5, 1965

*[Signature]*  
Notary Public, State of Florida  
At Large

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day, before me an officer duly authorized,  
in the State and County aforesaid to take acknowledgement, personally appeared  
Newman C. Brackin and B. H. Cox, well known to me to be the President and  
Secretary respectively of C.R.S. Development Corporation, a Corporation,  
and that they severally acknowledged executing the same in the presence of  
two subscribing witnesses freely and voluntarily under authority duly vested  
in them by said corporation and that the seal affixed thereto is the true  
corporate seal of said corporation.

WITNESS my hand and official seal in the County and State last aforesaid  
this 25 day of August, A.D. 1962.

February 5, 1965

*[Signature]*  
Notary Public, State of Florida  
at Large

My Commission Expires:

STATE OF FLORIDA  
OKALOOSA COUNTY  
I hereby certify that this instrument was filed for  
record this 27 day of Aug, A.D. 1962  
at 1:02 PM and duly recorded in Book 244  
of 244 on page 351 and record number  
CCH 1, 1962, CCH 1, CCH 1 COURT  
BY [Signature]  
DEPUTY CLERK  
1113

ATTACHMENT W

(House Rept. No. 93-1255, 93d Cong., 2d Sess., 1974)

The Air Force... (The text in this section is extremely faint and largely illegible due to heavy noise and low contrast in the scan.)

... (Continuation of the faint text from the previous section.)

The Committee... (Another section of faint text, likely a committee finding or recommendation.)

... (Continuation of the faint text.)

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A-10 ATTACH AIRCRAFT

The authorization legislation added \$1,700,000 above the budget ceiling of A-10s which were in for the Air National Guard. The Committee recommends that this amount be funded.

A-10 ATTACH AIRCRAFT

The Air Force budgeted \$11,000,000 to initiate production of 25 A-10s. The program aircraft are to be ordered in advance of the program. The authorization legislation added \$1,000,000 to the program aircraft for a total budget ceiling of \$12,000,000. The Committee recommends that the additional funds be appropriated.

E-3A AWACS AIRCRAFT

The Air Force budgeted \$1,100,000 to initiate a buy of 11 E-3A aircraft. The authorization legislation added \$1,000,000 to the program aircraft for a total budget ceiling of \$2,100,000. The Committee recommends that the additional funds be appropriated.

F-111F FIGHTER BOMBER AIRCRAFT

The authorization legislation added \$1,000,000 above the budget ceiling for F-111F fighter bomber aircraft. The Committee recommends that this amount be funded.

AWACS AIRCRAFT

MILITARY AIRCRAFT PROGRAMS FUNDED

A total of \$1,000,000 was allocated to the four C-119E aircraft. The authorization legislation added \$1,000,000 to the program aircraft for a total budget ceiling of \$2,000,000. The Committee recommends that the additional funds be funded.

OTHER AIRCRAFT

MILITARY AIRCRAFT PROGRAMS FUNDED

A total of \$1,000,000 was allocated to the four C-119E aircraft. The authorization legislation added \$1,000,000 to the program aircraft for a total budget ceiling of \$2,000,000. The Committee recommends that the additional funds be funded.

AIRCRAFT PROGRAMS

MILITARY AIRCRAFT PROGRAMS FUNDED

A total of \$1,000,000 was allocated to the four C-119E aircraft. The authorization legislation added \$1,000,000 to the program aircraft for a total budget ceiling of \$2,000,000. The Committee recommends that the additional funds be funded.

(Dept. of Defense appropriations hearings for 1975 (H.R. 16243) before House Appropriations subcommittee, 93d Cong., 2d Sess., Part 7, 1056 (1974)

1055

COMPARISON OF PROTOTYPES WITH PRODUCTION AIRCRAFT

EX-100. Please provide for the record a detailed explanation of the differences between the two A-10 prototypes and the R.D.T. & L. production version. What changes were made in airframe and engine and so forth.

EX-100. We will be pleased to discuss information follows:

airframe and engine differences between the A-10 prototypes and the production version. The production airframe will have... differences due to an updated control system, improved stability... changes will result from lower drag... cross dual airframe actuators, and lower weight. Operational capability... laser spot seeker, universal air refueling... head-up display rather than an iron sight, dual... and electro optical weapons delivery. The... has utilized more... in place of... rather than sheet metal and metal-to-metal bonding... It has a low landing gear rather than a... with... fuel pump, electrical... and... T100-100 low speed fan exit guide vanes... strength and robustness.

T100-100 ENGINE

EX-100. What changes did the Air Force make in the T100-100 and how much will these changes cost?

EX-100. The Air Force made a number of changes to tailor the T100-2 engine to meet the mission requirements... of the A-10 program. Cost reductions in the Air Force T100-100 were achieved by simplification changes. The... of the engine and fire system, except that... aimed;... of the RPM control;... of the fuel... and... of one alternator and hydraulic pump. Major... to cost reductions. The... of... for titanium in three component stages... in lieu of... for the fan case; and... of... instead of... and... of... of... were made while maintaining... and... characteristics between... of the T100-2... of \$15.7 million... these changes... of the Navy... than the Navy...

RESEARCH AND DEVELOPMENT FUNDING

EX-100. The... aircraft is... of... Air Force... of... than the Navy...

completed in October 1974. And yet, before any of these important milestones are reached, you propose that Congress provide the authority to begin long lead time production funding in July 1974 and to begin a final production of the first 26 operational aircraft by November 1974. Even with the competitive prototype development program, the effort to have a good degree of economy and risk. What you are proposing if Congress appropriated only for long lead time funding of \$28.9 million?

General Evans: The \$28.9 million, Mr. Givens, is connected with the buy for the first 22 aircraft of the fiscal year 1975 program, with full production later on in the year. We need \$28.9 million in July 1974 for a long lead release for the 26 aircraft in the fiscal year 1975 buy.

Mr. Mervin: What is the difference between the \$28.9 million and the \$30 million advance procurement funding?

General Evans: The \$28.9 million is included in our request, in for the 22 aircraft. The \$30 million is the total of the 48 production option that is a separate development contract. I am saying we need the \$28.9 million long lead money for the first 26 aircraft.

Mr. Givens: You are asking the Congress to provide the release of long lead time funds for the 26 aircraft. How much is that?

General Evans: That is \$30 million. We do not intend to apply the rest of the money until after the engine certification tests are completed.

Mr. Givens: I don't understand the difference between the \$30 million and the \$28.9 million.

General Evans: The production money is made up of long lead for the 26 aircraft.

Mr. Givens: That is \$29 million.

General Evans: Yes; long lead for the 26 aircraft in fiscal year 1975 and then advance procurement for the 22 aircraft in the fiscal year 1976 program requires \$29.0 million. So it is 30 million plus \$29.0 million for the 22 aircraft and the remaining is for rest of the cost for the buying of the 26 aircraft in fiscal year 1975.

Mr. Mervin: Could we get a detailed breakdown, General Evans, on what you will buy with the \$29.0 million and then a detailed breakdown of the \$30 million indicating what the buys are? How many engines would that give us for it?

General Evans: Yes.

Mr. Givens: Also a breakdown of what we are getting for the \$28.9 million and what we are getting for the other \$1.1 million.

General Evans: That is right. Later will be part of the breakdown. [A moment later follows:]

The following breakdown of the fiscal year 1975 program is required for the 26 aircraft. The program requires \$28.9 million for the 26 aircraft of \$1.1 million for the 22 aircraft. The program requires \$29.0 million for the 22 aircraft and the remaining is for rest of the cost for the buying of the 26 aircraft in fiscal year 1975. The program requires \$28.9 million for the 26 aircraft and \$1.1 million for the 22 aircraft. The program requires \$29.0 million for the 22 aircraft and the remaining is for rest of the cost for the buying of the 26 aircraft in fiscal year 1975. The program requires \$28.9 million for the 26 aircraft and \$1.1 million for the 22 aircraft. The program requires \$29.0 million for the 22 aircraft and the remaining is for rest of the cost for the buying of the 26 aircraft in fiscal year 1975.

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## PROGRAM CONTINUITY

Mr. Grooms. Why would the continuity of the program be broken if you did not begin actual production of the aircraft in fiscal year 1975? You are proposing to add four more B.D.F. & L. aircraft which will provide program continuity through fiscal year 1975.

Why would the continuity be broken if you didn't begin actual production of the B6?

General Evans. You are correct in saying the addition of the four B.D.F. & L. aircraft will help in avoiding the discontinuity. However, there is still a discontinuity that will take place if we do not initiate the buy of the B6 aircraft.

Mr. Mynny. Could you explain that, General? What sort of discontinuity occurs? What really happens?

General Evans. Starting to initiate the buying, the stocking, the design, the fabrication of the production aircraft. That must take place early in fiscal year 1975. If you do not have authorization to do that then, of course, there will be some cost overruns that will have to take place, that will cost us money. The contractor will not know, of course, what are our intentions with respect to production after he finishes the fabrication of the B.D.F. & L. aircraft.

Carrying him in that condition will cost money. I guess it is that simple.

## COST VALUE PERFORMANCE TRADE-OFFS

Mr. Grooms. In meeting the design-to-cost criteria, what performance capabilities have been traded off?

General Evans. The Air Force has continued to scrutinize the contractor's efforts to meet the design-to-cost goal for the A-10 aircraft. Since the award of the development contract, the services have conferred on performance and equipment trade studies with careful attention to production cost factors. The change in the A-10's performance characteristics that the latest and final requirements were placed from 1,000 to 1,170 kts and maximum horizontal speed was reduced from 49,000 to 45,000 ft/min.

Trade studies dealing with the specific performance requirements have resulted in changes to equipment specifications. These changes are, first, a reduction in the initial rate of fire of the gun from 60 to 50 rounds per second in the first round, a 70 round magazine, to 70 rounds per second sustained by the next round and subsequent firing into a 70. This incurs complexity between the gun and aircraft hydraulic systems, while maintaining the desired rate of fire delivered on target in a typical mission. The second change was selection of the LAMPAC of other cost saving other changes to meet to provide a better match of structure and electrical performance capabilities.

Trade studies have an optimum solution that fulfills the requirements for the design-to-cost goal while maintaining the design-to-cost goal.

## COST IMPACT OF DESIGN CHANGES

Mr. Grooms. Why are all the cost savings for the B6 aircraft not being realized? Are there any design changes that are being made that are not being realized?

ATTACHMENT X

BOOK 665 PAGE 521  
OFFICIAL RECORDS

4

STATE OF FLORIDA )  
                          ) LEASE AGREEMENT  
COUNTY OF OKALOOSA )

THIS LEASE AGREEMENT entered into by and between  
C. B. S. DEVELOPMENT CORPORATION, a Florida corporation, herein  
called the Lessor, and  
ROBERT L. F. SIKES

whose mailing address is Route 1, Crestview, Florida.

herein called the Lessee;

WHEREAS, the C. B. S. DEVELOPMENT CORPORATION, a party  
of the first part, is the Lessee under a certain Master Ground Lease  
dated September 9, 1961, and recorded on September 11, 1961,  
among the land records of Okaloosa County, Florida, in Official  
Record Book 209, Page 123, and amendment thereto dated August 23,  
1962, in Official Record Book 244, Page 346, one of the provisions  
of which authorizes the party of the first part without approval  
of the Lessor therein to execute this Assignee-Lease Agreement  
for a term concurrent with the term granted to the party of the  
first part under the aforesaid lease; and

WHEREAS, said C. B. S. DEVELOPMENT CORPORATION did  
heretofore adopt a Plan of Dissolution and Liquidation, and it  
is in the process of liquidating and distributing its assets to  
its stockholders, and the Lessee herein is one of the stockholders  
of said Corporation; and

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WHEREAS, C. B. S. DEVELOPMENT CORPORATION by its  
execution of this Lease Agreement certifies that all of the pro-  
visions of said master lease are in full force and effect as of  
this date and that said lease is free of breach or default; and

WHEREAS, C. B. S. DEVELOPMENT CORPORATION desires to  
now lease unto the above-named Lessee, as a part of the liquidation  
of said Corporation, those parcels of real estate described on the  
Schedule attached hereto and made a part hereof as if set forth  
in full herein;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS That  
C. B. S. DEVELOPMENT CORPORATION as Lessor does hereby grant,  
demise, and lease unto the above-named Lessee his/their heirs,  
executors, administrators, personal representatives, successors,  
and assigns those certain parcels of property on Santa Rosa Island  
in Okaloosa County, Florida, described on the schedule attached  
hereto, signed by the Lessor and made a part hereof as if set forth  
in full herein.

*Prepared by: R. E. Egan  
attorney  
34 W. Government St.  
Pensacola, Fla.*

*Amendment Lease Agmt.*  
ASSIGNMENT OF THIS MORTGAGE RECORDED IN "OFFICIAL  
RECORDS" BOOK 676 AT PAGE 154 OF "OFFICIAL  
RECORDS" THIS 27th 13 1972  
BY *L. G. ...* DEPUTY CLERK  
*C. ...* CLERK CIRCUIT COURT

This Lease and transfer are being made as a part of the distribution of the assets of C. B. S. DEVELOPMENT CORPORATION to its stockholders, the Lessee herein being the owner of corporate stock of the Lessor and this Lease Agreement being executed simultaneously with other Lease Agreements, whereby all of the real estate presently held under lease by Lessor under the aforesaid master lease are being leased and transferred to said stockholders by several documents.

Lessee will at his own expense at all times during said term keep all buildings now or hereafter erected on the demised land insured against loss or damage by fire with extended coverage in a responsible insurance company authorized to do business in Florida, in an amount as near as practicable to the replacement cost thereof, in the joint names of Lessor, Lessee and mortgagee (if any) as their interests may appear, payable in case of loss to the mortgagee (if any) or in the absence of any mortgage to Lessor and Lessee as their interests may appear, and will pay all premiums thereon when due and from time to time on requests therefor deposit with Lessor a true copy of certificate of such current insurance policy, and any money derived therefrom in case of loss shall be held in trust in Florida and be immediately available to and used as soon as reasonable possible by Lessee for rebuilding, repairing, or otherwise reinstating the same buildings in a good and substantial manner according to the plan and elevation of the buildings so destroyed or damages or such modified plan as shall be previously approved in writing by the Lessor; provided, however, that in case the main dwelling on said premises shall be destroyed by any casualty during the last ten years of the term hereof, Lessee may at his option cancel this Lease by giving written notice thereof to Lessor within 30 days after such casualty on condition that before such cancellation becomes effective Lessee shall remove all remains of the damaged buildings, and upon either such cancellation all insurance proceeds shall be payable to and be the property of Lessee and the mortgagee (if any) as their interests may appear; provided, further, that during such period as the Federal Housing Administration or Veterans Administration shall own this lease all provisions of this lease requiring insurance and restoration of buildings which are substantially destroyed shall be inoperative, but such Administration shall promptly remove all remains of any damaged buildings not restored in accordance with said provisions.

Lessee may assign or mortgage this lease without approval or consent of Lessor, and the assignee shall have the same rights and obligations hereunder as the original Lessee; provided, however, that no such assignment shall be effective to transfer any interest in this lease unless Lessor shall have received either a true executed copy of such assignment or written notice thereof, and also, in any case other than assignment by way of mortgage or assignment to or by the Federal Housing Administration or Veterans Administration or upon foreclosure of mortgage or assignment in lieu of foreclosure, payment of a reasonable service charge not to exceed \$25.00 and the written undertaking of the assignee to perform all obligations of Lessee hereunder, which undertaking may be incorporated in such assignment. No such assignment shall release the assignor from further liability unless Lessor shall consent in writing to such assignment, and Lessor will not require payment of any money except said service charge for such consent nor withhold such consent unreasonably or because of the assignee's national origin, race, color, or creed; provided, however, that any

person acquiring the leasehold estate in consideration of the extinguishment of a debt secured by mortgage of this lease or through foreclosure sale, judicial or otherwise, shall be liable to perform the obligations imposed on Lessee by this lease only during the period such person has possession or ownership of the leasehold estate.

During the existence of any mortgage of this lease Lessor will not terminate this lease because of any default by Lessee hereunder or other cause whatsoever if, within a period of 90 days after Lessor has mailed written notice of his intention to terminate this lease for such cause to the mortgagee at its last known address and also, if such mortgage is insured by the Federal Housing Administration or guaranteed by the Veterans Administration, to such Administration, the mortgagee or such Administration shall either cure such default or other cause or, if same cannot be cured by the payment of money, shall undertake in writing to perform all the covenants of this lease capable of performance by it until such time as this lease shall be sold upon foreclosure pursuant to such mortgage, and in case of such undertaking Lessor will not terminate this lease within such further time as may be required by the mortgagee or such Administration to complete foreclosure of such mortgage or other remedy thereunder provided (a) that such remedy is pursued promptly and completed with due diligence, and (b) that Lessor is paid all rents and other charges accruing hereunder as the same become due, and upon foreclosure sale of this lease the time for performance of any obligation of Lessee then in default hereunder other than payment of money shall be extended by the time reasonably necessary to complete such performance with due diligence, ownership by or for the same person of both the fee and leasehold estates in said premises shall not effect the merger thereof without the prior written consent of any mortgagee to such merger.

This Lease and the demised premises are expressly subject to and bound by the Protective Covenants and Restrictions as recorded in Official Record Book 256, Pages 416 through 430, of the public records of Okaloosa County, Florida; restrictions and exceptions retained in conveyances of record in Okaloosa County, Florida, from the United States of America to Okaloosa County, Florida, as recorded in Deed Book 63, Pages 312 through 320 and in Official Record Book 286, Pages 298 through 301 and subject further to any restrictions, easements, exceptions, and rights heretofore recorded in the public records of Okaloosa County, Florida, affecting any or all of the above-described real estate.

The Lessee if required by the Lessor shall exclusively use, at such reasonable rates or charges as may be fixed or approved by the Lessor from time to time, such public utilities and public services relating to health and sanitation as shall be made available from time to time by the Lessor or by others under agreement with or license or permit from the Lessor including without limitation the following: Water, sewerage, and garbage collection or disposal. The reasonableness of rates fixed by the Lessor shall always be subject to judicial review.

The Lessor further covenants and agrees that if the Lessee shall pay the rent as herein provided and shall keep, observe, and perform all of the other covenants of this Lease to be kept, observed and performed by the Lessee, the Lessee shall peaceably and quietly have, hold and enjoy the said premises for the term aforesaid.

In the event it shall become necessary for the Lessor to retain the services of an attorney in order to enforce any of the provisions of this Lease, or to effect any collection of the sums due hereunder, Lessee agrees to pay a reasonable attorney's fee in addition to any other amounts determined to be due to the Lessor.

Upon the expiration or sooner termination of this Lease, Lessee shall be allowed a period of 15 days in which to remove all of his property, including such furnishings and fixtures installed by the Lessee as may be removed without injury to the land and improvements and Lessee shall surrender possession of the land and improvements in as good state and conditions as reasonable use and wear will permit.

No failure, or successive failures, on the part of the Lessor, to enforce any covenant or agreement, or no waiver or successive waivers, on its part of any condition, agreement or covenant herein shall operate as a discharge thereof or render the same invalid, or impair the right of the Lessor to enforce the same in event of any subsequent breach or breaches. The acceptance of rent by the Lessor shall not be deemed a waiver by it of any earlier breach by the Lessee, except as to such covenants and conditions as may relate to the rent so accepted.

In event Lessee shall fully perform all the terms, provisions and conditions on his part to be performed for the full term of this lease Lessee shall have the right and privilege at his election to renew this lease for a further term of 99 years, by giving the Lessor written notice of such election to renew not later than 6 months prior to the expiration of the original term. Such renewal shall be on the like covenants, provisions, and conditions as are in this Lease contained, including an option for further renewals.

BOOK 666 PAGE 525  
OFFICIAL RECORDS

IN WITNESS WHEREOF this instrument is executed in several counterparts, each of which constitutes an original hereof, this 25th day of August, 1972.

Signed, sealed, and delivered in the presence of:

C. B. S. DEVELOPMENT CORPORATION

[Signature]  
As to Lessor

BY: [Signature]  
George Trawick, President

[Signature]  
As to Lessor

Attest [Signature]  
Ben Cox, Secretary

[Signature]  
As to Lessee

[Signature]  
Lessee

[Signature]  
As to Lessee

STATE OF FLORIDA )  
COUNTY OF ESCAMBIA )

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared GEORGE TRAWICK and BEN COX, well known to me to be the President and Secretary, respectively, of C. B. S. DEVELOPMENT CORPORATION, a Florida corporation, Lessor in the foregoing Lease, and they acknowledge executing the same in the presence of two subscribing witnesses freely and voluntarily under authority duly vested in them by said Corporation, and that the seal affixed thereto is the true corporate seal of said Corporation.

WITNESS my hand and official seal in the County and State last aforesaid, this 25 day of August, 1972.

[Signature]  
Notary Public, State of Florida

My Commission Expires: 13th 1972



SCHEDULE OF REAL ESTATE  
INCLUDED IN LEASE AGREEMENT  
FROM C. B. S. DEVELOPMENT CORPORATION  
TO  
ROBERT L. F. SIKES

1. Lot 8, Block B, Holiday Isle on the Gulf of Mexico at Destin, Inc., Residential Section No. 3, according to plat recorded in Plat Book 4, at Page 20 of the public records of Okaloosa County, Florida.
2. Lots 53, 54, ~~55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100~~, Block E, Holiday Isle, according to recorded plat thereof. *G P/S*
3. Lot 65, Block E, Holiday Isle, Residential Section No. 4, according to Plat recorded in Plat Book 4, Page 29.
4. Lot 69, Block E, Holiday Isle, according to recorded plat thereof.
5. Lots 79 and 80, Block E, Holiday Isle, according to recorded plat thereof.
6. Lot 87, Block E, Holiday Isle, Residential Section No. 4, according to plat recorded in Plat Book 4, Page 29.
7. Lot 89, Block E, Holiday Isle, Residential Section No. 4, according to plat recorded in Plat Book 4, Page 29.
8. Lot 91, Block E, Holiday Isle, Residential Section No. 4, according to plat recorded in Plat Book 4, Page 29.
9. Lot 96, Block E, Holiday Isle, according to recorded plat thereof.
10. Lot 4, Block D, Holiday Isle, Residential Section No. 4, according to plat recorded in Plat Book 4, page 29.
11. Lot 29, Block E, Holiday Isle, according to recorded plat thereof.
12. Lots <sup>63, 64, and 71</sup> ~~xxxxxxx~~, Block E, Holiday Isle, according to recorded plat thereof. *G P/S*
13. A parcel of land 500 feet in width facing southerly on the Gulf of Mexico on Holiday Isle, Okaloosa County, Florida, more particularly described as follows: Commencing at a concrete monument marking the Northwest corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, as recorded in Plat Book 4, Page 20, Okaloosa County, Florida. Proceed South 88 degrees - 34 minutes West 210.0 feet to a concrete monument and point of beginning, thence South 1 degree - 26 minutes East 340.0 feet, thence South 84 degrees - 00 minutes West 501.6 feet, thence North 1 degree - 26 minutes West 380.0 feet, thence North 88 degrees - 34 minutes East 500.0 feet to point of beginning.

C. B. S. DEVELOPMENT CORPORATION

By *Robert L. F. Sikes*  
THE PRESIDENT

Commence at the intersection of the centerline of Gulf Shore Drive (100 foot right-of-way) and the Westerly right-of-way line of Durango Road (66 foot rightof way) in Holiday Isle Res. Section No. 5 as recorded in Plat Book 4 at Page 39 of the Public Records of Okaloosa County, Florida; thence go Northerly along said Westerly Right-of-way line of Durango Road a distance of 630.0 feet to the Point of Beginning; thence continue along said Right-of-way line a distance of 435.00 feet; thence go at an angle to the left of 99 degrees 00 minutes a distance of 210.00 feet; thence go at an angle to the left of 90 degrees 00 minutes a distance of 120.08 feet to a Point of Curvature; said curve being concave to the Northwest; thence go along said curve to the right having a radius of 70.00 feet an arc distance of 219.91 feet (CH = 140.00 feet, I = 180 degrees) to a point of tangency; thence continue along a line tangent to said curve a distance of 33.69 feet; thence go at an angle to the left of 81 degrees 00 minutes a distance of 140.00 feet; thence go at an angle to the left of 90 degrees 00 minutes a distance of 200.00 feet to the Point of Beginning.

C. B. S. DEVELOPMENT CORPORATION

By George J. ...  
Its President

72 AUG 25 PM 4 08  
OKALOOSA COUNTY FLA  
CLERK OF DISTRICT COURT  
OFFICE TALLAHASSEE  
FILED



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ATTACHMENT Y

CONGRESS OF THE UNITED STATES

House of Representatives

Washington, D.C. 20515

July 8, 1975

Honorable John J. Flynt, Jr.  
Chairman  
Committee on Standards of Official Conduct  
Washington, D.C. 20515

Dear Chairman:

I am today transmitting to a stock broker for sale 1,000 shares of stock in Fairchild Industries. Following this transaction, neither I nor any member of my family will own stock in Fairchild Industries.

I acquired this stock in the early 1960s at the time that Fairchild established a branch plant in my home town. I did this to show confidence in the company and appreciation for the fact that it was employing residents in my District. Questions have been raised about the propriety of this stock ownership by the liberal press which is apparently unable to comprehend considerations such as those which governed my action.

Please attach this letter as an amendment to the report filed with your Committee.

Sincerely,

Bob Sikes

s/jt

[Received July 9, 1975]

ATTACHMENT Z

H 7766

CONGRESSIONAL RECORD—HOUSE

King	Passman	Steelman
Kluczynski	Patman	Steiger, Ariz.
Kuykendall	Pepper	Steiger, Wis.
Lagomarsino	Perkins	Stephens
J. Craba	Pettis	Stratton
	Feysler	Stubbs
	Pickle	Symms
Long, La.	Poage	Talcott
Long, Md.	Powell, Ohio	Taylor, Mo.
Lott	Preyer	Taylor, N.C.
McClary	Price, Ill.	Thomson, Wis.
McDade	Price, Tex.	Thornon
McEwen	Quile	Towell, Nev.
McFall	Quillen	Treen
Madden	Rallsback	Van Deenlin
Madigan	Regula	Veasey
Mahon	Rhodes	Waggonner
Mann	Roberts	Walsh
Maraciti	Robinson, Va.	Wampler
Martin, Nebr.	Rogers	Ware
Martin, N.C.	Roncallo, N.Y.	White
Mathis, Calif.	Rose	Whitehurst
Mathis, Ga.	Rousselot	Widnall
Michel	Ruppe	Wiggins
Milford	Ruth	Williams
Minshall, Ohio	Sandman	Wilson, Bob
Mitchell, N.Y.	Satterfield	Wilson,
Montgomery	Shoup	Charles H.
Moorhead,	Shuster	Calif.
Calif.	Sikes	Wilson,
Murphy, N.Y.	Sisk	Charles, Tex.
Murtha	Slack	Wright
Myers	Smith, N.Y.	Wyman
Natcher	Spence	Young, Fla.
Nelsen	Stagers	Young, Ill.
Nichols	Stanton	Young, S.C.
O'Brien	J. William	Young, Tex.
O'Neill	Steed	Zion
Parris	Steele	

NOT VOTING--40

Dingell	Grimes	Roncallo, Wyo.
Elatnik	Gunter	Rooney, N.Y.
Holling	Hansen, Idaho	Scherle
Brasco	Hansen, Wash.	Synington
Broomfield	Hollis	Tague
Burleson, Mo.	Jones, Ala.	Tierman
Carey, N.Y.	McSpadden	Udall
Chisholm	Mollenhan	Waldie
Clay	Nedel	Wyatt
Davis, Ga.	Owens	Wylie
Dewhurst	Podell	Young, Alaska
Die	Randall	Zwahn
Do	Rarick	
Gra,	Regie	

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there any further amendments to the bill? If not, the Chair recognizes the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ROSTENKOWSKI, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 16243) making appropriations for the Department of Defense for the fiscal year ending June 30, 1975, and for the other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote desired on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time; and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MINSHALL OF OHIO

Mr. MINSHALL of Ohio. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MINSHALL of Ohio. I am, Mr. Speaker, in its present form.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MINSHALL of Ohio moves to recommit the bill H.R. 16243 to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. DELLENBACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 350, nays 43, not voting 41, as follows:

(Roll No. 465)

YEAS—350

Abdnor	Cederberg	Flood
Adams	Chamberlain	Flowers
Addabbo	Chappell	Flynt
Alexander	Ciancy	Foley
Anderson	Clark	Ford
Calif.	Clausen	Fountain
Anderson, Ill.	Don H.	Frelighuysten
Andrews, N.C.	Claussen, Del.	Frey
Andrews,	Cleveland	Froehlich
N. Dak.	Cochran	Fulton
Annunzio	Cohen	Fuqua
Archer	Collier	Gardos
Arends	Collins, Tex.	Gattys
Armstrong	Conable	Glavin
Ashbrook	Conlan	Gibbons
Ashley	Conte	Gilman
Aspin	Corman	Ginn
Bafalis	Cotler	Goldwater
Baker	Coughlin	Gonzalez
Barratt	Crane	Goodling
Bauman	Cronin	Graso
Beard	Culver	Green, Ore.
Bell	Daniel, Dan	Gross
Bennett	Daniel, Robert	Grover
Bergland	W. Jr.	Gubser
Bevill	Daniels	Gude
Bieber	Dominick V.	Guyer
Blackburn	Danielson	Haley
Boggs	Davis, S.C.	Hamilton
Boland	Davis, Wis.	Hammer
Bowen	de la Garza	schmidt
Brademas	Delaney	Hanley
Bray	Denholm	Hanna
Breaux	Dennis	Hanrahan
Breckinridge	Dent	Harsha
Brinkley	Derfus	Hastings
Brooks	Dickinson	Hawkins
Brotzman	Dingell	Hays
Brown, Calif.	Donohue	Hébert
Brown, Mich.	Dorn	Heckler, Mass.
Brown, Ohio	Dulski	Helms
Broyhill, N.C.	Duncan	Henderson
Broyhill, Va.	du Pont	Hicks
Buchanan	Edwards, Ala.	Hillis
Burgener	Ellberg	Hinsshaw
Burke, Fla.	Erlenborn	Hogan
Burke, Mass.	Esch	Holt
Burleson, Tex.	Eshleman	Horton
Butler	Evans, Colo.	Hosmer
Byron	Evins, Tenn.	Howard
Camp	Facell	Huber
Carney, Ohio	Findley	Hudnut
Carter	Fish	Hungate
Casby, Tex.	Fisher	Hunt

*final vote*

August 6, 1974

August 6, 1974

Hutchinson	Moorhead,	Skubita
Ichord	Calif.	Slack
Jarman	Moorhead, Pa.	Smith, Iowa
Johnson, Calif.	Morgan	Smith, N.Y.
Johnson, Colo.	Nota	Snyder
Johnson, Pa.	Murphy, Ill.	Spence
Jones, Ala.	Murphy, N.Y.	Stagers
Jones, N.C.	Murtha	Stanton
Jones, Okla.	Myers	J. William
Jones, Tenn.	Natcher	Stanton,
Jordan	Nelson	James V.
Karh	Nichols	Steed
Kasen	Nix	Steele
Kemp	O'Brien	Steelman
Ketchum	O'Hara	Steiger, Ariz.
Kling	O'Neill	Steiger, Wis.
Kluczynski	Parris	Stephens
Kuykendall	Passman	Stratton
Kyros	Patman	Stubblefield
Lagomarsino	Patten	Stuckey
Landgrebe	Pepper	Sullivan,
Landrum	Perkins	Symms
Latta	Pettis	Talcott
Leggett	Peyster	Taylor, Mo.
Lehman	Pickle	Taylor, N.C.
Lent	Pike	Thomson, Wis.
Littton	Poage	Thone
Long, La.	Powell, Ohio	Thornton
Long, Md.	Preyer	Tierman
Lott	Price, Ill.	Towell, Nev.
Lujan	Fritchard	Traxler
Luken	Quis	Treen
McClary	Quillen	Ullman
McCollister	Rallsback	Van Deerlin
McCormack	Regula	Vander Veer
McDade	Rhodes	Veysey
McEwen	Rinaldi	Vigorito
McFall	Roberts	Waggonner
McKay	Robinson, Va.	Walsh
McKinney	Robison, N.Y.	Wampler
Macdonald	Rodino	Ware
Madden	Roe	White
Madigan	Rogers	Whitehurst
Mahon	Roncallo, N.Y.	Whitten
Mallory	Rooney, Pa.	Widnall
Man	Ross	Wiggins
Maraziti	Rostenkowski	Williams
Martin, Nebr.	Roush	Wilson, Bob
Martin, N.C.	Rousslot	Wilson,
Mathias, Calif.	Roy	Charles H.,
Mathias, Ga.	Runnels	Calif.
Matsunaga	Ruppe	Wilson,
Mayne	Ruth	Charles, Tex.
Mazzei	Ryan	Winn
Meade	St Germain	Wolf
Melcher	Sandman	Wright
Mezvlinsky	Sarasin	Wyder
Michel	Sarbanes	Wyman
Milford	Satterfield	Yates
Miller	Schneebeil	Yatron
Mills	Sebellus	Young, Ma.
Minish	Shipley	Young, Ill.
Mink	Shoup	Young, S.C.
Mitchell, N.Y.	Shriver	Young, Tex.
Mizell	Shuster	Zablocki
Moakley	Sikes	Zion
Montgomery	Sisk	

**NAYS—43**

Abzug	Frenzel	Rees
Badillo	Green, Pa.	Reuss
Bingham	Harrington	Rosenthal
Burke, Calif.	Rechtler, W. Va.	Roybal
Burton, John	Helstoski	Schroeder
Burton, Phillip	Holtzman	Selberling
Collins, Ill.	Kastenmeier	Stark
Conyers	Koch	Stokes
DeLoach	McCloskey	Studds
Dellums	Metcalfe	Thompson, N.J.
Drinan	Minshall, Ohio	Vanik
Eckhardt	Mitchell, Md.	Whalen
Edwards, Calif.	Mosher	Young, Ga.
Forsythe	Obey	
Fraser	Rangel	

**NOT VOTING—41**

Blaggi	Griffiths	Riegle
Blatnik	Gunter	Roncallo, Wyo.
Bolling	Hansen, Idaho	Rooney, N.Y.
Brasco	Hansen, Wash.	Scherie
Broomfield	Hollifield	Symington
Burtonson, Mo.	McSpadden	Teague
Carey, N.Y.	Molichan	Udall
Chisholm	Nedzi	Vander Jagt
Clay	Owens	Waldie
Davis, Ga.	Podell	Wyatt
Derwinski	Price, Tex.	Wylie
Diggs	Randall	Young, Alaska
Downing	Rarick	Zwach
Gray	Reid	

So the bill was passed.  
The Clerk announced the following pairs:

**On this vote:**  
Mr. Roncallo of Wyoming for, with Mrs. Chisholm against.  
Mr. Carey of New York for, with Mr. Riegle against.  
Mr. Teague for, with Mr. Clay against.  
Mr. Symington for, with Mr. Diggs against.  
Mr. Burlington of Missouri for, with Mr. Waldie against.

**Until further notice:**  
Mr. Reid with Mrs. Griffiths.  
Mr. Gunter with Mrs. Hansen of Washington.  
Mr. Binggi with Mr. Hollifield.  
Mr. Davis of Georgia with Mr. McSpadden.  
Mr. Gray with Mr. Rooney of New York.  
Mr. Brasco with Mr. Owens.  
Mr. Nedzi with Mr. Zwach.  
Mr. Podell with Mr. Vander Jagt.  
Mr. Rarick with Mr. Derwinski.  
Mr. Blatnik with Mr. Wyatt.  
Mr. Udall with Mr. Broomfield.  
Mr. Downling with Mr. Wylie.  
Mr. Mollo with Mr. Scherie.  
Mr. Randall with Mr. Price of Texas.

The result of the vote was announced as above recorded.  
A motion to reconsider was laid on the table.

**REPORT ON RESOLUTION TO PROVIDE FOR TELEVISION AND RADIO COVERAGE OF IMPEACHMENT PROCEEDINGS**

Mr. MADDEN, from the Committee on Rules, reported the following report to accompany the privileged resolution (H. Res. 802, Rept. No. 93-1266), which was referred to the House Calendar and ordered to be printed:

The committee on rules, having had under consideration House Resolution 802, by a nonrecord vote reports the same to the House with the recommendation that the Resolution do pass with two amendments, as follows:

1. On page 2, line 1, strike all after the resolving clause and add: "That, notwithstanding any rule, ruling or custom to the contrary, the proceedings in the Chamber of the House of Representatives relating to the resolution reported from the Committee on the Judiciary, recommending the impeachment of Richard M. Nixon, President of the United States, may be broadcast by radio and television and may be open to photographic coverage, subject to the provisions of section 2 of this resolution.

"Sec. 2. A special committee of four Members, composed of the Majority and Minority Leaders of the House, and the Majority and Minority Whips of the House, is hereby authorized to arrange for the coverage made in order by this resolution and to establish such regulations as they may deem necessary and appropriate with respect to such broadcast or photographic coverage; Provided, however, that any such arrangements or regulations shall be subject to the final approval of the Speaker; and if the special committee or the Speaker shall determine that the actual coverage is not in conformity with such arrangements and regulations, the Speaker is authorized and directed to terminate or limit such coverage in such manner as may protect the interests of the House of Representatives."

2. Strike the preamble.

**REPORT ON RESOLUTION TO PROVIDE FOR CONSIDERATION OF H.R. 16136, AUTHORIZING CERTAIN MILITARY INSTALLATION CONSTRUCTION**

Mr. MADDEN, from the Committee on Rules, reported the following privileged

resolution (H. Res. 1297, Rept. No. 93-1264) which was referred to the House Calendar and ordered to be printed:

H. Res. 1297  
 Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 16186) to authorize certain construction at military installations, and for other purposes, and all points of order against said bill for failure to comply with the provisions of clause 3, Rule XIII are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

**REPORT ON RESOLUTION TO PROVIDE FOR CONSIDERATION OF H.R. 15487, AUTHORIZING STUDY OF FOREIGN DIRECT AND PORTFOLIO INVESTMENT IN UNITED STATES**

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 1296, Rept. No. 93-1263), which was referred to the House Calendar and ordered to be printed:

H. Res. 1296  
 Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15487) to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 16487, the Committee on Foreign Affairs shall be discharged from the further consideration of the bill S. 2940, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 15487 as passed by the House.

**REPORT ON RESOLUTION TO PROVIDE FOR CONSIDERATION OF S. 1868, AMENDING THE UNITED NATIONS PARTICIPATION ACT OF 1945 TO HALT THE IMPORTATION OF RHODESIAN CHROME**

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 1298, Rept. No. 93-

1265), which was referred to the House Calendar and ordered to be printed.

H. Res. 1298  
 Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1868) to amend the United Nations Participation Act of 1945 to halt the importation of Rhodesian chrome. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

**GENERAL LEAVE**

Mr. FLYNN, Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days in which to revise and extend their remarks in the Record prior to the vote on the amendment which I offered to title VII of H.R. 16243, the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

**THE PRESIDENT SHOULD RESIGN**

(Mr. MILFORD asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MILFORD, Mr. Speaker, from gradeschool to the graveyard, Americans are taught that: "Everyone is innocent until proven guilty, and that he is always entitled to his day in court."

We grant these rights to the most common of our criminals and even to the maddest of madmen.

The President of the United States—our President—is also entitled to the same rights and privileges as those extended to suspected murderers, robbers, thieves and other alleged violators of the law.

However, there are also some differences. A President is given certain privileges, power, and a status that is not awarded to other citizens or to citizen-criminals. Criminals do not normally offer themselves as candidates, nor do they take solemn oaths of office to garner our faith.

What is a "common crime," to a citizen, becomes a "high crime" when committed by a President. His punishment, if found guilty, consists of expulsion from office.

The greatest tragedy of this process consists of the punishment that is also levied upon the 200,000,000 innocent victims—the people of this Nation. Like the families of the "common criminal," the citizens of this Nation have committed no crime. Yet, they will bear the brunt of the punishment.

Throughout the seemingly endless investigations, hearings, and inquiries

## ATTACHMENT AA

June 23, 1972

Honorable Bob Sikes  
Member of Congress  
Room 2269  
Washington, D.C.

Re: Bank of the Blue and Gold --  
Proposed New Bank

Dear Bob:

In talking with the director and other officials of our Banking Division I wish to repeat that we are in an almost continuous process of discussions and correspondence with FDIC relative to setting compatible dates with them for field surveys and examinations. This includes the above-captioned applications.

By my direction, the application in question will be surveyed and the field examination will be conducted during the period that will extend no later than the middle of next month. To this end we have designated Mr. Robert McCartney of this office to make the examination and invite the FDIC examiner to join with us, thus making a joint survey and examination.

Mr. Karr, director of our Banking Division, advised this morning that he has been in touch again with Mr. Beasley of the FDIC Atlanta office relative to their joining us for this survey. We have every reason to believe that this will be done.

After the respective surveys have been made and the officers from the two agencies make their separate reports relative to the data accumulated the recommendations are then placed in my hands and with the director of the regional office of the FDIC.

I shall keep you posted, Bob, both as to the exact dates for the survey and thereafter as soon as I receive the report incident thereto.

I am sorry I missed you when I returned your call this morning but Alma advised you had already left the office to make an airline schedule.

With every good wish, I am,

Sincerely,

Fred O. Dickinson, Jr.  
Comptroller of Florida

bcc: B. B. Karr  
George Violette

## ATTACHMENT BB

August 12, 1965

Honorable Donald B. Smith  
Regional Comptroller of the Currency  
Sixth National Bank Region  
1123 Fulton National Bank Building  
Atlanta, Georgia

Dear Mr. Smith:

I wish to acknowledge receipt of your letter regarding the request made to your office for a charter to establish a national bank on the Naval Air Station, Pensacola, Florida. It is a pleasure for me to recommend in highest terms Carlton E. Foster and the group associated with him who are making this charter. They are astute businessmen who enjoy a very fine reputation in the Pensacola community. Their long affiliation with the banking business iminently [sic] qualifies them for sponsors and directors of the national bank for which a charter is requested. I sincerely hope it will be possible for this charter to be granted and that a decision can be made on the matter in the near future.

With good wishes, I am

Sincerely,

Bob Sikes

## ATTACHMENT CC

August 12, 1965

MEMORANDUM FOR THE FILES

Re: New Bank Application at Pensacola,  
Florida - Porter F. Bedell, Agent

Captain P. F. Bedell, Agent on the aforementioned case, visited the Office today. Captain Bedell was the former Commanding Officer of the Pensacola Base, having recently retired, and since the time of retirement has been working in the Bank of the South. He pointed out that through his efforts the Bank of the South had developed a substantial volume of business on the Air Base. Captain Bedell stated that he will sever all connections with the Bank of the South and that there will be no other relationship with the Bank of the South on the part of the organizers or shareholders.

Captain Bedell stated that the new bank would specialize in consumer type loans to personnel assigned to the Base and also service banking needs for civilians working on the Base. Captain Bedell was advised that our examiner would be on the scene shortly to conduct the field investigation and that they should be prepared to present all the aspects of the case and he was assured that we will carefully consider all the aspects of the proposal.

Congressman Sikes accompanied Captain Bedell.

Thomas G. DeShazo  
Deputy Comptroller of the Currency





## ATTACHMENT EE

Code 0025 May 1966

FROM: Chief of NABT  
TO: Comptroller of the Navy  
SUBJECT: Banking services at the NAS, Pensacola, Florida  
REFERENCE: (a) NASP LER CODE CR 17 Dec 1965

1. Reference "a" conveyed the recommendations of the Commanding Officer, NAS, Pensacola, regarding a request for local banking interests to replace the existing banking facility with a full service national bank. Commanding Officer did not advocate changing the present operation. His reason for this stand was that although he is desirous of providing the best possible banking services for his personnel, he questioned that the proposed full bank would be capable of providing the services needed with the capitalization proposed.

2. The CCNABT has reviewed the situation in conjunction with the CO, NAS, Pensacola, and is of the opinion that the services of a full bank would be highly desirable for the naval personnel in this area.

3. It is, therefore, requested that the Comptroller of the Navy recommend approval to the Comptroller of the Currency of the United States that a national bank be authorized for the NAS, Pensacola. It is, of course, understood that such a bank must comply with the Secretary of the Navy's instructions and meet the Department of the Treasury's standards in all respects. In view of the length of time that has expired since the original proposal was made, it is requested that this matter be treated expeditiously. The CCNAT concurs in these recommendations.

JOHN J. LYNCH  
??ATRA  
CCNAT PENSACOLA

*Nassau Credit Co. Inc. - Temporary*

Code 9025 May 1965

TO: Chief of NAAS

FROM: Comptroller of the Navy

SUBJECT: Banking services at the NAS, Pensacola, Florida

REFERENCE: (a) NAAS LER CODE CR 17 Dec 1965

1. Reference "a" conveyed the recommendations of the Commanding Officer, NAS, Pensacola, regarding a request for local banking interests to replace the existing banking facility with a full service national bank. Commanding Officer did not advocate changing the present operation. His reason for this stand was that although he is desirous of providing the best possible banking services for his personnel, he questioned that the proposed full bank would be capable of providing the services needed with the capitalization proposed.

2. The COMNAV has reviewed the situation in conjunction with the CO, NAS, Pensacola, and is of the opinion that the services of a full bank would be highly desirable for the naval personnel in this area.

3. It is, therefore, requested that the Comptroller of the Navy recommend approval to the Comptroller of the Currency of the United States that a national bank be authorized for the NAS, Pensacola. It is, of course, understood that such a bank must comply with the Secretary of the Navy's instructions and meet the Department of the Treasury's standards in all respects. In view of the length of time that has elapsed since the original proposal was made, it is requested that this matter be treated expeditiously. The COMNAV concurs in these recommendations.

JOHN J. LINCH -  
 CHIEF -  
 COMNAV PENSACOLA -

*Chief Financial Control*

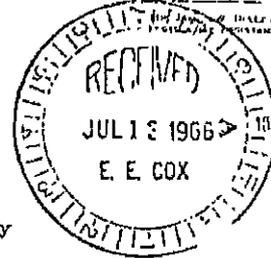
ATTACHMENT FF

OFFICE  
FLORIDA  
MISS ALMA D. DUNN  
ADMINISTRATIVE ASSISTANT

Congress of the United States  
House of Representatives  
Washington, D.C.  
July 12, 1966

COMMITTEE ON  
APPROPRIATIONS

SECRETARIES  
MISS HELEN L. ADAMS  
MISS JUDITH FALGOUTAY  
MISS VIRGIE COFF  
MISS L. HULL  
MISS J. HULL, ASSISTANT



Mr. E. E. Cox  
Special Assistant to the Comptroller of the Currency  
Treasury Department  
Washington, D. C.

Dear Red:

For your information, I am sending to you herewith a copy of the letter by Admiral John J. Lynch, Commander of Naval Air Training, Pensacola, Florida, addressed to the Comptroller of the Navy concerning banking services at the U. S. Naval Air Station at Pensacola. I will appreciate your cooperation and helpfulness in this matter.

With all good wishes, I am

Sincerely,

Bob Silver

**EXHIBIT [3]**STATEMENT BY CONGRESSMAN BOB SIKES

I WELCOME THIS INQUIRY BY THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT. I WANT THE TRUTH, NOT INNUENDOS OR BASELESS CHARGES. I AM CONFIDENT AN INQUIRY WILL BRING OUT THE TRUTH, SOMETHING THE LIBERAL MEDIA AND THE LIBERAL LOBBY ORGANIZATIONS HAVE FAILED TO DO IN THEIR YEAR-LONG ATTEMPT TO DESTROY ME POLITICALLY. FRIENDS, SUPPORTERS AND WITNESSES WHO KNOW THE TRUTH HAVE TRIED ON NUMEROUS OCCASIONS TO SET THE RECORD STRAIGHT; HOWEVER, THUS FAR THEIR EFFORTS HAVE BEEN TO NO AVAIL.

I WELCOME THE INQUIRY BECAUSE I DO NOT WANT INNUENDOS AND DEFAMATORY ALLEGATIONS TO BE ALLOWED TO STAND. THEY UNJUSTLY MALIGN 36 YEARS OF PUBLIC SERVICE IN WHICH I HAVE SOUGHT TO EXEMPLIFY THE VIRTUES AND BELIEFS WHICH HAVE MADE THIS NATION STRONG AND KEPT IT INDEPENDENT. I WANT THE TRUTH AND I AM CONFIDENT THIS INQUIRY WILL SUPPORT MY CONTENTION THAT THE CHARGES BEFORE YOU WERE BUILT ON SUPPOSITION AND ASSUMPTIONS AND ARE NOT AUTHENTICATED BY THE FACTS.

I APPROACH THIS HEARING COGNIZANT OF THE PURPOSE BEHIND COMMON CAUSE -- A SELF-PROCLAIMED GUARDIAN OF AMERICAN CITIZENS. I DO NOT PURPORT TO AGREE WITH THEIR TACTICS IN ACCOMPLISHING THEIR PURPOSES, AND I HAVE SERIOUS DOUBTS AS TO THE CREDIBILITY OF THEIR INFORMATION SOURCES. MY ATTORNEY AND I HAVE ASSEMBLED A FACTUAL RESPONSE ACCOMPANIED BY DOCUMENTED EVIDENCE TO EACH ALLEGATION OF "CONFLICT OF INTEREST."

THE OVERALL THRUST OF THE REPORT BY COMMON CAUSE IS "CONFLICT OF INTEREST." EVIDENCE WILL VERIFY THAT, IN EACH INSTANCE THE INTERESTS OF MY COUNTRY AND THE WELFARE AND LIVELIHOOD OF MY DISTRICT WERE FOREMOST IN MY MIND AND WERE THE PRIME MOTIVATIONS BEHIND MY ACTIONS.

IN SUMMATION, COMMON CAUSE HAS IDENTIFIED AND DISCLOSED A NEGATIVE INTERPRETATION TO EVERY POSSIBLE ASPECT OF MY INVOLVEMENT IN THREE FINANCIAL INVESTMENTS. THE ABSOLUTE FACTS IN EACH CASE WERE MINIMIZED OR TOTALLY DISREGARDED.

IT IS MY HOPE THAT FACTUAL DOCUMENTATION PRESENTED IN MY BEHALF WILL ASSIST YOU IN IDENTIFYING THE POSITIVE EFFECTS AND NUMEROUS BENEFICIAL CONTRIBUTIONS TO MY DISTRICT WHICH RESULTED DIRECTLY FROM THE DISCHARGE OF MY CONGRESSIONAL RESPONSIBILITIES IN AN HONEST AND EFFECTIVE MANNER.

THESE FACTS ARE ESSENTIAL FOR AN INTELLIGENT AND PROMPT DECISION. SUCH FULL DISCLOSURE WILL HELP THE PUBLIC IN GENERAL AND SPECIFICALLY MY CONSTITUENCY RATHER THAN A SELECT GROUP SERVING ITS OWN PURPOSE, WHICH AT THIS POINT IS OPEN TO QUESTION. A PROMPT DECISION WILL ALSO FULFILL THE CONGRESSIONAL POLICY OF THE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT AS SET FORTH BY THE CONGRESS NINE YEARS AGO.

I ESPECIALLY APPRECIATE HAVING A PROPER FORUM FOR THIS INQUIRY. EVENTS OF THE PAST SEVERAL YEARS HAVE SEVERELY SHAKEN THE AMERICAN PEOPLE'S CONFIDENCE IN THE GOVERNMENT AND THEIR PUBLIC OFFICIALS. A CASE SUCH AS THIS DOES NOTHING TO ALLEVIATE THIS SITUATION AND IS UNWARRANTED WHEN ONE CONSIDERS THAT THE VOTERS OF MY DISTRICT EVALUATE MY STATURE, INTEGRITY, COMPETENCE, EXPERIENCE AND PHILOSOPHY EVERY TWO YEARS, AND HAVE VOTED FOR ME OVER ALL OPPOSITION IN 22 STRAIGHT ELECTIONS FOR CONGRESS AND OTHER POSITIONS.

I REALIZE THE IMPORTANCE OF FULL DISCLOSURE AND OPENNESS IN GOVERNMENT, FEELING IT IS SORELY NEEDED TO REASSURE OUR PEOPLE ON

THE VALUE AND INTEGRITY OF THEIR GOVERNMENT. THEREFORE, I EXTEND TO THE MEMBERS OF THE COMMITTEE MY TOTAL COOPERATION REGARDING ANY QUESTIONS ARISING FROM THE MATERIAL BEFORE YOU AND WILL BE GLAD TO SUBMIT ANY ADDITIONAL DOCUMENTATION DEEMED NECESSARY TO RENDER A FAIR AND OBJECTIVE RECOMMENDATION.

MY ATTORNEY, MR. LAWRENCE HOGAN, WILL SUBMIT FOR THE COMMITTEE'S USE IN THEIR DELIBERATIONS, AN OBJECTIVE, FACTUAL PRESENTATION OF PERTINENT DATA, AND APPLICABLE RULES AND LAWS.

I WOULD LIKE TO BRIEFLY TOUCH ON THE HIGHLIGHTS OF THAT STATEMENT OF FACT,

- I. SANTA ROSA ISLAND
  - II. FAIRCHILD
  - III. FIRST NAVY BANK
-

SANTA ROSA ISLAND

MY ATTORNEY HAS WELL DOCUMENTED THE FACT THAT THERE IS NO POSSIBLE CONFLICT OF INTEREST IN MY SPONSORSHIP OF LEGISLATION AFFECTING SANTA ROSA ISLAND. RESTATED VERY BRIEFLY, ALL THE REFERENCES TO THE LEGISLATION AND TO THE PROPERTY ITSELF SPEAK ONLY OF SANTA ROSA ISLAND. THE LEASEHOLD IN WHICH I HELD A STOCK INTEREST WAS NOT ON SANTA ROSA ISLAND. I DIDN'T CONSIDER THAT THIS LEASEHOLD WOULD BE AFFECTED BY THE LEGISLATION; I DID NOT INTEND THAT IT BE BENEFITED BY THE LEGISLATION. I SAW NO WAY IN WHICH THE PROPERTY COULD BE BENEFITED, EVEN IF IT HAD BEEN SPECIFICALLY INCLUDED IN THE LEGISLATION.

IT HAS BEEN SHOWN UNEQUIVOCALLY THAT LEGISLATION WAS INTRODUCED AT THE REQUEST OF THE OKALOOSA ISLAND AUTHORITY IN ORDER THAT THEY MIGHT BORROW FUNDS FOR IMPROVEMENTS AND FOR UTILITIES ON SANTA ROSA ISLAND. THE TERMS OF THE LEASEHOLD IN WHICH I HELD AN INTEREST ON THE TWO SMALL ISLANDS NOW KNOWN AS HOLIDAY ISLE SPECIFICALLY STATED THAT THE AUTHORITY HAD NO RESPONSIBILITY TO MAKE IMPROVEMENTS. THE COSTS OF ALL SUCH IMPROVEMENTS WERE TO BE BORNE BY THE LEASEHOLDERS.

DEVELOPMENT OF THE TWO SMALL ISLANDS HAD BEEN CONSIDERED ILL-ADVISED BY MOST LOCAL BUSINESSMEN AND LENDERS, NOT BECAUSE OF THE REVERTER CLAUSE IN THE TITLE, BUT BECAUSE THE PROPERTY WAS THOUGHT TO BE OF POOR QUALITY AND LOW-LYING CHARACTER, WHICH MADE DEVELOPMENT DIFFICULT AND EXPENSIVE. IT WAS ALSO TOO FAR AWAY FROM POPULOUS FORT WALTON BEACH WHERE BEACH PROPERTY WAS READILY AVAILABLE ON THE THREE-MILE STRIP AND ELSEWHERE.

IT IS SIGNIFICANT THAT THERE WAS AN ALMOST IMMEDIATE BENEFIT TO THE PROPERTY ON SANTA ROSA ISLAND FROM PASSAGE OF THE BILL IN

QUESTION. SALES AND CONSTRUCTION PROGRESSED RAPIDLY FOLLOWING PASSAGE OF THE BILL. IT WAS SEVERAL YEARS BEFORE THERE WAS AN APPRECIABLE ACTIVITY ON HOLIDAY ISLE. IN FACT, THERE WERE NO SUBSTANTIAL SALES ON THE ISLAND UNTIL FIVE YEARS AFTER THE LEGISLATION WAS ENACTED AND THEN ONLY AFTER CONSIDERABLE EXPENSE AND DEVELOPMENT BY C.B.S., A DRAMATIC RISE IN NORTH FLORIDA REAL ESTATE VALUES, AND AN AGGRESSIVE SALES EFFORT AT BARGAIN-BASEMENT PRICES AND LOW DOWN PAYMENTS BY A LOCAL REAL ESTATE AGENCY FOR WHICH C.B.S. HAD TO PAY A 10% FEE. (EVEN AT THAT THE CORPORATION WAS FORCED TO DO ITS OWN FINANCING.) THE DIFFICULTY LAY IN THE FACT THAT THE PROPERTY WAS NOT DEVELOPED UNDER THE SPONSORSHIP OF THE OKALOOSA ISLAND AUTHORITY; THAT IT WAS A LOW-LYING TRACT WHICH WAS PARTIALLY SUBMERGED AT HIGH TIDE; THAT IT REQUIRED FILLING AND DREDGING; AND THAT INVESTORS WERE APPREHENSIVE ABOUT THE FUTURE OF THE TRACT.

ANY BENEFIT TO ME AS A LEASEHOLDER WAS INCIDENTAL AND A PART OF THE GROWTH OF THE AREA OCCURRING SEVERAL YEARS AFTER THE ENACTMENT OF THE LEGISLATION REFERRED TO. IN FACT, MUCH GREATER DEVELOPMENT AND MUCH HIGHER PROPERTY VALUES OCCURRED AFTER I HAD DISPOSED OF MY INTEREST IN THE PROPERTY.

LET ME CALL ATTENTION TO THE FACT THAT THE LEGISLATION PREVIOUSLY REFERRED TO WAS SUPPORTED BY THE DEPARTMENT OF DEFENSE, THE HOUSE AND SENATE ARMED SERVICES COMMITTEES, AND BOTH U.S. SENATORS FROM FLORIDA. THERE WAS NO "INFLUENCE IMPROPERLY EXERTED." I HAVE NOT VIOLATED THE TENETS OF THE HOUSE RULES.

FOR ME TO BE GUILTY OF UNETHICAL CONDUCT IN VIOLATION OF THE RULES CITED BY COMMON CAUSE, I WOULD HAVE HAD TO INTEND TO USE MY POSITION IN CONGRESS TO BENEFIT PERSONALLY. THE RECORD FAILS TOTALLY TO SUPPORT SUCH A CONTENTION.

BECAUSE THE MATTER IS COMPLEX, COMMON CAUSE HAS BEEN ABLE TO HIGHLIGHT SOME FACTS, OVERLOOK OTHERS, AND DISTORT STILL OTHERS ATTEMPTING TO SUBSTANTIATE ITS ALLEGATIONS OF UNETHICAL CONDUCT. I AM CONFIDENT THE COMMITTEE WILL FIND NOTHING TO VALIDATE SUCH CHARGES.

FAIRCHILD STOCK

AS MY ATTORNEY POINTS OUT, I, TOGETHER WITH OTHER CIVIC AND BUSINESS LEADERS OF CRESTVIEW, FLORIDA, WAS VERY ACTIVE IN URGING FAIRCHILD STRATOS TO LOCATE A PLANT IN MY CONGRESSIONAL DISTRICT. IN 1963, FAIRCHILD STRATOS OPENED A PLANT IN CRESTVIEW.

TO SHOW MY APPRECIATION AND SUPPORT FOR THIS COMPANY, WHICH WAS PROVIDING JOBS FOR MY CONSTITUENTS, LOCAL LEADERS AND I BOUGHT SMALL AMOUNTS OF FAIRCHILD STOCK. FAIRCHILD WAS AND IS A LARGE COMPANY PRIMARILY DEVOTED TO AIRCRAFT MANUFACTURE AND OVERHAUL. THE AMOUNT OF STOCK WHICH I OWNED WAS MUCH TOO SMALL TO BE CONSIDERED A MEANS FOR MAKING SUBSTANTIAL SUMS OF MONEY. THE COMPANY HAD EXPERIENCED ECONOMIC PROBLEMS IN CARRYING ON ITS OPERATIONS. THERE WAS NO INDICATION OF A SUDDEN RISE IN THE PRICE OF FAIRCHILD STOCK. I WANTED TO SHOW CONFIDENCE IN THE COMPANY WHICH WAS HELPING MY DISTRICT AND MY PEOPLE. HAD I EXPECTED SUBSTANTIAL FINANCIAL GAIN, IT IS OBVIOUS THAT I WOULD HAVE MADE A MUCH LARGER INVESTMENT. I ACQUIRED THIS STOCK IN 1964 AND 1965, PRIOR TO ANY CONGRESSIONAL REPORTING REQUIREMENT, AND NEARLY 10 YEARS BEFORE THE VOTE WHICH COMMON CAUSE COMPLAINS ABOUT.

WHEN THE RULES OF DISCLOSURE WERE ADOPTED IN 1968, I MADE A JUDGMENT COMMON TO OTHERS (I.E., THAT IF LESS THAN \$1000 A YEAR WAS REALIZED ON ANY SECURITY IT WAS NOT REQUIRED TO BE REPORTED). WHEN THE COMMON CAUSE CAMPAIGN TO UNSEAT ME USED THIS ITEM AS ALLEGED JUSTIFICATION, I INQUIRED AND, WHEN ADVISED THAT DISCLOSURE WAS REQUIRED BY THE COMMITTEE'S INTERPRETATION EVEN IF MY INCOME INVOLVED ONLY \$150 A YEAR, I PROMPTLY AND FORMALLY ADVISED THE COMMITTEE THAT MINE WAS AN INADVERTENT OMISSION AND THE STOCK WAS SOLD. MY TOTAL INVESTMENT IN FAIRCHILD RESULTED IN A LOSS.

I HAVE BEEN A VERY BUSY MAN ALL OF MY LIFE. I HAVE DEVOTED LITTLE TIME TO PERSONAL BUSINESS MATTERS. CALL IT CARELESSNESS IF YOU WISH. BUT AGAIN, THE AMOUNT OF STOCK INVOLVED IS OBVIOUSLY INSUFFICIENT TO MAKE IT AN IMPORTANT FINANCIAL TRANSACTION OR ONE WHICH WOULD IN ANY WAY INDICATE A CONFLICT OF INTEREST.

THE BRIEF FILED BY MY ATTORNEY LISTS DECISION AFTER DECISION BY SPEAKERS OF THE HOUSE IN INTERPRETING THE RULE ON VOTING ON MEASURES BEFORE THAT BODY. HOUSE PRECEDENTS INDICATE VERY CLEARLY THAT IT IS ABSURD FOR COMMON CAUSE TO CRITICIZE A MEMBER OF CONGRESS FOR VOTING ON A MILITARY APPROPRIATION BILL WHEN HE OWNS ONLY A MINISCULE PERCENTAGE OF THE STOCK OF A COMPANY WHOSE PRODUCTS ARE INCLUDED IN AN APPROPRIATION BILL. THE PRECEDENTS INDICATE VERY CLEARLY THAT ITS RULE REFERRING TO "DIRECT PECUNIARY INTEREST" DOES NOT REFER TO A MEMBER AS ONE OF A CLASS, BUT ONLY TO DIRECT PERSONAL, INDIVIDUAL INTEREST. THE HOUSE HAS ALWAYS MADE A DISTINCTION BETWEEN THE MEMBER HAVING AN INTEREST AS ONE OF A CLASS, SUCH AS A STOCKHOLDER, AND A DIRECT PERSONAL INTEREST. THE CHARGE AGAINST ME IS ANALOGOUS TO SAYING A MEMBER IS GUILTY OF UNETHICAL CONDUCT IN VOTING FOR A REDUCTION IN TAXES BECAUSE HE HIMSELF, AS A TAXPAYER, WILL BENEFIT FROM HIS ACTION.

THE PRECEDENTS ARE CLEAR THAT ONLY THE MEMBER IS COMPETENT TO DECIDE ON A GIVEN ISSUE WHETHER HIS MOTIVATION IN VOTING A CERTAIN WAY IS IN THE NATIONAL INTEREST OR IN HIS OWN PERSONAL INTEREST. I SUBMIT THAT THERE IS NO CONFLICT OF INTEREST; THAT THIS IS CLEAR FROM THE FACTS SHOWN BY THE RECORD. MY PERSONAL INTEREST SIMPLY WAS NOT INVOLVED.

THE RECORDS SHOW THAT I HAVE BEEN A VIGOROUS PROPONENT OF DEFENSE APPROPRIATIONS MEASURES DURING ALL OF MY SERVICE IN CONGRESS; THAT I HAVE NOT DIFFERENTIATED BETWEEN SUPPLIERS OF DEFENSE SYSTEMS IN MY VOTING. IT IS IMMATERIAL TO ME WHO IS THE MANUFACTURER IF IT IS CLEARLY SHOWN THAT THE DEFENSE SYSTEM IN QUESTION IS NEEDED FOR OUR NATION'S SECURITY.

FOR COMMON CAUSE TO CONTEND THAT I WAS MOTIVATED BY PERSONAL INTEREST RATHER THAN THE NATIONAL INTEREST IN VOTING FOR A DEFENSE APPROPRIATION BILL (ON WHICH THE VOTE FOR PASSAGE WAS 350 TO 43) IS PATENTLY RIDICULOUS.

FIRST NAVY BANK

THE DECISION TO ALLOW THE FIRST NAVY BANK TO LOCATE ON THE PENSACOLA NAVAL AIR STATION WAS MADE BY THE ACTING COMPTROLLER OF THE NAVY AND CONFIRMED BY THE SECRETARY OF THE NAVY. HIS MEMORANDUM AND THE SECRETARY OF THE NAVY'S CONFIRMATION, WHICH ARE IN NAVY FILES, MAKE CLEAR THAT THE NAVY WAS THOROUGHLY CONVINCED THAT A NEW BANK WAS NEEDED ON THE BASE BECAUSE OF POOR SERVICE, EXTENDING THROUGH MANY YEARS, BY AN EXISTING FACILITY.

MY ATTORNEY'S BRIEF MAKES IT QUITE CLEAR THAT I DID NOT ACQUIRE FINANCIAL INTEREST IN FIRST NAVY BANK UNTIL AFTER THE BANK HAD BEEN ROUTINELY APPROVED BY THE COMPTROLLER OF THE STATE OF FLORIDA AND AFTER THE BANK HAD BEEN AUTHORIZED TO OPERATE ON THE NAVY BASE BY THE DEPARTMENT OF THE NAVY. MY CONTACTS WITH FEDERAL AND STATE AUTHORITIES IN SUPPORT OF THE BANK'S APPLICATION FOR A CHARTER WERE A NORMAL CONSTITUENT SERVICE RENDERED BY A CONGRESSMAN. THE REQUEST WAS FOR A FULL-SERVICE BANK, OF WHICH THERE WERE A NUMBER IN OPERATION ON ARMY AND AIR FORCE INSTALLATIONS, SOME OF THEM OF LONG STANDING.

LONG AFTER THE BANK WAS ESTABLISHED IN A FULLY LEGITIMATE MANNER, CRITICISMS WERE LAUNCHED BY THE LIBERAL PRESS, SOME OF WHICH HAD A DIRECT INTEREST. THIS BROUGHT ABOUT AN INVESTIGATION BY THE DEPARTMENT OF THE NAVY. INQUIRIES ALSO WERE MADE TO THE COMPTROLLER OF THE STATE OF FLORIDA ABOUT THE BANK AND ITS OPERATIONS. BOTH THE COMPTROLLER'S STATEMENTS AND THE NAVY INVESTIGATIVE REPORT HAVE SHOWN THAT FIRST NAVY BANK IS A LEGITIMATE, SOUND AND NEEDED ENTERPRISE. NEITHER THE COMPTROLLER'S STATEMENTS NOR THE NAVY'S INVESTIGATIVE REPORT WERE IN ANY SENSE CRITICAL OF ME.

THE SPECIFIC CHARGE AGAINST ME IS THAT I DID NOT REPORT OWNERSHIP OF STOCK IN FIRST NAVY BANK. AS MY ATTORNEY HAS STATED, IT WAS A FLORIDA STATE BANK. A READING OF YOUR REGULATIONS FOR REPORTING STOCK WAS INTERPRETED BY ME AND MY OFFICE STAFF AS MEANING THAT A STATE BANK WHICH IS INSURED BY FDIC IS NOT IN FACT SUBJECT TO FEDERAL REGULATION. WE DID NOT FEEL THAT FDIC IS A REGULATORY AGENCY AND WE RELIED ON WHAT WE FELT WAS A SOUND INTERPRETATION. PERHAPS WE SHOULD HAVE ASKED FOR A RULING FROM THE ETHICS COMMITTEE, BUT IT DID NOT APPEAR NECESSARY. WE HAVE SINCE LEARNED THAT A DETERMINATION HAS BEEN MADE BY THE DISTINGUISHED CHAIRMAN OF THIS COMMITTEE THAT STATE BANK STOCK IS REPORTABLE.

PLEASE NOTE THAT THE STOCK WAS REPORTED WHEN I WAS ADVISED THAT THE BANK HAD BECOME A MEMBER OF THE FEDERAL RESERVE SYSTEM. APPLICATION WAS FILED BY FIRST NAVY BANK TO BECOME A MEMBER OF THE FEDERAL RESERVE SYSTEM ON AUGUST 2, 1974, AND MEMBERSHIP WAS EFFECTIVE ON AUGUST 30, 1974. IN CONSEQUENCE, A REPORT OF STOCK OWNERSHIP BY ME WAS FILED ON APRIL 24, 1975 FOR THE YEAR 1974. THE CHARGE OF CONFLICT OF INTEREST WAS NOT MADE BY COMMON CAUSE UNTIL JULY 10, 1975.

WHAT IS BEFORE YOU IS A NARROWING DOWN FROM THE ORIGINAL CHARGES, WHICH COVERED THE WATERFRONT. LITERALLY, THE MEDIA USED EVERY POLITICAL DISTORTION TOLD ABOUT ME IN FORTY YEARS IN PUBLIC LIFE. EACH OF YOU KNOWS SOMETHING ABOUT POLITICAL FABRICATION, INCLUDED WAS A CHARGE THAT I OWNED A BIG TRUCKING LINE IN WHICH NEITHER I NOR ANY MEMBER OF MY FAMILY HAVE EVER OWNED AS MUCH AS A SHARE OF STOCK.

THE ELEMENTS WHICH ARE ATTACKING ME WANT TO CONTROL THE DEFENSE SUBCOMMITTEE OF APPROPRIATIONS. THEY WANT TO CUT DEFENSE SPENDING FAR BELOW THE BUDGETED AMOUNTS RECOMMENDED BY THE ADMINISTRATION AND ESSENTIAL FOR NATIONAL SECURITY. IN TURN, THEY SEEK TO INCREASE SUBSTANTIALLY ABOVE THE BUDGET THE FUNDS AVAILABLE FOR SOCIAL AND WELFARE PROGRAMS. THEIR LACK OF INTEREST IN NATIONAL SECURITY IS FURTHER ATTESTED BY THE FACT THAT THE MEDIA PRINTS EVERY GOVERNMENT SECRET THEY CAN LAY THEIR HANDS ON.

IT SHOULD BE OBVIOUS THAT THE CHAIRMANSHIP OF THE DEFENSE SUBCOMMITTEE OF APPROPRIATIONS IS ALMOST WITHIN REACH FOR THEM. THAT IS A VERY POWERFUL POSITION. I AM THE RANKING MEMBER OF THE SUBCOMMITTEE. I AM IN THEIR WAY. FOR YEARS, AS RANKING MEMBER OF THE DEFENSE APPROPRIATIONS SUBCOMMITTEE, I HAVE BEEN VERY OUTSPOKEN FOR ADEQUATE EXPENDITURES FOR DEFENSE, A POSITION OBVIOUSLY OPPOSED BY COMMON CAUSE.

NO SMALL PART OF THE LIBERAL OPPOSITION TO ME IS THE FACT THAT MY RECORD IN CONGRESS HAS BEEN GENERALLY CONSERVATIVE. WHATEVER INFLUENCE I EXERCISE IN THE HOUSE HAS BEEN TOWARD MODERATION IN SPENDING. I HAVE A DEEP CONCERN ABOUT FISCAL RESPONSIBILITY IN GOVERNMENT. PERHAPS THIS MAKES ME OLD-FASHIONED IN THE EYES OF THE MORE LIBERAL ELEMENTS, AND AS A SENIOR MEMBER OF THE HOUSE I HAVE BECOME A NATURAL TARGET OF THOSE WHO WANT A NEW PHILOSOPHY OF GOVERNMENT IN AMERICA.

COMMON CAUSE IS SPEAKING FOR THIS GROUP. YOU WILL NOTE THEY DID NOT ASK THAT I BE REMOVED FROM THE CHAIRMANSHIP OF THE MILITARY CONSTRUCTION SUBCOMMITTEE OF APPROPRIATIONS. THAT WOULD NOT SERVE THEIR PURPOSE. THEY ASK THAT I BE REMOVED FROM THE COMMITTEE ON APPROPRIATIONS. THIS IS A NEW DEPARTURE FROM ACTIONS PREVIOUSLY TAKEN BY

THE CONGRESS. LAST YEAR COMMITTEE CHAIRMEN WERE REMOVED BUT ALLOWED TO REMAIN AS RANKING MEMBERS OF THEIR COMMITTEES. THE COMMON CAUSE CABAL WANTS TO STILL MY VOICE FOR NATIONAL SECURITY.

I CONSIDER IT IMPORTANT TO POINT OUT THAT NO ONE HAS CLAIMED THAT THERE HAS EVER BEEN ANYTHING ILLEGAL IN ANY OF MY PERSONAL BUSINESS TRANSACTIONS. THUS, AT BEST, WHAT IS AT ISSUE IS A MATTER OF JUDGMENT. NONE OF MY INVESTMENTS HAVE BEEN MADE WITH OTHER THAN MY OWN SAVINGS, IN MY OWN NAME, AND AT MY OWN RISK. THE INFERENCE HAS BEEN LEFT THAT I AM A VERY WEALTHY MAN. THIS IS UNTRUE. WHATEVER I HAVE ACCUMULATED IS LARGELY IN FLORIDA REAL PROPERTY WHICH WAS ACQUIRED THROUGH THE YEARS, MOST OF IT AT TIMES WHEN THE PRICES WERE VERY LOW IN COMPARISON WITH PRESENT VALUES. I BELIEVE IN MY AREA AND I HAVE INVESTED THERE.

IN A SENSE, THE ONLY THING THAT IS STRIKING ABOUT ALL OF THESE MATTERS IS THE STALENESS AND LACK OF SIGNIFICANCE IN THE VARIOUS "CHARGES" AGAINST ME. WITH ALL THE DISCLOSURES OF POSSIBLE CRIMINAL ACTIVITIES, OF CURRENT AND CONTINUING CONFLICTS OF INTEREST, OF ETHICALLY QUESTIONABLE DISCLOSURES OF SECRET GOVERNMENT DOCUMENTS AND THE LIKE INVOLVING CONGRESSMEN AND NEWS MEDIA, IN THE NEW ERA OF "POST-WATERGATE MORALITY", IT IS DIFFICULT TO UNDERSTAND THE INTENSE INTEREST BEING SHOWN BY SOME ELEMENTS OF THE MEDIA IN INCONSEQUENTIAL BUSINESS TRANSACTIONS OF MINE WHICH OCCURRED UP TO 10, 15 AND MORE YEARS AGO -- AND ONLY MINE.

MY CONSTITUENTS, LIKE THOSE OF ANY OTHER PUBLIC OFFICIAL, ARE ACCUSTOMED TO POLITICAL CHARGES AND THEIR SUPPORT FOR ME THROUGH THE YEARS SHOWS THEIR DISREGARD FOR SUCH CHARGES INSOFAR AS I AM CONCERNED. THE FACT IS THEY KNOW THE TRUTH AND THEY DID NOT LEARN IT FROM THE LIBERAL MEDIA OR FROM LIBERAL LOBBYING ORGANIZATIONS. THEIR SUPPORT FOR ME HAS NEVER BEEN STRONGER THAN IT IS TODAY BECAUSE THEY KNOW THERE IS NO TRUTH IN THESE CHARGES OF CONFLICT OF INTEREST.

**EXHIBIT [4]**

SUMMARY STATEMENT OF LAWRENCE J. HOGAN, ATTORNEY FOR  
CONGRESSMAN BOB SIKES BEFORE THE HOUSE COMMITTEE ON  
STANDARDS OF OFFICIAL CONDUCT, May 6, 1976

MR. CHAIRMAN, my name is LAWRENCE J. HOGAN,  
Attorney for Congressman BOB SIKES.

I am filing with the Committee a formal statement for the Record which rebuts the substance of the charges made by a Washington lobbying organization, Common Cause, against Congressman Sikes. I will not read that statement, but I would like to make some brief summary comments.

Aside from the fact that the substance of the charges are without merit, Common Cause has charged my client with violation of rules of ethics which do not exist; others that did not exist at the time of the activities referred to; and still others which specifically, by Precedents of the House of Representatives, do not apply to the activities Common Cause has linked them to.

With respect to the Santa Rosa Island matter, and his constituent services with respect to the establishment of the First Navy Bank, the complaint charges Mr. Sikes with violation of Section 5 of the Code of Ethics for Government Employees (72 Stat. Pt. 2 B-12 (1958)). This Code of Ethics was embodied in House Concurrent Resolution 175 approved on July 11, 1958. As every member of this Committee knows, a Concurrent Resolution is not signed by the President; does not have the force of law; and merely expresses the sense of the Congress in which it is adopted. Furthermore, it dies when

that particular Congress adjourns. In this case, House Con. Res. 175 expired on August 23, 1958, several years before the actions cited by Common Cause.

With further respect to Santa Rosa Island, Common Cause alleges that Mr. Sikes violated House Rule XLIII (3). This rule did not come into existence until April 3, 1968. The Santa Rosa Island activities of which Common Cause complains took place in 1948, 1961 and 1962.

Not only does Article I, Clause 3 of the U.S. Constitution prohibit Congress from passing any ex post facto laws, but House Rule 19 (f)(3) which gives authority to this Committee specifically states:

"No investigation shall be undertaken of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation".

Therefore, all of Common Cause's charges and allegations with respect to Santa Rosa Island should be rejected, as well as those referred to above related to the First Navy Bank.

With respect to Common Cause's charge regarding the Fairchild matter, that Representative Sikes violated House Rule VIII (1) by not abstaining from voting on a Defense Appropriations bill, the Precedents of the House of Representatives must be examined. These Precedents, as long ago as 1874 and as recently as December 2, 1975, clearly indicate

that the Rule does not apply to the Member as one of a class, such as a stockholder; but only to direct, personal, individual interest. They reveal further that the Member himself is the sole judge as to whether or not he should abstain. (Hinds' Volumes: 5952, 3071, 3072, 5950, 5951, 5956 and Pages H-11594 and H-11595 of the Congressional Record for 2 December, 1975).

Therefore, the Committee should reject the allegation that Representative Sikes violated Rule VIII (1) by voting for a Defense Appropriations bill while owning stock in Fairchild.

To summarize, Mr. Chairman, I invite the Committee's attention to the Committee's Tabular and Narrative Summary. The Second Section which alleges a violation of Rule VIII (1) should be rejected as being legally defective.

The third Section which alleges violation of House Rule XLIII (3) and Section 5 of the Code of Ethics for Government Service must also be rejected for being legally defective, and sub-paragraph (2) of the Fourth Section must be rejected for the same reason.

That leaves us with the allegation in the Fourth Section that Mr. Sikes exerted improper influence in the establishment of the First Navy Bank in violation of House Rule XLIII (3), and the two allegations

in the First Section that he violated Rule XLIV (a)(1) by failing to report his ownership of Fairchild Industries' stock and First Navy Bank stock.

Let us consider those three allegations separately,

Mr. Chairman.

1. With respect to the Fairchild stock, Congressman Sikes states that he did not report his ownership because he never received \$1000 in income from this stock, and he interpreted Rule XLIV (A)(1) as only requiring disclosure if the stock was valued at over \$5000 and yielded more than \$1000 annual income. The instructions in this regard are unclear. Does it require the reporting of stock ownership when the value of stock is over \$5000 and more than \$1000 in income is received? Taking this in the context of what follows it, one can understand how different interpretations of the rule are possible.

In its Foreword to the Disclosure reporting form, the Committee on Standards of Official Conduct states that in developing recommendations which resulted in the adoption of House Rule XLIV, the Committee "sought to require financial disclosure of only those interests which might conceivably involve, or appear to involve, a conflict of interest". Who is a judge of what constitutes a conflict of interest? What guidelines exist to determine what percentage of stock ownership puts one in a conflict of interest? From the

earliest days of the Congress, the Member himself has been the only arbiter of when he had a conflict of interest.

It is interesting to note that Mr. Sikes acquired this stock before the disclosure rule went into effect in 1968. He put it in a safe deposit box and did not take it out until he sold it. When he sold it, he sustained a substantial personal loss.

2. With regard to his failure to disclose his ownership of First Navy Bank stock, Mr. Sikes states that, since the First Navy Bank was a Florida State bank, he saw no reason to report the ownership of this stock. A State bank which is insured by the Federal Deposit Insurance Corporation is not subject to Federal regulation as contemplated by House Rule XLIV (A)(1). The instruction sheet which is part of the Disclosure form prepared pursuant to this Rule includes the following explanatory text under "Definitions":

"Subject to Federal Regulatory Agencies:  
Generally, the test to be applied is whether a Federal regulatory body is authorized to grant or deny licenses, franchises, quotas, subsidies, etc., that could substantially affect the fortunes of the business entity involved".

The FDIC does not grant or deny "licenses, franchises, quotas or subsidies", so it appears that it was not intended to be included under the purview of the

Rule, and, therefore, Representative Sikes' failure to report ownership of stock in this State bank was not a violation of House Rule XLIV (A)(1).

If the bank had been a National bank or a State bank which was part of the Federal Reserve System, then it would have been subject to the disclosure rule. The First Navy Bank became a member of the Federal Reserve System on August 30, 1974. Consequently, when the next reporting period arrived after that date, Congressman Sikes reported his ownership of this bank stock.

3. Let us consider the final allegation that Mr. Sikes has violated House Rule XLIII (3) by making contacts with State and Federal officials to assist the organizers of the First Navy Bank.

Rule XLIII (3) provides that:

A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source the receipt of which would occur by virtue of influence improperly exerted from his position in Congress.

I have read this rule and re-read it several times, and I fail to see how the activities of Congressman Sikes violated the tenets of this rule in any way. Representative Sikes received no "compensation" from his ownership of First Navy stock. (No dividends were ever paid to him on this stock).

Furthermore, there has been no showing by Common Cause that there was any "influence improperly exerted from his position in the Congress". There has been no showing because there has been none. Representative Sikes did no more than any Congressman would do in being of service to his constituents.

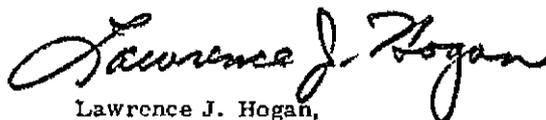
The decision to allow the First Navy Bank to locate on the Navy Base was made by the Acting Controller of the Navy and confirmed by the Secretary of the Navy. His memorandum (a copy of which we would like to have made a part of the Record) and the Secretary of the Navy's confirmation, which are in Navy files, make clear that the Navy was thoroughly convinced that a new bank was needed on the Base.

4. Common Cause charges that Representative Sikes urged the responsible State and Federal government officials to authorize the establishment of the First Navy Bank at the Pensacola Naval Air Station. Common Cause states further, "The Bank was established on October 24, 1973, and Representative Sikes was an initial shareholder". The clear implication of the Common Cause statement is that Representative Sikes, while a stockholder, tried to influence governmental action to profit personally from his actions. Such is not the case.

Representative Sikes was not a subscriber to the Bank's stock. He did contact Federal and State authorities in support of the Bank's application for a charter, which is a normal constituent service rendered by Members of Congress, but during this time he did not own any stock in First Navy Bank, nor did he have any financial interest related to it. The Bank eventually received a State bank charter from the State of Florida. Subsequently, Mr. Sikes did buy some of the Bank's stock.

In any event, there was nothing improper or unethical in Representative Sikes' activities relating to this bank and no violation of Rule XLIII (3).

Respectfully submitted,



Lawrence J. Hogan,  
Attorney for Congressman Bob Sikes.

May 6, 1976

STATEMENT OF LAWRENCE J. HOGAN, ATTORNEY FOR CONGRESSMAN  
BOB SIKES BEFORE THE HOUSE COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT  
May 6, 1976

RESPONSE OF REPRESENTATIVE SIKES  
TO COMMON CAUSE CHARGES

1. Allegations concerning disclosure of stock ownership

Common Cause has charged Representative Sikes in two counts with failure to disclose ownership of certain stock in violation of House Rule XLIV (A)(1):

-- (1) Ownership in Fairchild Industries stock; and (2) Ownership of First Navy Bank stock.

(1) Ownership of Fairchild Industries stock

RESPONSE:

This allegation specifies as its subject matter, 1000 shares of Fairchild stock purchased in April 1964-June 1965, prior to any Congressional reporting requirement. At that time the Fairchild company had sold to the public approximately 4,550,403 shares. Mr. Sikes' shares earned between \$150 and \$300 per year in dividends. These shares were sold in 1975 at a loss.

When the rules of disclosure were adopted in 1968, Representative Sikes made a judgment common to others (i. e., that if less than \$1000 a year was realized on any security it was not required to be reported). When the Common Cause campaign to unseat him used this item as alleged justification, Representative Sikes inquired, and when advised that disclosure was required by the Committee's interpretation even if his income involved only \$150 a year, he promptly and

formally advised the Committee that his was an inadvertent omission and that the stock had been sold.

Representative Sikes, together with other civic and business leaders of Crestview, Florida, was active in urging Fairchild-Stratos to locate a plant in his Congressional District. In 1963, Fairchild-Stratos opened a plant in Crestview because it was near Eglin Air Force Base, from which some of the work was generated. There was a pool of skilled workers available among Eglin Air Force Base retirees and they received a very favorable lease-purchase arrangement from the local Airport Industrial Authority.

To show his appreciation and support for this company, which was providing jobs for his constituents, Representative Sikes and other local leaders bought some Fairchild-Stratos stock. He acquired this stock before the disclosure rule went into effect in 1968. Mr. Sikes put the stock in a safe deposit box and did not take it out until he sold it. When Representative Sikes sold his stock, he sustained a personal loss. The instructions regarding disclosure in this regard are unclear. Does it require the reporting of stock ownership when the value of stock is over \$5000 and more than \$1000 in income is received? Taking this in the context of what follows it, leads to different interpretations. Representative Sikes' error of interpretation, if indeed it was an error, was only technical and certainly excusable.

In its Foreword to the Disclosure reporting form, the Committee on Standards of Official Conduct states that in developing recommendations which resulted in the adoption of House Rule XLIV, the Committee "sought to require financial

disclosure of only those interests which might conceivably involve, or appear to involve, a conflict of interest". Who is a judge of what constitutes a conflict of interest? What guidelines exist to determine what percentage of stock ownership puts one in a conflict of interest? From the earliest days of the Congress, the Member himself has been the only arbiter of when he had a conflict of interest. Furthermore, the history of the reporting requirement clearly shows that the House was not embarking on a witch hunt for technical and inconsequential and inadvertent oversights by its Members.

(2) Ownership of First Navy Bank stock

RESPONSE:

This allegation is based on the purchase in 1973 by Representative Sikes from his personal savings a small interest in a State Bank in Florida, the establishment of which he sought because of complaints in his District that another bank was rendering inadequate service to Navy personnel of the Pensacola Naval Air Station. He purchased the shares after the Bank was established.

Since the First Navy Bank was a Florida State bank, there was no reason to report the ownership of this stock. A State bank which is insured by the Federal Deposit Insurance Corporation is not, in fact, subject to Federal regulation as contemplated by House Rule XLIV (A)(1).

The instruction sheet which is part of the Disclosure Form prepared pursuant to this Rule includes the following explanatory text under "Definitions":

"Subject to Federal Regulatory Agencies: Generally, the test to be applied is whether a Federal regulatory body is authorized to grant or deny licenses, franchises, quotas, subsidies, etc., that could substantially affect the fortunes of the business entity involved".

The FDIC does not grant or deny "licenses, franchises, quotas or subsidies", so, clearly, it was not intended to have been included under the purview of the Rule.

Therefore, Representative Sikes' failure to report ownership of stock in this State bank was not a violation of House Rule XLIV(A)(1).

If the bank had been a National bank or a State bank that was part of the Federal Reserve System, then clearly it would have been subject to the disclosure rule. The First Navy Bank became a member of the Federal Reserve System on August 30, 1974. Consequently, when the next reporting period arrived, Congressman Sikes reported his ownership of this bank stock.

11. Allegation concerning a vote that affected Fairchild Industries

Common Cause charges that Representative Sikes voted for passage of a Defense Appropriations Bill on August 6, 1974 (H.R. 16243) that funded a contract with Fairchild. Common Cause states: "His failure to abstain from voting on legislation in which he had a direct pecuniary interest was a violation of House Rule VIII (1)".

RESPONSE:

Common Cause is clearly in error in its interpretation of this Rule. House Rule VIII (1) states:

"1. Every Member shall be present within the Hall of the House during its sittings, unless excused or necessarily prevented and shall vote on each question put, unless he has a direct personal or pecuniary interest in the event of such question".

This section of the Common Cause complaint should be rejected out of hand. Representative Sikes' action in voting for this appropriations bill is specifically not included under the coverage of Rule VIII. In their haste to discredit Representative Sikes, Common Cause failed to consider the Precedents of the House of Representatives interpreting this Rule. Rule VIII (1) refers to a "direct pecuniary interest". House precedents indicate very clearly that this rule does not refer to the Member as one of a class, but only to direct, personal, individual interest. The House has always made a distinction between the Member having an interest as one of a class, such as a stockholder, and a direct personal interest. Note the following Precedents of the House of

## Representatives (from Hinds Volumes):

"5952. Where the subject-matter before the House affects a class rather than individuals, the personal interest of Members who belong to the class is not such as to disqualify them from voting.

The power of the House to deprive one of its Members of the right to vote on any question is doubtful.

On April 11, 1874, the House was considering the bill of the House (No. 1572) to amend the several acts providing a national currency and to establish free banking, and for other purposes.

During the proceedings Mr. Robert M. Speer, of Pennsylvania, made the point of order that certain Members holding stock in national banks were not entitled to vote, being personally interested in the pending question. Mr. Speer mentioned three Members . . . who were officers of national banks, and therefore, as he held, not entitled to vote on the pending question . . . :

\* \* \*

The Speaker, in ruling, said:

. . . a question arose upon the amendment to the Constitution changing the mode of counting the votes for the election of President and Vice-President. The rule at that time was peremptory that the Speaker should not vote except in the case of a tie. It has since been changed. The vote, if the Chair remembers correctly, as handed up to Mr. Macon was 83 in favor of the amendment and 42 opposed to it. The amendment did not have the necessary two-thirds and the rule absolutely forbade the Speaker to vote, and yet he did vote, and the amendment became engrafted in the Constitution of the United States upon that vote; and he voted upon the distinct declaration that the House had no right to adopt any rule abridging the right of a Member to vote; that he voted upon

his responsibility to his conscience and to his constituents; that although that rule was positive and peremptory it did not have any effect upon his right. He voted, and, if the Chair remembers correctly, it was attempted to contest afterwards by some judicial process whether the amendment was legally adopted. But the movement proved abortive, and the amendment is now a part of the Constitution. Now, the question comes back whether or not the House has a right to say to any Member that he shall not vote upon any question, and especially if the House has a right to say that if 147 Members come here, each owning one share of national-bank stock (which there is no law to prohibit them from holding), they shall by reason of that very fact be incapacitated from legislating on this whole question.

"If there is a majority of one in the House that holds each a single share of stock, and it incapacitates the Members from voting, then of course the House can not approach that legislation; it stops right there. \* \* \* Now, it has always been held that where legislation affected a class as distinct from individuals a Member might vote. Of course everyone will see the impropriety of a sitting Member in the case of a contest voting on his own case. That is so palpably an individual personal interest that there can be no question about it. It comes right down to that single man. There is no class in the matter at all. But where a man does not stand in any way distinct from a class, the uniform ruling of the American House of Representatives and of the British Parliament, from which we derive our rulings, have been one way. In the year 1871 . . . when a bill was pending in the British House of Commons to abolish the right to sell commissions in the army, which officers had always heretofore enjoyed, and to give a specific sum of money to each army officer in lieu thereof, there were many officers of the army members of the British House of Commons, as there always are, and the point was made that those members could not vote on that bill because they had immediate and direct pecuniary interest in it. The House of Commons did not sustain that point, because the officers referred to only had that interest which was in common with the entire class of army officers outside of the House -- many thousands in number.

"Since I have had the honor of being a Member of this House, on the floor and in the chair, many bills giving bounty to soldiers have been voted on here. We have the honor of the presence on this floor of many gentlemen distinguished in the military service who had the benefit of those bounties directly and indirectly. It never could be made a point that they were incapacitated from voting on those bills. They did not enjoy the benefit arising from the legislation distinct and separate from thousands of men in the country who had held similar positions. It was not an interest distinct from the public interest in any way. \* \* \* And the same with pensions? \* \* \* And further, . . . if it should be decided today that a Member who holds a share of national-bank stock shall not vote on a question relating to national banks, then the question might come up whether a Member interested in the manufacture of cotton shall have the right to vote upon the tariff on cotton goods; or whether a Member representing a cotton State shall vote upon the question whether cotton shall be taxed, for that interest is largely represented here by gentlemen engaged in the planting of cotton. And so you can go through the whole round of business and find upon this floor gentlemen who, in common with many citizens outside of this House, have an interest in questions before the House. But they do not have that interest separate and distinct from a class, and, within the meaning of the rule, distinct from the public interest. The Chair, therefore, has no hesitation in saying that he does not sustain the point of order presented by the gentleman from Pennsylvania [Mr. Speer]."

From Common's Volumes:

"3071. In determining whether the personal interest of a Member in the pending question is such as to disqualify him from voting thereon a distinction has been drawn between those affected individually and those affected as a class. The question as to whether a Member's personal interest is such as to disqualify him from voting is a question for the Member himself to decide and the Speaker will not rule against the constitutional right of a Member to represent his constituency. -- On December 22, 1914, the question was pending on agreeing

to the resolution (H. J. Res. 168) proposing an amendment to the Constitution prohibiting the manufacture, transportation, and sale of intoxicating liquor.

"Mr. Richmond P. Hobson, of Alabama, as a parliamentary inquiry, asked if the pecuniary interest of Members owning stocks in breweries, distilleries, or saloons was such as to disqualify them from voting on the pending question.

The Speaker said:

" The rule about that is Rule VIII:

' Every Member shall be present within the Hall of the House during its sittings unless excused or necessarily prevented; and shall vote upon each question put, unless he has a direct, personal, or pecuniary interest in the event of such question. '

' It was decided after a bitter wrangle in the House in the case of John Quincy Adams, who came back to the House after he had been President, that you could not make a Member vote unless he wanted to. It has practically been decided by Speaker Blaine in a most elaborate opinion ever rendered on the subject that each Member must decide the thing for himself, whether he is sufficiently interested pecuniarily to prevent his voting. It must affect him directly and personally and not as a member of a class. . . . \* \* \*

"3072. Where the subject matter before the House affects a class rather than individual, the personal interest of Members who belong to the class is not such as to disqualify them from voting.

"The power of the House to deprive one of its Members of the right to vote on any question is doubtful.

"On April 5, 1928, the House agreed to a special order providing for the consideration of the bill (H. R. 8927) to amend the act entitled "An act to promote export trade", approved April 10, 1918.

"Thereupon Mr. Fiorello H. LaGuardia, of New York, propounded as a parliamentary inquiry the following:

" Mr. Speaker, I rise to propound a parliamentary inquiry relative to the disqualification of certain Members of the House to vote upon this measure. \* \* \*

' The bill, if enacted into law, will result in a direct benefit to certain now known corporations. This bill does not affect all corporations in the United States, but its conceded purpose will bring advantages and privileges to a certain small group of corporations now in existence. I desire to inquire whether a Member directly interested in that corporation as a stockholder comes within the prohibition and intent of section 1 of rule 8 of the rules of this House . . .'

\* \* \*

"The Speaker replied:

\* \* \* The gentleman from New York raises the question whether any Member of this House who happens to be interested as a stockholder in any of the corporations which may be affected by the legislation provided for in H. R. 8927 is qualified to vote on the bill. . .

\* \* \* Unquestionably the bill before us affects a very large class. The Chair has no information as to how many stockholders there may be in these various rubber companies. The Chair would be surprised if there were not hundreds of thousands of American citizens who were stockholders in these companies specifically referred to by the gentleman from New York, and possibly there may be a very large number of others who are directly interested in the outcome of this legislation.

"Following the decision of Speaker Blaine and Speaker Clark the Chair is very clear upon the question that Members, whether they may be stockholders or not in any of these corporations, have a perfect right to vote. The Chair would be in some doubt as to whether it would be within the power of the Speaker to say whether a Member interested might vote or not in any case. Certainly it would not be within the power of the Chair to deny a Member the right to vote except in the case where the legislation applied to one and only one corporation. In this case it applies to a large class. The Chair is absolutely clear in his mind, and in response to the inquiry of the gentleman from New York holds that in his

opinion the Members of the House, whether interested or not, have the right to vote on this particular measure."

Furthermore, decisions of Speakers of the House have historically put the onus on the individual Member as to whether or not he had a conflict of interest on a particular vote. Note the following House Precedents (Hinds Volumes):

"5950. The Speaker has usually held that the Member himself should determine whether or not his personal interest in a pending matter should cause him to withhold his vote. -- On March 2, 1877, the yeas and nays were being taken on a motion to suspend the rules in order to take up the Senate bill (No. 14) to extend the time for the construction and completion of the Northern Pacific Railroad.

During the call of the roll Mr. William P. Frye, of Maine, said that he did not feel at liberty to vote on the bill until the Chair had ruled upon his right to do so, since he was a stockholder in the road.

The Speaker said:

'Rule 29 reads: "No Member shall vote on any question in the event of which he is immediately or particularly interested".

Having read this rule, it is for the gentleman himself to determine whether he shall vote, not for the Chair. . . .

On December 17, 1895, the House was considering the report of the Committee on Rules, and had reached the portion relating to the Committee on Elections, the pending question being an amendment offered by Mr. William L. Terry, of Arkansas, relating to the mode of considering election cases in the House.

"As the vote was about to be taken, Mr. Jo Abbott, of Texas, rising to a parliamentary inquiry, stated that his seat was contested, and that he had an indirect interest in both the amendment and the rule. Therefore he asked for the advice of the Speaker.

The Speaker said:

"The Chair can not undertake to decide that question. The gentleman must decide it for himself. . . ."

"5951. On March 1, 1901, the House had voted by yeas and nays on the motion to concur in the Senate amendments to the army appropriation bill, when Mr. John J. Lentz, of Ohio, questioned the vote of Mr. John A. T. Hull, of Iowa, alleging that he had a personal interest in the pending question, and should not under the rule be allowed to vote.

"The Speaker said:

"But the gentleman will also find in the Digest that it is the uniform practice that each gentleman must be the judge of that for himself. The Chair overrules the point of order."

"5956. A point of order being made that a Member was disqualified for voting by a personal interest, the Speaker held that the Chair might not deprive a Member of his constitutional right to represent his constituency. -- On January 19, 1881, the Speaker announced as the regular order of business the bill of the House (H. R. 4592) to facilitate the refunding of the national debt. The House having proceeded to its consideration, Mr. Edward H. Gillette, of Iowa, as a question of order, under Rule VIII, clause 1, made the point of order that Mr. John S. Newberry, of Michigan, was not entitled to vote on the pending bill or any amendment thereto, basing said point on the statement of Mr. Newberry that he was a stockholder and director in a national bank, and that as a result Mr. Newberry had a 'direct personal or pecuniary interest' in said bill.

After debate the Speaker said:

"The Chair must be governed by the rules of the House and by the interpretations which have been placed on those rules in the past by the House. \* \* \* This is not a new question. It was brought to the attention of the country in a remarkable manner in the Seventh Congress when Mr. Macon, then Speaker of the House, claimed his right as a representative of a constituency to vote upon a pending question, notwithstanding there was a rule of the House to the contrary. \* \* \* The Chair is not aware that the House of Representatives has ever deprived a Representative of the right to represent his constituency. A decision of the Chair to that extent would be an act, the Chair thinks, altogether beyond the range of his authority. The Chair doubts whether the House itself should exercise or has the power to deprive a Representative of the people of his right to represent his constituency. The history of the country does not show any instance in which a Representative has been so deprived of that right".

The most recent instance when this Rule was interpreted to the same effect as in the above-quoted decisions, was on December 2, 1975, in the New York bonding legislation, H. R. 10481:

Mr. Bauman. " Mr. Speaker, I have a parliamentary inquiry.

The Speaker. " The gentleman will state his parliamentary inquiry.

Mr. Bauman. " Mr. Speaker, clause 1, rule VIII, of the Rules of the House of Representatives reads:

"Every Member shall be present within the Hall of the House during its sittings, unless excused or necessarily prevented; and shall vote on each question put, unless he has a direct personal or precautionary interest in the event of such question."

"It is my understanding that no Member of the House, under this rule, is to cast a vote if he or she personally benefits from the legislation on which the vote is cast.

"My purpose at this point is to inquire of the Chair if, under this rule, it would be proper for any Member of the House who, either personally or whose spouse, owns bonds or other securities by the city of New York or who is indebted to any bank which holds bonds of the city of New York or who is personally receiving a pension or other payments from the city of New York, to cast a vote on H.R. 10481, the pending legislation, or any amendments or procedural questions relating to this bill, in view of the fact that if the passage of this bill occurs, that Member's own personal financial interest would be advanced?

Would a vote, Mr. Speaker, on this legislation constitute a conflict within the rule relating to conflicts of interest?"

The Speaker. " The gentleman from Maryland (Mr. Bauman) has addressed an inquiry to the Chair on the application to pending legislation of rule VIII, clause 1, providing that each Member shall vote on each question unless he has a direct personal or pecuniary interest therein. Specifically, the gentleman inquires whether under rule VIII Members holding obligations of the State or city of New York and agencies thereof, or having other financial interests dependent upon the fiscal affairs of New York, are required to refrain from voting on H.R. 10481, authorizing emergency guarantees of obligations of States and political subdivisions thereof, and for other purposes.

"The Chair has researched the application of rule VIII, clause 1, in anticipation that the inquiry would be made, and desires to address two fundamental issues. The first is the nature of a disqualifying interest under the rule, and the second is the responsibility to enforce its provisions.

"The Chair would first note that H.R. 10481, as reported to the House, is general legislation affecting all States and their political subdivisions. While it may be urged that the passage of the bill into law in its present

form would have an immediate effect on only one State, the reported bill comprehends all States and territories. The Chair recognizes, however, the possibility that the bill may be narrowed by amendments to affect a more limited class of private and governmental institutions.

"The general principle which the Chair would like to bring to the attention of Members is cited at volume 8, Cannon's Precedents, section 3072, as follows:

" Where the subject matter before the House affects a class rather than an individual, the personal interest of Members who belong to the class is not such as to disqualify them from voting.

" Whether a Member has such a direct personal or pecuniary interest in a matter to be voted upon as to prevent him from voting (cl. 1, Rule VIII) is a matter for each Member, and not for the Chair, to determine.

" Prior to consideration of a bill providing financial assistance to States and political subdivisions, the Speaker in response to a parliamentary inquiry indicated (1) that the bill in its reported form was sufficiently general in scope that Members owning stock or other financial obligations in a particular municipality would merely be within a class of similarly situated individuals whose pecuniary interest would not be so direct as to preclude them from voting on the bill in that form; but (2) that he would not rule in advance upon the immediate pecuniary interest of Members called upon to vote in Committee of the Whole on possible amendments narrowing the bill's scope to provide financial assistance only to that particular municipality.

" The Speaker, while declining to rule upon the potential direct pecuniary interest of Members in amendments not yet offered, cited rulings of prior Speakers for the information of all Members to better enable each Member to determine the propriety of his own vote.

"Speaker Longworth held on that occasion that Members holding stock in nationwide corporations possibly affected by the pending bill belonged to a large class of persons holding such stock, and could not, therefore, be disqualified from voting on the bill. The Speaker cited with approval a similar decision by Speaker Clark, noted at 8 Cannon's Precedents, section 3071. The legislation in issue in both rulings affected not one corporation or institution but many spread across the country, as does the pending bill in its reported form.

"The Chair cannot anticipate what amendments may be offered to the pending bill, but would suggest that Members seeking further guidance as to the nature of a disqualifying interest consult the detailed decisions of Speaker Blaine, carried at volume 5, Hinds' Precedents, sections 5952 and 5955. The question as to the enforcement of the disqualification clause has been squarely addressed in the precedents heretofore cited.

"Speaker Clark held that the question whether a Member's interest was such as to disqualify him from voting was an issue for the Member himself to decide and that the Speaker did not have the prerogative to rule against the constitutional right of a Member representing his constituency. Speaker Blaine stated that the power of the House to deprive one of its Members of the right to vote on any question was doubtful.

"The Chair has been able to discover only two recorded instances in the history of the House of Representatives where the Speaker has declared Members disqualified from voting, and the last such decision occurred more than 100 years ago.

"Because the Chair severely doubts his authority to deprive the constitutional right of a Member to vote, and because he has attempted, in response to this inquiry, to afford information for the guidance of Members, the Chair finds that each Member should make his own determination whether or not his personal interest in the pending bill, or in any amendment thereto, should cause him to withhold his vote.

"The Chair accordingly answers the parliamentary inquiry.

Mr. Bauman. "Mr. Speaker, I have a further parliamentary inquiry.

"Based on the Chair's ruling, would it then be the case that if an amendment of substance is offered narrowing down this bill so as to make it apply only to New York City and New York State bonds, obligations, and loans, a question may then arise regarding a conflict of interest of an individual Member who has such an interest and attempts to vote?"

The Speaker. "Under the ruling the Chair has made, that is a determination for the individual Member. All the precedents the Chair has been able to find for more than the 100 years last past follow that line."

Mr. Bauman. "A further inquiry, Mr. Speaker: Then I assume that a point of order made by any individual Member against another Member who may have such interest and attempts to vote would not lie?"

The Speaker. "The Chair would not sustain the point of order if he were in the Chair, but the Chair is not going to pass on what might happen in hypothetical situations during the 5-minute rule."

Mr. Bauman. "I thank the Chair for his indulgence".

Only the Member is competent to decide on a given issue, whether his motivation in voting a certain way is in the National interest or in his own personal interest. For Common Cause to contend that Congressman Sikes was motivated by his personal interest rather than the National interest in voting for a Defense Appropriation bill (on which the vote for passage was 350-to-43), is patently ridiculous.

The August 6, 1974 vote alluded to by Common Cause was a

\$ 82,096,297,000 Defense Appropriations bill which called for, among other things, the third increment purchase of A-10 aircraft from Fairchild Industries. The contract to build the A-10 aircraft (Contract Number F-33-657 73C-0500) was signed by Fairchild on January 10, 1973, and by the U.S. Air Force on March 1, 1973. Effective date of the contract was January 1, 1973, a year and a half before the vote complained of by Common Cause. Representative Sikes had no influence on the awarding of the contract. The record shows that Fairchild received its A-10 contract on the basis of a fly-off competition, not through any "legislative action or improper influence". The legislative action involved merely approved the technical decision which had previously been made by military experts and the House Armed Services Committee.

Mr. Sikes' record clearly shows that he was also supportive of other military systems manufactured by companies in which he held no stock. He has always been an active supporter of National Defense during his 36 years in Congress.

In any event, the percentage of ownership and the number of shares involved are so small and the Fairchild interest in the over-all appropriation bill was so relatively small (\$72 Million in an \$82 Billion appropriation bill) that no reasonable person could conclude that Representative Sikes' stock ownership influenced his vote. His personal interest in voting for any

particular bill was miniscule.

Furthermore, Representative Sikes' purchase of the stock took place more than ten years before his vote on the appropriations bill in question.

Common Cause attempts to portray Mr. Sikes' vote as unethical conduct. It is absurd for Common Cause to criticize a Member of Congress for voting on a military appropriations bill -- where he owns only a miniscule percentage of the stock of a company covered in an appropriations bill. This is analogous to saying a Member is guilty of unethical conduct in voting for a reduction in taxes because he, himself, is a taxpayer and will benefit from his action; or in voting for a pay raise for government officials, including Members of Congress; or a Veterans' Benefit Bill when the Member is a Veteran.

III. Allegation of receipt of personal benefit in the sponsorship of legislation affecting Santa Rosa Island

Common Cause charges that:

" . . . in 1961-1962 Representative Sikes sponsored legislation . . . which removed restrictions on the commercial development of land in Florida on which he and several business associates held a 99-year lease. From 1962 through at least 1972, the company in which he held stock received income from that land. In using his position as a Member of Congress in this way, and receiving a benefit for himself, Representative Sikes has violated House Rule XLIII (3) and Section 5 of the Code of Ethics for Government Service, 72 Stat. pt. 2 B12 (1958)."

While we will refute the substance of Common Cause's charges in this regard, it is not necessary that we do so, because the charges themselves have no legal basis whatsoever.

Common Cause charges Representative Sikes with violation of House Rule XLIII (3) for activities which allegedly took place in 1961 and 1962. The Rule in question did not come into existence until 1968. The U.S. Constitution, Article I, Clause 3 states: "No Bill of Attainder or ex post facto law shall be passed". Furthermore, the House Rules relating to the Committee on Standards of Official Conduct state in 19 (f)(3), "No investigation shall be undertaken of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation".

Common Cause further claims that Representative Sikes violated Section 5 of the Code of Ethics for Government Services, 72 Stat. Pt. 2, B-12 (1958). Since this Code of Ethics embodied in House Concurrent Resolution 175 expired on August 23, 1958, it could not possibly apply to activities which took place in 1961 and 1962.

For these reasons, this section of Common Cause's complaint should be totally rejected by the Committee.

In addition to its complaint being fatally defective from a legal standpoint, Common Cause has distorted what actually happened in connection with this land. The facts clearly show that Common Cause's charges are untrue.

There was no "influence improperly exerted", as Common Cause alleges. The legislation was supported by the Department of Defense, the House and Senate Armed Services Committees, both U.S. Senators from Florida and Okaloosa County, Florida, as well as Representative Sikes.

Because this matter is so complex, Common Cause has been able to highlight some facts, overlook others, and distort still others, to make it appear that Representative Sikes has been guilty of unethical conduct.

By its very definition, "unethical conduct" presupposes an intention to do something wrong. An objective analysis allows no other conclusion but to exonerate Congressman Sikes from Common Cause's vicious allegations.

#### The Background

Santa Rosa Island, about 45 miles long and from one-quarter to one-half a mile wide, lies along the upper Gulf coast of Florida. Prior to 1928, the Island was owned by the United States. During that year all of the Island, with the exception of the Fort Pickens Military Reservation, was sold by the War Department to Escambia County, Florida, for \$10,000.

In 1937 Escambia County conveyed to the Department of the Interior without cost all of Santa Rosa Island except Fort Pickens. It was intended that the Department of the Interior would develop the island for park and recreational purposes. Little was done, however, and in 1941 the Department of the Interior conveyed the eastern half of the island to the War Department for use as a part of Eglin Field. This consisted of some 4,700 acres which included the acreage subject to the legislation referred to by Common Cause.

The boundary line between Escambia and Okaloosa Counties was later changed. Upon payment by Okaloosa County to Escambia County of \$10,000, Okaloosa County acquired sovereignty of the eastern part of the island, which includes the land to which the legislation mentioned in Common Cause's complaint referred.

In 1948 a law (P.L. 80-885) was enacted authorizing the conveyance of certain of these lands owned by the United States to Okaloosa County, Florida. Pursuant to this authorization, the Secretary of the Army made the conveyance to Okaloosa County subject to certain restrictions, including the following:

- (1) Use of the land by the county or its lessees could be made only for such public recreational purposes as the county deemed to be in the public interest, with reverter of

title to the United States in the event the property was not used for this purpose or was used for other purposes;

(2) Restriction against alienation of title except to the United States or any agency of the State of Florida; and

(3) The right of the United States to use the property in the event of a national emergency without rental or other payments to Okaloosa County, but subject to existing private rights and to payment of just compensation to others, including owners and lessees involved for taking control over improvements on the property.

Authorized public recreational purposes defined in the conveyance and enabling legislation included erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, nightclubs, and other enterprises and usages usual to beach resorts and resort housing developments.

By special act of the 1953 Florida Legislature, the Okaloosa Island Authority was created as an instrumentality of the county vested with administrative powers over the portion of Santa Rosa Island owned by the county. Property was leased to private persons by the county in an effort to stimulate the economy of the area. Some hotels, motels, apartments, private beach cottages, restaurants, auto service stations and various

other types of resort businesses were built there under 99-year leases with the county, with an option to renew for another 99 years.

The Okaloosa Island Authority found that the restrictions in its deed were obstacles in marketing bonds for development of the three-mile strip, and in obtaining FHA and VA or conventional mortgage loans.

Efforts to overcome these impediments failed, so the Okaloosa Island Authority adopted a resolution directing its attorney to seek the assistance of Congressman Sikes in having these restrictions removed. This attorney, Joseph R. Anderson, in an affidavit (a copy of which is attached hereto as an appendix) states as follows:

"I contacted Congressman Sikes and explained to him the Okaloosa Island Authority's problem and advised him that the three-mile strip on Santa Rosa Island could not be effectively developed unless a special Act was passed by the Congress removing the restrictions described above. He understood the problem and he introduced a Bill in the House to remove the restrictions and thereby to give Okaloosa County a free and unencumbered title to the land.

"In all of my communications with Congressman Sikes, there was no discussions concerning the two small detached islands east of Santa Rosa Island immediately adjacent to the New East Pass. All of our conversations concerned the three-mile strip located on Santa Rosa Island West of Destin and West of the New East Pass . . .

"His action in sponsoring legislation to remove the restrictions was entirely for the benefit of Okaloosa County and related only to the three-mile strip of property on the main Santa Rosa Island across from Fort Walton Beach".

It is important to note that the initiative for this legislation came, not from Congressman Sikes, but rather, from the Okaloosa Island Authority.

When queried, the Department of Defense stated that it no longer required the use of the property in the event of a National emergency, and that there was no need to retain a right of reverter or the other restrictions.

As every Congressman would do, Representative Sikes went to Legislative Counsel and gave them the general guidelines and asked them to draft a bill to solve Okaloosa County's problem. H.R. 7932 (which superseded H.R. 7696) was prepared and introduced. (See Common Cause Attachment "R").

Common Cause's complaint gives the impression that the corporation in which Representative Sikes held stock, the CBS Development Company, had a lease on Santa Rosa Island. Such is not the case. The land leased by CBS Development Company is nearly six miles from Santa Rosa Island and separated from it by Eglin Air Force Base and John C. Beasley State Park. (See map, Common Cause Attachment "J"). The CBS Development leases were on the "two small detached islands East of Santa Rosa

Island immediately adjacent to the New East Pass" referred to by Mr. Joseph R. Anderson in his affidavit as quoted above. It should be noted that the legislation referred to by Common Cause made no mention of that land where the CBS Development Company's lease was located.

It did, however, refer back to the Public Law enacted in 1948.

To understand the distinction between the CBS land and the land on Santa Rosa Island, some background data is necessary.

In 1955 one Finley B. Duncan acquired a 99-year lease and an option for a 99-year renewal from the Okaloosa Island Authority for:

"All that portion of land which formerly comprised a part of Santa Rosa Island, that lies East of the New East Pass Channel".

For this lease, Mr. Duncan agreed to pay the sum of \$100.00 and an annual rental of 2-1/2% of the gross income of the lessee's business operations on said premises, or the sum of \$1000, whichever was greater. This hardly indicates that a very high value was placed on this land. The lease to Duncan further stated:

"The Authority has no responsibility or obligation for the construction of roads, utilities or grading of land. It having been determined by the Authority that the nature of the land hereby leased does not permit development and in the same manner as contemplated by the present master plan".

In July, 1959, the CBS Development Company, a corporation in which Representative Sikes was one of the stockholders, acquired this lease from Mr. Duncan.

It is important to emphasize that this property was NOT part of Santa Rosa Island proper. A storm in 1938 separated this land from Santa Rosa Island proper and formed the two small islands. Nature subsequently joined these two islands and annexed them to the mainland. In 1961, and well before, this land was referred to as Holiday Isle, and not considered a part of Santa Rosa Island.

The County's development plans, which gave rise to the request for legislation to remove the restrictions, envisioned only that three-mile strip of Santa Rosa across the inlet from the town of Fort Walton Beach. They considered the CBS land across the East Pass as being virtually worthless.

In his affidavit ( a copy of which is attached as an appendix hereto), Joseph R. Anderson, who at the time in question was attorney for the Okaloosa Island Authority, stated as follows regarding this property:

"The Okaloosa Island Authority had very little concern with those two small islands since they had no intrinsic value at that time and there was no intention by the Authority to develop them. In fact, the lease provided that Mr. Duncan would do all of the development and the Island Authority would have no obligations of any kind in regard to the development of these small islands if, in fact, they existed within the authority of the Okaloosa Island Authority. "

The fact that the lease of these islands to Mr. Duncan was for so little money gives some idea of the value attached to them by the Island Authority, whose development plans were concentrated on that part of Santa Rosa Island across from Fort Walton Beach.

All correspondence and discussions by the Okaloosa Island Authority regarding the legislation refer to the three-mile strip on Santa Rosa Island. Representative Sikes' instructions to Legislative Counsel referred to this land on Santa Rosa Island.

The letter from the Secretary of the Army to the Chairman of the House Armed Services Committee dated August 19, 1961, supporting the legislation, refers to "875 acres, more or less, on Santa Rosa Island". [Emphasis added] .

The title to the bill itself states its purpose was "to repeal that portion reserving to the United States the right to take control of certain real property situated on Santa Rosa Island, Florida, during a national emergency...". (See Common Cause Attachment Q).

In testimony before the House Armed Services Committee, Laura Cross of the Office of the Chief Engineers, U. S. Army, states in part:

"This legislation would amend the Act of July 2, 1948, so as to repeal portions related to residual rights of the United States in that land on Santa Rosa Island, Florida which is under ownership of the County of Okaloosa." (Emphasis added).

The Report from the House Armed Services Committee (Report #1021 dated August 23, 1961), to accompany H. R. 7932, states the Bill's purpose was to amend the Act of July 2, 1948, "so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Florida . . .". (Emphasis added).

The Report states further:

"The purpose of H. R. 7932 is to repeal certain portions of the Act of July 2, 1948 (62 Stat. 1229) in order to release residual interests of the United States in certain land on Santa Rosa Island, Florida". (Emphasis added). (See Common Cause Attachment T).

A letter from the Secretary of the Army to the Director of the Budget dated October 17, 1962 refers to "a tract of land containing approximately 875 acres on Santa Rosa Island in the Gulf of Mexico off the Florida coast . . .". (Emphasis added).

Representative Sikes' testimony before the House Armed Services Committee in support of H. R. 7932 (Common Cause Attachment S) refers to "activities on the island" and the fact that "FHA and VA will not go into the Island . . .". (Emphasis added). The entire discussion with the Committee relates to the land on Santa Rosa Island. In response to a question by a member of the Committee as to what land was covered by the bill, Mr. Sikes said:

"The whole island is not involved. There are about 30 miles of this island that still belongs to the Federal Government, and is not affected by this bill whatever. All that is affected is the 3-mile strip of the Island . . .".

The point is made repeatedly during this hearing that the legislation only related to a 3-mile strip on Santa Rosa Island.

During House consideration of H. R. 7932 it was referred to as a

bill to repeal portions of the 1948 Act "relating to residual rights in certain land on Santa Rosa Island, Florida". (Emphasis added).

During the Senate debate on H. R. 7932, Senator Wayne Morse of Oregon, who supported the bill, stated:

"The effect of H. R. 7932, taken together with Public Law 885 . . . is to convey a fee simple interest, free of any Government restriction to a parcel of real estate comprising 875 acres on the Island of Santa Rosa, which lies along the Upper Gulf Coast of Florida". (Emphasis added).

Senator Morse subsequently stated in the debate that "this property constitutes a strip of beach about 3 miles long and one-quarter to one-half a mile wide . . .".

It should be noted that both Florida Senators Smathers and Holland supported H. R. 7932.

When H. R. 7932 was sent back to the House with Senate amendments (which were agreed to by the House), Congressman Rivers of South Carolina, who was managing the bill, said the bill "would authorize the Secretary of the Army to convey to Okaloosa County, Florida, all the residual interest of the United States in a portion of Santa Rosa Island, Florida". (Emphasis added).

From all of the above, it is evident that everyone who had anything to do with this legislation, including Representative Sikes, intended that

the bill relate to a 3-mile portion of Santa Rosa Island across from Fort Walton Beach. Santa Rosa Island is over 45 miles long. It is also evident that no one made any reference to that property leased by the CBS Development Company, known as Holiday Isle, which was not connected to Santa Rosa Island and was nearly six miles away from the 3-mile strip in question and separated from it by John C. Beasley State Park and Eglin Air Force Base and a navigable channel.

The deed from the Secretary of the Army prepared pursuant to the bill enacted in 1962, did, in fact, include the following language:

" . . . and all that portion of land which formerly comprised a part of Santa Rosa Island that lies East of the New Pass Channel. "

The result of this action including this land in the conveyance, did not have the effect of giving the CBS Development Company a better title to its land. CBS, before and after the enactment of the legislation, had only a lease, not a fee simple title. Fee simple title now resides in Okaloosa County. Development had already been well under way on this CBS-leased land on Holiday Isle, unimpeded by the obstacles complained of by the Okaloosa Island Authority with respect to Santa Rosa Island. The value of this land, as well as the leases thereon, has increased over the years, as all Florida waterfront land has, but as a result of factors irrelevant to the 1962 deed or the legislation.

To say that the two small islands benefited from the 1962 legislation as Common Cause has alleged, is to deny obvious facts.

Okaloosa Island Authority records, which have at all times been available to newspaper and television reporters as well as to Common Cause, clearly show that CBS Development Corporation did not have any substantial sales until five years after the legislation in question was enacted. Whether there was or was not a reverter was of little consequence to CBS and its development of the two islands. The development of these islands was undertaken solely by CBS and was in no way aided by the Island Authority in contrast to the three mile strip on Santa Rosa Island where the development was done by the Authority. The principals of CBS using their own savings or personally guaranteeing corporate indebtedness were developing the islands before the 1962 legislation was enacted and continued to do it after its passage.

Development of the two small islands was considered ill advised by most local businessmen and lenders, not because of the reverter clause in the title, but because the property was considered of poor quality and low-lying character, which made development difficult

and expensive. It was also too far away from populous Fort Walton Beach where beach property was readily available on the three-mile strip and elsewhere.

Only after considerable expense and development by CBS, a dramatic rise in North Florida real estate values and an aggressive sales effort by a local real estate agency for which CBS had to pay a 10% fee, did any substantial sales occur. (Even at that the corporation was forced to do its own financing).

To reiterate, even after enactment of the legislation, the CBS Development Company held only a leasehold interest, not a fee-simple title.

As we have shown, Common Cause was clearly in error from a legal standpoint in charging Mr. Sikes with violation of the rules cited. Even if such rules were applicable, for Representative Sikes to be guilty of unethical conduct, he would have had to intend to use his position in Congress to benefit personally. The facts fail totally to support such a contention.

IV. Allegation that Mr. Sikes improperly influenced the establishment of the First Navy Bank

RESPONSE:

Common Cause in its complaint charges that Representative Sikes urged the responsible State and Federal government officials to authorize the establishment of the First Navy Bank at the Pensacola Naval Air Station. Common Cause states further, "The Bank was established on October 24, 1973, and Representative Sikes was an initial shareholder". The clear implication of the Common Cause statement is that Representative Sikes, while a stockholder, tried to influence governmental action to profit personally from his actions. Such is not the case.

Representative Sikes did contact Federal and State authorities in support of the Bank's application for a charter, but this is a normal constituent service rendered by Congressmen. At the time Representative Sikes made these contacts, he did not own any stock in First Navy Bank, nor did he have any financial interest related to it. Subsequently he did, in fact, buy some of the Bank's stock. But when his contacts in support of the Bank were made, in both instances he was not a stockholder for the Bank's stock. Prior to Representative Sikes' acquisition of stock, the Bank received a State bank charter from the State of Florida.

Representative Sikes did not violate Rule XLIII (3), as Common Cause charges, because he received no "compensation" from his ownership of First Navy stock. (No dividends were ever paid to him on this stock). Furthermore, there has been no showing by Common Cause that there was any "influence improperly exerted from his position in the Congress". There has been no showing by Common Cause, because there has been no improper influence exerted. Representative Sikes did no more than any Congressman would do, in being of service to his constituents.

In fact, the decision to allow the First Navy Bank to locate on the Navy Base was made by the Acting Controller of the Navy and confirmed by the Secretary of the Navy. His memorandum (a copy of which we would like to have made a part of the Record) and the Secretary of the Navy's confirmation, which are in Navy files, make clear that the Navy was thoroughly convinced that a new bank was needed on the Base. Common Cause states that this was the first full-service bank established on a Naval Base. This may be true, but for years there have been full-service banks on Air Force and Army Bases.

In any event, there was nothing improper or unethical in Representative Sikes' activities relating to this bank.

CONCLUSION:

Representative Sikes would have disclosed everything set forth herein from the Dome of the Capitol, by loud speaker, if he had thought such action was required or was appropriate.

No reasonable man would care if Representative Sikes voted for a bill, which hundreds of other Representatives and Senators also voted for, which included funds for a company in which he had a few shares of stock which yielded him from \$150 to \$300 a year.

No reasonable man would deny Representative Sikes the right to buy a few shares of stock in a State Bank in his constituency.

Finally, we should weigh against the faceless accusers and the nit-picking allegations which Common Cause has produced, the thirty years of unimpeachable public service by a man elected by constituents, and not self-appointed.

The real question underlying all of this is, WHY? These charges are a masquerade to implement the Common Cause campaign, as expressed by its Chairman in a letter to Representative Sikes (July 9, 1975), "to resign his chairmanship of the House Appropriation Subcommittee on Military Construction" (p.1 of Complaint). WHY does this lobby want this resignation? WHY are they seeking another Chairman? WHY are

they spending their time, and whose money, to attack one of our nation's strongest proponents of a strong defense?

Respectfully submitted,

A handwritten signature in cursive script that reads "Lawrence J. Hogan". The signature is written in black ink and is positioned above the typed name.

Lawrence J. Hogan,  
Attorney for Congressman Bob Sikes.

May 6, 1976



THE ASSISTANT SECRETARY OF THE NAVY  
 (FINANCIAL MANAGEMENT)  
 WASHINGTON, D. C. 20350

FINDINGS AND DETERMINATIONS  
 RELATIVE TO BANKING SERVICES AT  
NAVAL AIR STATION, PENSACOLA, FLORIDA

An unsolicited proposal has been received from a group proposing to establish a bank to be known as the "Bank of the Blue and Gold" (hereinafter referred to as "Blue and Gold") to be located on-board the Naval Air Station, Pensacola, Florida. A proposal has also been received from the Florida First National Bank at Pensacola (hereinafter referred to as "Florida First"), which presently operates a banking facility at the Naval Air Station, to construct a new building to house the facility and to continue as a banking facility and to expand the present services. It is the policy of the Department of Defense, as contained in DODINST 1000.12 of 20 July 1972, not to permit more than one banking institution to operate on a military installation, except in "most unusual circumstances". Accordingly, only one of the two proposals received may be approved by the Navy. The DODINST also prescribes an order of preference in which banks or branch banks rank higher in order of preference to banking facilities.

FINDINGS

I hereby find that:

1. Florida First has been operating a banking facility at the Naval Air Station since 1941. It has operated this banking facility without payment of rent or reimbursement for logistical support because in earlier years it was deemed to be non-self-sustaining and in recent years because the Bank has insisted it is operating at a loss although the Treasury Department has determined otherwise. The differences arise from Treasury's analysis of income from deposit accounts. Among other things, it is asserted that the bank has not accurately classified accounts that are attributable to the banking facility. In earlier years, the bank was the recipient of a sizable Treasury balance to compensate for its indicated losses.
2. There have been two previous attempts since 1964 by another banking institution or banking group to replace the Florida First banking facility. Both attempts have prompted Florida First to propose to meet the competing group's offer and to substantially improve banking service although the proposals have not come to fruition. In 1968 when the position of Florida First on the Naval Air Station was not being challenged by an interest of another banking group or institution,

Florida First threatened to cease operating the banking facility if it should be charged rent and for logistic support provided by the Navy, even though the Treasury Department had determined that the banking facility was then self-sustaining.

3. A proposal has been received from the Blue and Gold for the establishment of a bank at the Naval Air Station. Florida First has also submitted a proposal to relocate and expand the present banking facility. Branch banking is prohibited by state statute in Florida. Although Florida First is a subsidiary of the Florida National Banks of Florida, Inc., there has been no indication of a proposal to organize a bank by that group to conduct operations on NAS, Pensacola. Each of the proposals provides for the construction of a new bank building and for the payment of the fair rental value of the land to be occupied and for reimbursement to the Navy for any necessary logistic support. A comparison of the items set forth in the proposals which varied are as follows:

<u>Description</u>	<u>Proposals</u>	
	<u>Blue and Gold</u>	<u>Florida First</u>
a. Bank Charter	State	National
b. Capitalization	\$375,000 <u>1/</u>	\$6,950,000
c. Facilities		
Building	4,500 sq. ft.	3,640 sq. ft.
Inside teller stations	2 - 6	4
Drive-in teller stations	5	2
Parking spaces	45 - 60	30+
d. Hours of Operation	0830 - 1700 (five days per week)	0930 - 1400 (Monday - Thursday) 0900 - 1700 (Friday)

1/ Increased by State Commissioner of Banking to \$500,000

4. The Blue and Gold proposal is conditional based on obtaining necessary approval from appropriate authorities. The State Commissioner of Banking has approved the application of the Blue and Gold subject to certain conditions, including minimum capitalization of \$500,000 and insurance of deposits by the Federal Deposit Insurance Corporation. By

letter dated 24 October 1972, FDIC has stated that it is prepared to approve Federal deposit insurance "contingent upon receipt of written certification or assurance from you that establishment of this bank has received all necessary DOD approvals under Department of Defense Instruction 1000.12 entitled 'Policies and Procedures Governing Banking Institutions Serving DOD Personnel on Military Installations'. The increased capitalization has been agreed to by Blue and Gold and the group has assured the Navy that they are willing and able to meet any capitalization considered necessary by the State of Florida, the FDIC and the Department of the Navy. Most of the other conditions set forth in the conditional charter have already been met, but a final charter will not be issued until the proposed bank, if approved by the Navy, is ready to begin operations

5. The Florida First proposal is also conditional, based on the Treasury Department granting the banking facility authority to make and service loans which is presently unauthorized. The Treasury Department has informally indicated that it is not willing to authorize the making of loans. In discussions with the President of Florida First he indicated to NAVCOMPT staff members that the Bank is willing to proceed without this authorization.

6. The DOD policy set forth in DODINST 1000.12 and embodied in SECNAVINST 5361.10 concerning banking institutions serving personnel on Navy and Marine Corps installations, provides:

- a. A preference for a full-service bank or branch rather than a banking facility
- b. Only one banking institution on a station, except in most unusual circumstances
- c. A preference for continuation of a banking institution which has been established, except for situations where a branch or full-service bank is proposed in lieu of a banking facility, in which case preference is to be given to persons organizing a proposed bank if composed of directors and officers then operating the banking facility serving the installation.

7. The Chief of Naval Training has stated that the banking needs of military personnel (active, retired and transient) and civilian personnel aboard the Naval Air Station are not now, and have not been met by the Florida First banking facility and that there is an immediate need for a modern, naval-service-oriented, full-service bank. The present Naval Air Station population and the growth potential clearly

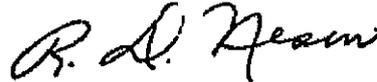
indicate that ample business opportunity exists for a modern, aggressive bank which could be self-sustaining and profitable. Also, that opportunities were available to Florida First during the past 31 years to provide improved services, had they taken some initiative. Instead, Florida First seems to have been constrained by a conservative, non-naval-service policy, content and disposed to await Navy initiative for better services and apparently managed by a group unaware of the services required to be rendered.

8. The Commander, Training Air Wing SIX, the Chief of Naval Air Training and the Chief of Naval Training have recommended that strong consideration be given to the Blue and Gold proposal.

9. The authorization under which Florida First is presently operating the banking facility at the Naval Air Station is revocable at any time without notice at the option and discretion of the Government. Florida First may terminate operations of the banking facility provided that a notice in writing is given the Treasury Department and the Commanding Officer, Naval Air Station, Pensacola, not less than 30 days prior to the closing date.

#### DETERMINATIONS

Upon the basis of the foregoing findings, it is hereby determined that in accordance with Department of Defense policies and procedures governing Banking Institutions Serving DOD personnel, as set forth in DOD Instruction 1000.12, dated 20 July 1972, the Navy is required, under prevailing circumstances, and is disposed to accept the Blue and Gold proposal to establish a state chartered bank at the Naval Air Station. Notice of this acceptance shall be immediately transmitted to the Blue and Gold, to the FDIC, to Florida First and to the Commanding Officer, NAS, Pensacola. Necessary arrangements will be made with Florida First and the Treasury Department to provide necessary banking services in the transition period and arrangements will be made for the revocation of Treasury authorization to Florida First to operate the banking facility and for revocation of the license to Florida First by the Navy to operate the banking facility at NAS, Pensacola. This proposed action shall have been coordinated with appropriate representatives of the Office of the Assistant Secretary of Defense (Comptroller) and the Treasury Department.



ROBERT D. NESEN

7 NOV 1972

Dated \_\_\_\_\_

AFFIDAVIT

STATE OF FLORIDA

COUNTY OF DUVAL

JOSEPH R. ANDERSON, after first being duly sworn, on oath says:

My name is Joseph R. Anderson. I am a duly authorized, licensed practicing attorney at law with offices at Fort Walton Beach, Okaloosa County, Florida. Shortly after its formation by the Legislature of the State of Florida in 1953, I became General Counsel for the Okaloosa Island Authority. My appointment was effective in 1955. I continued as General Counsel for that body until it was abolished by the Florida Legislature in 1975. The Okaloosa Island Authority was created to administer certain real estate located on Santa Rosa Island just off Fort Walton Beach, Florida, and particularly a certain three mile strip of land located within the eastern third of Santa Rosa Island.

In 1959 it became apparent to the Okaloosa Island Authority Governing Board that the Santa Rosa Island property could not be effectively developed unless various loan agencies such as FHA and the Veterans Administration, municipal bonding companies and conventional loan companies could make loans on Santa Rosa Island for residential or other development uses. I made several trips to Jacksonville, Florida and Washington, D. C. in an effort to convince these agencies of the necessity of their aid, but in each case, such aid could not be had until the restrictions on the title of the property were removed. These restrictions concerned the use of the property only for "recreational purposes" and the reverter clause that provided the Santa Rosa Island could be returned to the United States in the event of war or national emergency. I reported my findings to the Okaloosa Island Authority and a resolution was passed directing me

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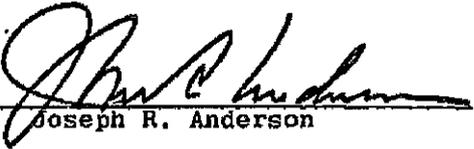
to seek the assistance of Congressman Robert L. F. Sikes of the First District of Florida. I contacted Congressman Sikes and explained to him the Okaloosa Island Authority's problem and advised him that the three mile strip on Santa Rosa Island could not be effectively developed unless a special Act was passed by the Congress removing the restrictions described above. He understood the problem and he introduced a Bill in the house to remove the restrictions and thereby to give Okaloosa County a free and unencumbered title to the land.

In all of my communications with Congressman Sikes, there was no discussions concerning the two small detached islands east of Santa Rosa Island immediately adjacent to the New East Pass. All of our conversations concerned the three mile strip located on Santa Rosa Island west of Destin and west of the New East Pass.

According to my best recollection, an early lease was issued by the Okaloosa Island Authority to one Finley B. Duncan in the middle 1950's for the two small unimproved islands then existing east of the New East Pass across from Destin. The Okaloosa Island Authority had very little concern with those two small islands since they had no intrinsic value at that time and there was no intention by the Authority to develop them. In fact, the lease provided that Mr. Duncan would do all of the development and the Island Authority would have no obligations of any kind in regard to the development of these two small islands if, in fact, they existed within the authority of the Okaloosa Island Authority. These islands had been formed by the action of a hurricane in 1948 when the New East Pass was formed and later the United States Army Engineer Corp improved the New East Pass to provide ready access by water to and from Eglin Air Force Base on the Gulf of Mexico.

Congressman Sikes and I are not particularly good friends. In fact, I have not met Congressman Sikes face to face since 1969. None of his actions, to my knowledge, was based on any friendship

or personal relationship with me or anyother person who was a member of or related to the Okaloosa Island Authority and that his action in sponsoring legislation to remove the restrictions was entirely for the benefit of Okaloosa County and related only to the three mile strip of property on the main Santa Rosa Island across from Fort Walton Beach.

  
\_\_\_\_\_  
Joseph R. Anderson

Sworn to and subscribed before me  
this 23rd day of April, 1976.

  
\_\_\_\_\_

Notary Public, State of Florida at Large  
My commission expires Aug. 7, 1977

## EXHIBIT [5]

HOGAN & HOGAN  
ATTORNEYS AT LAW

ADMITTED TO PRACTICE  
LAWRENCE J. HOGAN (B. C.)  
ILONA MODLY HOGAN (B.S. AND B. G.)

OF COUNSEL  
BENNY S. RAND  
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TEL. (202) 788-1444  
TELEX 89402

April 26, 1976

Hon. John J. Flynt,  
Chairman  
Committee on Standards of Official Conduct  
United States House of Representatives  
Washington, D. C.

Dear Mr. Chairman:

The undersigned is legal counsel for the Honorable Robert L. F. Sikes, Representative from the First District of Florida, in connection with the complaint filed before your Committee by Common Cause.

We urge the Committee to reject this complaint, not only because it is irresponsible character assassination and vilification, but because it is defective on a number of essential points:

1. The complaint is supposedly made by Common Cause as an entity having the capacity to make such complaint. Common Cause advertises itself as a "citizens lobby" but we are not informed as to its legal identity. It does not describe itself as a corporation, or an unincorporated association or any recognizable legal entity. The rules of the Committee, in requiring a complaint by a non-member of the House to be in writing and under oath, presumes to require some natural person who can be held accountable under criminal penalties for the violation of such oath. A corporation or an unincorporated association can hardly meet that requirement.

2. Curiously, the complaint is not signed and sworn to by John Gardner (who has always before spoken for Common Cause and who, in fact, aired the charges against Representative Sikes to the news media). Presumably Mr. Gardner has authority to speak for Common Cause; then why did Mr. Gardner not take the oath certifying to the authenticity of his charges?

Hon. John J. Flynt,  
Chairman  
April 26, 1976

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3. The complaint is not signed by the President of Common Cause, Mr. David Cohen. It is presumed that, if Common Cause is a corporation, its president would be authorized to sign documents for the corporation.

4. The complaint was signed by Fred Wertheimer, who identifies himself as Vice President for Operations of Common Cause. If Common Cause is a corporation, he does not provide any corporate resolution or any other evidence that he is, in fact, authorized to sign for and on behalf of Common Cause. Under these circumstances, we do not perceive Mr. Wertheimer as being liable under the Rules in the event his statements prove false as contemplated by the Rules.

5. The verification made by Mr. Wertheimer is made on his "information and belief " as to the contents of the complaint. He does not verify under oath that he has personal knowledge of the truth of the matters alleged nor does he state that he has personally investigated those allegations to ascertain their truth. In fact, the verification is cleverly worded to permit Mr. Wertheimer to escape responsibility for perjury under the Rules of the House.

A less legalistic, but equally valid reason for rejecting the Common Cause complaint is the Machiavellian scheme corrupting its motives.

Long before the beginning of the 94th Congress, Common Cause announced its plans to eliminate from key House chairmanships those Members who do not agree with Common Cause's policies on National Defense.

The last sentence in Common Cause's complaint is revealing in this regard. It requests that the Committee on Standards of Official Conduct recommend to the House that "Representative Sikes be censured and disqualified from serving on the House Appropriations Committee".

Representative Sikes is Chairman of the Subcommittee on Military Construction and ranking member of the Subcommittee on Defense.

Common Cause has not filed complaints before the House Committee on Standards of Official Conduct regarding three liberal

Hon. John J. Flynt,  
Chairman  
April 26, 1976

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Members recently charged in the press with illegal activities. I in no way assume the truth of these recent allegations appearing in the news media concerning these three men. However, it is interesting that Common Cause filed no complaint regarding these liberal Members, whose voting records they warmly approve and they did file a complaint concerning Representative Sikes, whose voting record they deplore. It makes one wonder about the selectivity of Common Cause's concern.

In announcing the filing of the complaint, John Gardner stated that the charges against Representative Sikes have been "confirmed and re-confirmed by successive journalistic investigations". (See page 1 of Gardner's statement to the news media on April 7, 1976). Repeating and re-publishing false charges does not make them true.

The audacity of John Gardner to attempt, on unfounded charges, to remove a Subcommittee Chairman and ranking member of the Subcommittee on Defense, with whom he disagrees, is astounding; and using a substitute oath-taker to make his charges, smacks of McCarthyism at its worst.

For the foregoing reasons, the Committee is urged to reject the complaint of Common Cause.

To assist the Committee in making any assessment of its own which it might wish to make regarding the allegations, I am enclosing a memorandum which rebuts the Common Cause smear.

Respectfully submitted,

Lawrence J. Hogan,  
Counsel for Congressman Robert L. F. Sikes

FIRST NAVY BANKTHE CHARGES

Common Cause in its complaint makes the following charges with respect to First Navy Bank:

(1) That Representative Sikes urged the responsible State and Federal Government officials to authorize the establishment of the First Navy Bank at the Pensacola Naval Air Station. Common Cause states further, "The Bank was established on October 24, 1973, and Representative Sikes was an initial shareholder". The clear implication of the Common Cause statement is that Representative Sikes, while a stockholder, tried to influence governmental action to profit personally from his actions. Such is not the case.

(2) That Representative Sikes' "actions constituted a violation of House Rule XLIII (3) and Section 5 of the Code of Ethics for Government Service, 72 Stat. Pt. 2, B 12 (1958)".

(3) That Representative Sikes' ownership of this stock in the First Navy Bank is a violation of House Rule XLIV (A)(1).

THE FACTS

The following statement of facts is enumerated to correspond to the numbered paragraphs of charges above:

(1) Representative Sikes was not a subscriber to the Bank's stock. He did contact Federal and State authorities in support of the Bank's application for a charter, but this is a normal constituent service rendered by a Congressman. At the time Representative Sikes made these contacts he did not own any stock in First Navy Bank nor did he have any financial interest related to it. Subsequently he did, in fact, buy some of the Bank's stock. But when his contacts in support of the Bank were made, in both instances he was not a stockholder nor a subscriber for the Bank's stock. Prior to Representative Sikes' acquisition of stock, the Bank received a State bank charter from the State of Florida.

(2) Rule XLIII (3) states:

"3. A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress".

Representative Sikes did not violate Rule XLIII (3) as Common Cause charges, because he received no "compensation" from his ownership of First Navy stock. (No dividends were ever paid to him on this stock). Furthermore, there has been no showing by Common Cause that there was any "influence improperly exerted from his position in the Congress". There has been no showing by Common Cause, because there has been no improper influence exerted. Representative Sikes did no more than any Congressman

would do in being of service to his constituents.

In fact, the decision to allow the First Navy Bank to locate on the Navy base was made by the Acting Controller of the Navy and confirmed by the Secretary of the Navy. His memorandum\* and the Secretary of the Navy's confirmation, which are in Navy files, make clear that the Navy was thoroughly convinced that a new bank was needed on the base.

Section 5 of the Code of Ethics for Government service states:

"5. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration, or not; and never accept for himself, or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties".

Common Cause fails to specify how Representative Sikes' actions violated this Rule.

(3) House Rule XLIV(A)(1) states:

"1. List the name, instrument of ownership, and any position of management held in any business entity doing a substantial business with the Federal Government or subject to Federal regulatory agencies, in which the ownership is in excess of \$5,000 fair market value as of the date of filing or from which income of \$1,000 or more was derived during the preceding calendar year. Do not list any time or demand deposit in a financial institution, or any debt instrument having a fixed yield unless it is convertible to an equity instrument".

\* A copy has been furnished to the staff of the House Committee on Standards of Official Conduct.

Since the First Navy Bank was a Florida State bank, there was no reason to report the ownership of this stock. A State bank which is insured by the Federal Deposit Insurance Corporation is not, in fact, subject to federal regulation as contemplated by House Rule XLIV(A)(1).

The instruction sheet which is part of the Disclosure Form prepared pursuant to this Rule includes the following explanatory text under "Definitions":

**"Subject to Federal Regulatory Agencies:**  
Generally, the test to be applied is whether a Federal regulatory body is authorized to grant or deny licenses, franchises, quotas, subsidies, etc., that could substantially affect the fortunes of the business entity involved".

The FDIC does not grant or deny "licenses, franchises, quotas or subsidies"; so clearly, it was not intended to be included under the purview of the Rule.

Contrary to Common Cause's contention, Representative Sikes' failure to report ownership of stock in this State bank was not a violation of House Rule XLIV(A)(1).

#### F AIRCHILD

##### CHARGE #1

Common Cause states in its complaint that in the early 1960's, Representative Sikes purchased stock in Fairchild Industries, a major defense contractor. Common Cause maintains that by failing to disclose

his ownership of this stock, Representative Sikes violated House Rule XLIV(A)(1).

Rule XLIV(A)(1) states as follows:

"Members, officers, principal assistants to Members and officers, and professional staff members of Committees shall, not later than April 30, 1969, and by April 30 of each year thereafter, file with the Committee on Standards of Official Conduct a report disclosing certain financial interests as provided in this rule. The interest of a spouse or any other party, if constructively controlled by the person reporting, shall be considered to be the same as the interest of the person reporting. The report shall be in two parts as follows:

1. List the name, instrument of ownership, and any position of management held in any business entity doing a substantial business with the Federal Government or subject to Federal regulatory agencies, in which the ownership is in excess of \$5000 fair market value as of the date of filing or from which income of \$1000 or more was derived during the preceding calendar year . . . "

#### THE FACTS

Representative Sikes, together with other civic and business leaders of Crestview, Florida, was very active in urging Fairchild Stratos to locate a plant in his Congressional District. In 1963, Fairchild Stratos opened a plant in Crestview.

To show his appreciation and support for this company, which was providing jobs for his constituents, Representative Sikes and other local leaders bought some Fairchild Stratos stock. He acquired this stock before

the disclosure rule went into effect in 1969 and during at least part of the pertinent periods, its value was less than \$5000. When Representative Sikes sold his stock, he sustained a substantial personal loss.

During no year did Mr. Sikes receive \$1000 or more in income from this stock. He has conceded that he technically may have been required to report the ownership of this stock, but the instructions in this regard are unclear.

In its Foreword to the Disclosure reporting form, the Committee on Standards of Official Conduct states that in developing recommendations which resulted in the adoption of House Rule XLIV, the Committee "sought to require financial disclosure of only those interests which might conceivably involve, or appear to involve, a conflict of interest". Who is a judge of what constitutes a conflict of interest?

Under "Definitions", the Committee has included the following:

"Substantial business with the Federal Government:  
If the extent of the business entity's overall commercial operation with the Federal Government is such that legislative action, or improper influence, could have a significant beneficial or adverse effect on the entity's total net worth, it should be reported".

There has been no showing by Common Cause that "legislative action, or improper influence" had, or could have had, "a significant beneficial or adverse effect on" Fairchild's total net worth. On the contrary, the record shows that Fairchild received its A-10 contract on the basis of a fly-off competition, not through "legislative action or improper influence". The legislative action merely approved the technical decision previously made by military experts.

CHARGE # 2

Common Cause further charges that Representative Sikes, while the owner of 1000 shares of stock in Fairchild Industries, voted for passage of a defense appropriations bill on August 6, 1974 (H.R. 16243) that funded a contract worth in excess of \$73 Million with Fairchild. Common Cause states: "His failure to abstain from voting on legislation in which he had a direct pecuniary interest was a violation of House Rule VIII (1)".

THE FACTS

Common Cause is clearly in error in its interpretation of this rule.

House Rule VIII (1) states:

"1. Every Member shall be present within the Hall of the House during its sittings, unless excused or necessarily prevented and shall vote on each question put, unless he has a direct personal or pecuniary interest in the event of such question".

This section of the Common Cause complaint should be rejected out of hand. The August 6, 1974 vote alluded to by Common Cause was a \$ 82,096,297,000.00 Defense Appropriations bill which called for, among other things, the third increment purchase of A-10 aircraft from Fairchild Industries. (The vote for passage of this bill was 350 to 43).

The contract to build the A-10 aircraft (Contract Number F-33-657 73C-0500) was signed by Fairchild on January 10, 1973 and by the U.S. Air

Force on March 1, 1973. Effective date of the contract was January 1, 1973, a year and a half before the vote complained of by Common Cause. The award to Fairchild was made after a fly-off competition and Representative Sikes had no influence on the awarding of the contract.

Common Cause attempts to portray Mr. Sikes' vote as unethical conduct. The facts are otherwise. It is absurd for Common Cause to criticize a member of Congress for voting on a military appropriations bill -- where he owns only a miniscule percentage of the stock of a company covered in an appropriations bill. This is analogous to saying a member is guilty of unethical conducting in voting for a reduction in taxes because he, himself, is a taxpayer and will benefit from his action.

Representative Sikes' action in voting for this appropriations bill is specifically not included under the coverage of Rule VIII. In their haste to discredit Representative Sikes, Common Cause failed to read the decisions of Speakers of the House in interpreting this Rule. Rule VIII(1) refers to a "direct pecuniary interest". House precedents indicate very clearly that this rule does not refer to the Member as one of a class, but only to direct, personal, individual interest. The House has always made a distinction between the Member having an interest as one of a class, such as a stockholder, and a direct personal interest. Note the following Precedents of the

## House of Representatives (from Hinds Volumes):

"5952. Where the subject-matter before the House affects a class rather than individuals, the personal interest of Members who belong to the class is not such as to disqualify them from voting.

The power of the House to deprive one of its Members of the right to vote on any question is doubtful.

On April 11, 1874, the House was considering the bill of the House (No. 1572) to amend the several acts providing a national currency and to establish free banking, and for other purposes.

During the proceedings Mr. Robert M. Speer, of Pennsylvania, made the point of order that certain Members holding stock in national banks were not entitled to vote, being personally interested in the pending question. Mr. Speer mentioned three Members . . . who were officers of national banks, and therefore, as he held, not entitled to vote on the pending question . . . :

\* \* \*

The Speaker, in ruling, said:

' . . . a question arose upon the amendment to the Constitution changing the mode of counting the votes for the election of President and Vice-President. The rule at that time was peremptory that the Speaker should not vote except in the case of a tie. It has since been changed. The vote, if the Chair remembers correctly, as handed up to Mr. Macon was 83 in favor of the amendment and 42 opposed to it. The amendment did not have the necessary two-thirds and the rule absolutely forbade the Speaker to vote, and yet he did vote, and the amendment became engrafted in the Constitution of the United States upon that vote; and he voted upon the distinct declaration that the House had no right to adopt any rule abridging the right of a Member to vote; that he voted upon

his responsibility to his conscience and to his constituents; that although that rule was positive and peremptory it did not have any effect upon his right. He voted, and, if the Chair remembers correctly, it was attempted to contest afterwards by some judicial process whether the amendment was legally adopted. But the movement proved abortive, and the amendment is now a part of the Constitution. Now, the question comes back whether or not the House has a right to say to any Member that he shall not vote upon any question, and especially if the House has a right to say that if 147 Members come here, each owning one share of national-bank stock (which there is no law to prohibit them from holding), they shall by reason of that very fact be incapacitated from legislating on this whole question.

"If there is a majority of one in the House that holds each a single share of stock, and it incapacitates the Members from voting, then of course the House can not approach that legislation; it stops right there. \* \* \* Now, it has always been held that where legislation affected a class as distinct from individuals a Member might vote. Of course everyone will see the impropriety of a sitting Member in the case of a contest voting on his own case. That is so palpably an individual personal interest that there can be no question about it. It comes right down to that single man. There is no class in the matter at all. But where a man does not stand in any way distinct from a class, the uniform ruling of the American House of Representatives and of the British Parliament, from which we derive our rulings, have been one way. In the year 1871 . . . when a bill was pending in the British House of Commons to abolish the right to sell commissions in the army, which officers had always heretofore enjoyed, and to give a specific sum of money to each army officer in lieu thereof, there were many officers of the army members of the British House of Commons, as there always are, and the point was made that those members could not vote on that bill because they had immediate and direct pecuniary interest in it. The House of Commons did not sustain that point, because the officers referred to only had that interest which was in common with the entire class of army officers outside of the House -- many thousands in number.

"Since I have had the honor of being a Member of this House, on the floor and in the chair, many bills giving bounty to soldiers have been voted on here. We have the honor of the presence on this floor of many gentlemen distinguished in the military service who had the benefit of those bounties directly and indirectly. It never could be made a point that they were incapacitated from voting on those bills. They did not enjoy the benefit arising from the legislation distinct and separate from thousands of men in the country who had held similar positions. It was not an interest distinct from the public interest in any way. \* \* \* And the same with pensions. \* \* \* And further, . . . if it should be decided today that a Member who holds a share of national-bank stock shall not vote on a question relating to national banks, then the question might come up whether a Member interested in the manufacture of cotton shall have the right to vote upon the tariff on cotton goods; or whether a Member representing a cotton State shall vote upon the question whether cotton shall be taxed, for that interest is largely represented here by gentlemen engaged in the planting of cotton. And so you can go through the whole round of business and find upon this floor gentlemen who, in common with many citizens outside of this House, have an interest in questions before the House. But they do not have that interest separate and distinct from a class, and, within the meaning of the rule, distinct from the public interest. The Chair, therefore, has no hesitation in saying that he does not sustain the point of order presented by the gentleman from Pennsylvania [Mr. Spear]."

From Common's Volumes:

"3071. In determining whether the personal interest of a Member in the pending question is such as to disqualify him from voting thereon a distinction has been drawn between those affected individually and those affected as a class. The question as to whether a Member's personal interest is such as to disqualify him from voting is a question for the Member himself to decide and the Speaker will not rule against the constitutional right of a Member to represent his constituency. -- On December 22, 1914, the question was pending on agreeing

to the resolution (H. J. Res. 168) proposing an amendment to the Constitution prohibiting the manufacture, transportation, and sale of intoxicating liquor.

"Mr. Richmond P. Hobson, of Alabama, as a parliamentary inquiry, asked if the pecuniary interest of Members owning stocks in breweries, distilleries, or saloons was such as to disqualify them from voting on the pending question.

The Speaker said:

" The rule about that is Rule VIII :

' Every Member shall be present within the Hall of the House during its sittings unless excused or necessarily prevented; and shall vote upon each question put, unless he has a direct, personal, or pecuniary interest in the event of such question. '

' It was decided after a bitter wrangle in the House in the case of John Quincy Adams, who came back to the House after he had been President, that you could not make a Member vote unless he wanted to. It has practically been decided by Speaker Blaine in a most elaborate opinion ever rendered on the subject that each Member must decide the thing for himself, whether he is sufficiently interested pecuniarily to prevent his voting. It must affect him directly and personally and not as a member of a class. . . ' \* \* \*

" 3072. Where the subject matter before the House affects a class rather than individual, the personal interest of Members who belong to the class is not such as to disqualify them from voting.

"The power of the House to deprive one of its Members of the right to vote on any question is doubtful.

"On April 5, 1928, the House agreed to a special order providing for the consideration of the bill (H. R. 8927) to amend the act entitled "An act to promote export trade", approved April 10, 1918.

"Thereupon Mr. Fiorello H. LaGuardia, of New York, propounded as a parliamentary inquiry the following:

"Mr. Speaker, I rise to propound a parliamentary inquiry relative to the disqualification of certain Members of the House to vote upon this measure. \* \* \*

The bill, if enacted into law, will result in a direct benefit to certain now known corporations. This bill does not affect all corporations in the United States, but its conceded purpose will bring advantages and privileges to a certain small group of corporations now in existence. I desire to inquire whether a Member directly interested in that corporation as a stockholder comes within the prohibition and intent of section 1 of rule 8 of the rules of this House . . .

\* \* \*

"The Speaker replied:

\* \* \* The gentleman from New York raises the question whether any Member of this House who happens to be interested as a stockholder in any of the corporations which may be affected by the legislation provided for in H. R. 8927 is qualified to vote on the bill. . .

\* \* \* Unquestionably the bill before us affects a very large class. The Chair has no information as to how many stockholders there may be in these various rubber companies. The Chair would be surprised if there were not hundreds of thousands of American citizens who were stockholders in these companies specifically referred to by the gentleman from New York, and possibly there may be a very large number of others who are directly interested in the outcome of this legislation.

"Following the decision of Speaker Blaine and Speaker Clark the Chair is very clear upon the question that Members, whether they may be stockholders or not in any of these corporations, have a perfect right to vote. The Chair would be in some doubt as to whether it would be within the power of the Speaker to say whether a Member interested might vote or not in any case. Certainly it would not be within the power of the Chair to deny a Member the right to vote except in the case where the legislation applied to one and only one corporation. In this case it applies to a large class. The Chair is absolutely clear in his mind, and in response to the inquiry of the gentleman from New York holds that in his

opinion the Members of the House, whether interested or not, have the right to vote on this particular measure."

Furthermore, decisions of Speakers of the House have historically put the onus on the individual Member as to whether or not he had a conflict of interest on a particular vote. Note the following House Precedents (Hinds Volumes):

"5950. The Speaker has usually held that the Member himself should determine whether or not his personal interest in a pending matter should cause him to withhold his vote. -- On March 2, 1877, the yeas and nays were being taken on a motion to suspend the rules in order to take up the Senate bill (No. 14) to extend the time for the construction and completion of the Northern Pacific Railroad.

During the call of the roll Mr. William P. Frye, of Maine, said that he did not feel at liberty to vote on the bill until the Chair had ruled upon his right to do so, since he was a stockholder in the road.

The Speaker said:

'Rule 29 reads: "No Member shall vote on any question in the event of which he is immediately or particularly interested".

Having read this rule, it is for the gentleman himself to determine whether he shall vote, not for the Chair. . . .

On December 17, 1895, the House was considering the report of the Committee on Rules, and had reached the portion relating to the Committee on Elections, the pending question being an amendment offered by Mr. William L. Terry, of Arkansas, relating to the mode of considering election cases in the House.

"As the vote was about to be taken, Mr. Jo Abbott, of Texas, rising to a parliamentary inquiry, stated that his seat was contested, and that he had an indirect interest in both the amendment and the rule. Therefore he asked for the advice of the Speaker.

The Speaker said:

"The Chair can not undertake to decide that question. The gentleman must decide it for himself. . . ."

"5951. On March 1, 1901, the House had voted by yeas and nays on the motion to concur in the Senate amendments to the army appropriation bill, when Mr. John J. Lentz, of Ohio, questioned the vote of Mr. John A. T. Hull, of Iowa, alleging that he had a personal interest in the pending question, and should not under the rule be allowed to vote.

"The Speaker said:

"But the gentleman will also find in the Digest that it is the uniform practice that each gentleman must be the judge of that for himself. The Chair overrules the point of order."

"5956. A point of order being made that a Member was disqualified for voting by a personal interest, the Speaker held that the Chair might not deprive a Member of his constitutional right to represent his constituency. -- On January 19, 1881, the Speaker announced as the regular order of business the bill of the House (H. R. 4592) to facilitate the refunding of the national debt. The House having proceeded to its consideration, Mr. Edward H. Gillette, of Iowa, as a question of order, under Rule VIII, clause 1, made the point of order that Mr. John S. Newberry, of Michigan, was not entitled to vote on the pending bill or any amendment thereto, basing said point on the statement of Mr. Newberry that he was a stockholder and director in a national bank, and that as a result Mr. Newberry had a 'direct personal or pecuniary interest' in said bill.

After debate the Speaker said:

"The Chair must be governed by the rules of the House and by the interpretations which have been placed on those rules in the past by the House. \* \* \* This is not a new question. It was brought to the attention of the country in a remarkable manner in the Seventh Congress when Mr. Macon, then Speaker of the House, claimed his right as a representative of a constituency to vote upon a pending question, notwithstanding there was a rule of the House to the contrary. \* \* \* The Chair is not aware that the House of Representatives has ever deprived a Representative of the right to represent his constituency. A decision of the Chair to that extent would be an act, the Chair thinks, altogether beyond the range of his authority. The Chair doubts whether the House itself should exercise or has the power to deprive a Representative of the people of his right to represent his constituency. The history of the country does not show any instance in which a Representative has been so deprived of that right."

Only the Member is competent to decide on a given issue whether his motivation in voting a certain way is in the National interest or in his own personal interest.

For Common Cause to contend that Congressman Sikes was motivated by his personal interest rather than the National interest in voting for a defense appropriation bill (on which the vote for passage was 350 to 43), is patently ridiculous.

Santa Rosa IslandThe Charge

Common Cause charges that:

"...in 1961-1962 Rep. Sikes sponsored legislation... which removed restrictions on the commercial development of land in Florida on which he and several business associates held a 99 year lease. From 1962 through at least 1972 the company in which he held stock received income from that land. In using his position as a member of Congress in this way, and receiving a benefit for himself, Rep. Sikes has violated House Rule XLIII(3) and Section 5 of the Code of Ethics for Government Service, 72 Stat.pt. 2B12(1958)."

The Facts

Common Cause has distorted what happened in connection with this land.

A reading of House Rule XLIII(3) reveals that Rep. Sikes has not violated its tenets.

The Rule states:

"A Member, officer or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in the Congress."

There was no "influence improperly exerted." The legislation was supported by the Department of Defense, the House and Senate Armed Services Committees, both U.S. Senators from Florida and Okaloosa County, Florida, as well as Rep. Sikes.

Section 5 of the Code of Ethics for Government Service, 72 Stat.,  
pt. 2, B12 (1958), provides that:

"Any person in government service should...  
[n]ever discriminate unfairly by the dispensing  
of special favors or privileges to anyone, whether for  
remuneration, or not; and never accept, for himself,  
or his family, favors or benefits under circumstances  
which might be construed by reasonable persons as  
influencing the performance of his governmental duties."

Common Cause fails to specify how Rep. Sikes' activities violated  
this rule.

Because this matter is so complex, Common Cause has  
been able to highlight some facts, overlook others and distort still others  
to make it appear that Rep. Sikes has been guilty of unethical conduct.

By very definition, "unethical conduct" presupposes an intention  
to do something wrong. An objective analysis allows no other conclusion  
but to exonerate Congressman Sikes from Common Cause's vicious allegations.

#### The Background

Santa Rosa Island, about 45 miles long and from one-quarter to  
one-half mile wide, lies along the upper gulf coast of Florida. Prior to  
1928 the island was owned by the United States. During that year all of the  
island, with the exception of the Fort Pickens Military Reservation, was sold  
by the War Department to Escambia County, Florida, for \$10,000.

In 1937 Escambia County conveyed to the Department of the Interior without cost all of Santa Rosa Island except Fort Pickens. It was intended that the Department of the Interior would develop the island for park and recreational purposes. Little was done, however, and in 1941 the Department of the Interior conveyed the eastern half of the island to the War Department for use as a part of Eglin Field. This consisted of some 4,700 acres which included the acreage subject to the legislation referred to by Common Cause.

The boundary line between Escambia and Okaloosa Counties was later changed. Upon payment by Okaloosa County to Escambia County of \$10,000, Okaloosa County acquired sovereignty of the eastern part of the island, which includes the land to which the legislation mentioned in Common Cause's complaint referred.

In 1948 a law (P. L. 80-885) was enacted authorizing the conveyance of certain of these lands owned by the United States to Okaloosa County, Florida. Pursuant to this authorization, the Secretary of the Army made the conveyance to Okaloosa County subject to certain restrictions, including the following:

- (1) Use of the land by the county or its lessees could be made only for such public recreational purposes as the county deemed to be in the public interest, with reverter of
-

title to the United States in the event the property was not used for this purpose or was used for other purposes;

(2) Restriction against alienation of title except to the United States or any agency of the State of Florida; and

(3) The right of the United States to use the property in the event of a national emergency without rental or other payments to Okaloosa County, but subject to existing private rights and to payment of just compensation to others, including owners and lessees involved for taking control over improvements on the property.

Authorized public recreational purposes defined in the conveyance and enabling legislation included erection and operation by private persons, for profit, of houses, hotels, restaurants, cafes, bathhouses, casinos, nightclubs, and other enterprises and usages usual to beach resorts and resort housing developments.

By special act of the 1953 Florida Legislature, the Okaloosa Island Authority was created as an instrumentality of the county vested with administrative powers over the portion of Santa Rosa Island owned by the county. Property was leased to private persons by the county in an effort to stimulate the economy of the area. Some hotels, motels, apartments, private beach cottages, restaurants, auto service stations and various

other types of resort businesses were built there under 99-year leases with the county, with an option to renew for another 99 years.

The Okaloosa Island Authority found that the restrictions in its deed were obstacles in marketing bonds for development of the three-mile strip, and in obtaining FHA and VA or conventional mortgage loans.

Efforts to overcome these impediments failed, so the Okaloosa Island Authority adopted a resolution directing its attorney to seek the assistance of Congressman Sikes in having these restrictions removed. This attorney, Joseph R. Anderson, in an affidavit (a copy of which is attached hereto as an appendix) states as follows:

"I contacted Congressman Sikes and explained to him the Okaloosa Island Authority's problem and advised him that the three-mile strip on Santa Rosa Island could not be effectively developed unless a special Act was passed by the Congress removing the restrictions described above. He understood the problem and he introduced a Bill in the House to remove the restrictions and thereby to give Okaloosa County a free and unencumbered title to the land.

"In all of my communications with Congressman Sikes, there was no discussions concerning the two small detached islands east of Santa Rosa Island immediately adjacent to the New East Pass. All of our conversations concerned the three-mile strip located on Santa Rosa Island West of Destin and West of the New East Pass . . .

"His action in sponsoring legislation to remove the restrictions was entirely for the benefit of Okaloosa County and related only to the three-mile strip of property on the main Santa Rosa Island across from Fort Walton Beach."

It is important to note that the initiative for this legislation came, not from Congressman Sikes, but rather from the Okaloosa Island Authority.

When queried, the Department of Defense stated that it no longer required the use of the property in the event of a National emergency, and that there was no need to retain a right of reverter or the other restrictions.

Representative Sikes went to Legislative Counsel and asked that a bill be drafted to solve Okaloosa County's problem. H. R. 7932 (which superseded H. R. 7696) was prepared and introduced (See Common Cause, Attachment "R").

Common Cause's complaint gives the impression that the corporation in which Representative Sikes held stock, the CBS Development Company, had a lease on Santa Rosa Island. Such is not the case. The land leased by CBS Development Company is several miles from Santa Rosa Island and separated from it by Eglin Air Force Base and John C. Beasley State Park. (See map, Common Cause Attachment J). The CBS Development leases were on the "two small detached islands east of Santa Rosa Island immediately adjacent to the New East Pass" referred to by Mr. Joseph R. Anderson in his affidavit as quoted above. It should be noted that the legislation referred to by Common Cause made no mention of that land where the CBS Development Company's lease was located.

It did, however, refer back to the Public Law enacted in 1948.

To understand the distinction between the CBS land and the land on Santa Rosa Island, some background data is necessary.

In 1955 one Finley B. Duncan acquired a 99-year lease and an option for a 99-year renewal from the Okaloosa Island Authority for:

"All that portion of land which formerly comprised a part of Santa Rosa Island, that lies East of the New East Pass Channel".

For this lease, Mr. Duncan agreed to pay the sum of \$100.00 and an annual rental of 2-1/2% of the gross income of the lessee's business operations on said premises, or the sum of \$1000, whichever was greater. This hardly indicates that a very high value was placed on this land. The lease to Duncan further stated:

"The Authority has no responsibility or obligation for the construction of roads, utilities or grading of land. It having been determined by the Authority that the nature of the land hereby leased does not permit development and in the same manner as contemplated by the present master plan".

In July, 1959, the CBS Development Company, a corporation in which Representative Sikes was one of the stockholders, acquired this lease from Mr. Duncan.

It is important to emphasize that this property was NOT part of Santa Rosa Island proper. A storm in 1938 separated this land from Santa Rosa Island proper and formed the two small islands. Nature

subsequently joined these two islands and annexed them to the mainland. In 1961, and well before, this land was referred to as Holiday Isle, and not considered a part of Santa Rosa Island.

The County's development plans, which gave rise to the request for legislation to remove the restrictions, envisioned only that three-mile strip of Santa Rosa across the inlet from the town of Fort Walton Beach. They considered the CBS land across the East Pass as being virtually worthless.

In his affidavit ( a copy of which is attached as an appendix hereto), Joseph R. Anderson, who at the time in question was attorney for the Okaloosa Island Authority, stated as follows regarding this property:

"The Okaloosa Island Authority had very little concern with those two small islands since they had no intrinsic value at that time and there was no intention by the Authority to develop them. In fact, the lease provided that Mr. Duncan would do all of the development and the Island Authority would have no obligations of any kind in regard to the development of these small islands if, in fact, they existed within the authority of the Okaloosa Island Authority."

The fact that the lease of these islands to Mr. Duncan was for a maximum of \$1,000 per year, gives some idea of the value attached to them by the Island Authority, whose development plans were concentrated on that part of Santa Rosa Island across from Fort Walton Beach.

All correspondence and discussions by the Okaloosa Island Authority regarding the legislation refer to the three-mile strip on Santa

Rosa Island. Representative Sikes' instructions to Legislative Counsel referred to this land on Santa Rosa Island.

The letter from the Secretary of the Army to the Chairman of the House Armed Services Committee dated August 19, 1961, supporting the legislation, refers to '875 acres, more or less, on Santa Rosa Island'. [Emphasis added].

The title to the bill itself states its purpose was "to repeal that portion reserving to the United States the right to take control of certain real property situated on Santa Rosa Island, Florida, during a national emergency...". (See Common Cause Attachment Q).

In testimony before the House Armed Services Committee, Laura Cross of the Office of the Chief Engineers, U.S. Army, states in part:

"This legislation would amend the Act of July 2, 1948, so as to repeal portions related to residual rights of the United States in that land on Santa Rosa Island, Florida which is under ownership of the County of Okaloosa." (Emphasis added).

The Report from the House Armed Services Committee (Report #1021 dated August 23, 1961), to accompany H. R. 7932, states the Bill's purpose was to amend the Act of July 2, 1948, "so as to repeal portions thereof relating to residual rights in certain land on Santa Rosa Island, Florida . . .". (Emphasis added).

The Report states further:

"The purpose of H. R. 7932 is to repeal certain portions of the Act of July 2, 1948 (62 Stat. 1229) in order to release residual interests of the United States in certain land on Santa Rosa Island, Florida". (Emphasis added). (See Common Cause Attachment T).

A letter from the Secretary of the Army to the Director of the Budget dated October 17, 1962 refers to "a tract of land containing approximately 875 acres on Santa Rosa Island in the Gulf of Mexico off the Florida coast . . ." (Emphasis added).

Representative Sikes' testimony before the House Armed Services Committee in support of H. R. 7932 (Common Cause Attachment S) refers to "activities on the island" and the fact that "FHA and VA will not go into the Island . . .". (Emphasis added). The entire discussion with the Committee relates to the land on Santa Rosa Island. In response to a question by a member of the Committee as to what land was covered by the bill, Mr. Sikes said:

"The whole island is not involved. There are about 30 miles of this island that still belongs to the Federal Government, and is not affected by this bill whatever. All that is affected is the 3-mile strip of the Island . . .".

The point is made repeatedly during this hearing that the legislation only related to a 3-mile strip on Santa Rosa Island.

During House consideration of H. R. 7932 it was referred to as a

bill to repeal portions of the 1948 Act "relating to residual rights in certain land on Santa Rosa Island, Florida". (Emphasis added).

During the Senate debate on H. R. 7932, Senator Wayne Morse of Oregon, who supported the bill, stated:

"The effect of H. R. 7932, taken together with Public Law 885 . . . is to convey a fee simple interest, free of any Government restriction to a parcel of real estate comprising 875 acres on the Island of Santa Rosa, which lies along the Upper Gulf Coast of Florida". (Emphasis added).

Senator Morse subsequently stated in the debate that "this property constitutes a strip of beach about 3 miles long and one-quarter to one-half a mile wide . . .".

It should be noted that both Florida Senators Smathers and Holland supported H. R. 7932.

When H. R. 7932 was sent back to the House with Senate amendments (which were agreed to by the House), Congressman Rivers of South Carolina, who was managing the bill, said the bill "would authorize the Secretary of the Army to convey to Okaloosa County, Florida, all the residual interest of the United States in a portion of Santa Rosa Island, Florida". (Emphasis added).

From all of the above, it is evident that everyone who had anything to do with this legislation, including Representative Sikes, intended that

the bill relate to a 3-mile portion of Santa Rosa Island across from Fort Walton Beach. Santa Rosa Island is over 45 miles long. It is also evident that no one made any reference to that property leased by the CBS Development Company, known as Holiday Isle, which was not connected to Santa Rosa Island and was more than five miles away from the 3-mile strip in question and separated from it by John C. Beasley State Park and Eglin Air Force Base and a navigable channel.

The deed from the Secretary of the Army prepared pursuant to the bill enacted in 1962 did, in fact, include the following language:

" . . . and all that portion of land which formerly comprised a part of Santa Rosa Island that lies East of the New Pass Channel."

The result of this action including this land in the conveyance, did not have the effect of giving the CBS Development Company a better title to its land. CBS, before and after the enactment of the legislation, had only a lease, not a fee simple title. Fee simple title now resides in Okaloosa County. Development had already been well under way on this CBS-leased land on Holiday Isle, unimpeded by the obstacles complained of by the Okaloosa Island Authority with respect to Santa Rosa Island. The value of this land, as well as the leases thereon, has increased over the years, as all Florida waterfront land has, but as a result of factors irrelevant to the 1962 deed or the legislation.

To say that the two small islands benefited from the 1962 legislation as Common Cause has alleged, is to deny obvious facts.

Okaloosa Island Authority records, which have at all times been available to newspaper and television reporters as well as to Common Cause, clearly show that CBS Development Corporation did not have any substantial sales until five years after the legislation in question was enacted. Whether there was or was not a reverter was of little consequence to CBS and its development of the two islands. The development of these islands was undertaken solely by CBS and was in no way aided by the Island Authority in contrast to the three mile strip on Santa Rosa Island where the development was done by the Authority. The principals of CBS using their own savings or personally guaranteeing corporate indebtedness were developing the islands before the 1962 legislation was enacted and continued to do it after its passage.

Development of the two small islands was considered ill advised by most local businessmen and lenders, not because of the reverter clause in the title, but because the property was considered of poor quality and low-lying character, which made development difficult and expensive. It was also too far away from populous Fort Walton Beach where beach property was readily available on the three-mile strip and elsewhere.

Only after considerable expense and development by CBS, a dramatic rise in North Florida real estate values and an aggressive sales effort by a local real estate agency for which CBS had to pay a 10% fee, did any substantial sales occur. (Even at that the corporation

was forced to do its own financing]

To reiterate, even after enactment of the legislation, the CBS Development Company held only a leasehold interest, not a fee simple title.

For Representative Sikes to be guilty of unethical conduct in violation of the Rules cited by Common Cause, he would have had to intend to use his position in Congress to benefit personally. The record fails totally to support such a contention.

## EXHIBIT [6]

HOGAN & HOGAN  
ATTORNEYS AT LAW

ADMITTED TO PRACTICE  
LAWRENCE J. HOGAN 16.01  
ILONA MODLY HOGAN 140 AND 142

OF COUNSEL  
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TELEX 88492

May 18, 1976

BY HAND

Mr. William A. Geoghegan  
Special Counsel  
House Committee on Official Standards  
of Conduct  
U.S. House of Representatives  
Washington, D.C.

Dear Bill,

Reference is made to your letter of May 12, 1976, enclosing  
Interrogatories Addressed to Rep. Robert Sikes.

Enclosed herewith are Congressman Sikes' answers to these  
interrogatories and copies of 40 documents related thereto.

I wish to reiterate my client's desire to cooperate with the  
Committee in every way possible.

Sincerely,

*Lawrence J. Hogan*  
Lawrence J. Hogan (web)

LJH/jbs

cc: The Honorable John J. Flynt

**ANSWERS TO INTERROGATORIES  
ADDRESSED TO REP. ROBERT SIKES**

**FAIRCHILD**

1. Q: Did you ever acquire shares of stock in Fairchild Industries?
- A: Yes.
2. Q: If so, when and how many shares?
- A: On April 16, 1964, 500 shares of Fairchild Stratos (Certificate Numbers in 100 denominations: N. C. 40740, N. C. 40741, N. C. 40742, N. C. 40743, and N. C. 40744)
- On June 10, 1965, 500 shares of Fairchild Hiller (Certificate Numbers in 100 denominations: N. C. 59887, N. C. 59888, N. C. 59889, N. C. 59890, and N. C. 59891)
- On August 13, 1968, 500 shares of Fairchild Hiller (Certificate Numbers in 100 denominations: N. C. 192008, N. C. 192009, N. C. 192010, N. C. 192011, and N. C. 192012)
- On June 17, 1969, 300 shares of Fairchild Hiller (Certificate Numbers in 100 denominations: N. C. 224730, N. C. 224731, and N. C. 224732)
3. Q: What price did you pay for any shares of Fairchild Industries stock?
- A: Of the purchases described in 2 above: 500 shares were purchased on April 16, 1964, for \$3,500.00 (\$7 per share); 500 shares were purchased on June 10, 1965, for \$3,750.00 (\$7 1/2 per share); 500 shares were purchased on August 13, 1968, for \$7,812.50 (\$15 5/8 per share); 300 shares were purchased on June 17, 1969, for \$4,200.00 (\$14 per share).
4. Q: If you acquired Fairchild Industries stock, state whether you have sold such shares and if so, when and at what price per share.
- A: I have sold all of this stock. 800 shares (N. C. 192008-192012 and N. C. 224730-224732) were sold on December 10, 1971, for \$7,400 (\$9 1/4 per share); 1000 shares, the shares originally purchased in 1964 and 1965, (N. C. 59887-59891 and N. C. 40740-40744) were sold on July 10, 1975 for \$8,250 (\$8 1/4 per share), at a total loss of \$4,173.19 inclusive of purchase and sales costs.

NAVY BANK

5. Q: Did you at any time become a stockholder in the Bank?

A: Yes.

6. Q: If so, when?

A: The stock was paid for on January 4, 1973. The stock certificate was received in August, 1973.

7. Q: What price did you pay for your shares?

A: Fifteen Dollars (\$15) per share.

8. Q: When and how was payment for the shares you acquired in the Bank made?
- A: By personal check dated January 4, 1973, drawn on my House of Representatives Sergeant-at-Arms account.
9. Q: Did you seek or initiate the acquisition of shares in the Bank or did someone contact you about becoming a shareholder?
- A: I inquired about buying some stock subsequent to the approval of the charter. On August 21, 1972, all stock was subscribed for and the list of initial stockholders was filed with the Comptroller of the State of Florida. I was not part of that group. The charter for the bank was approved on August 21, 1972. Subsequently, I am told, Mr. C. P. Woodbury, who had subscribed for a large amount of stock, returned some of his stock to the Bank's own pool of stock which then became available for resale.
- Sometime in late 1972 or early 1973, I approached either Porter Bedell or C. P. Woodbury, two of the organizers of the Bank, about the possibility of my buying some stock. I was advised that I could buy some stock from the Bank's pool of stock. Thereupon, on January 4, 1973, I sent my personal check for \$37,500 to cover purchase of this stock. (A copy of this check appears as Exhibit "A" in response to Interrogatory No. 14.)
- When the Bank opened on October 26, 1973, I was a stockholder.
10. Q: What is the approximate date when you first had discussion or communication, directly or indirectly, in writing or otherwise, about becoming a shareholder in the Bank?
- A: I do not recall precisely, but it was around the first of 1973.
11. Q: With whom did such discussion or communication occur?
- A: Either Porter Bedell or C. P. Woodbury, both of whom were among the initial investors and organizers.
12. Q: If you became a shareholder in the Bank when did you receive the stock certificate or certificates therefor?
- A: I assume that it was shortly after August 16, 1973, because the letter of transmittal bears that date.

13. Q: If you have disposed of all or any part of stock interest in the Bank, please state (1) when, (2) for what consideration and (3) to whom?

A: I have disposed of all my stock in the Bank.

<u>(1) When</u>	<u>(2) What Consideration</u>	<u>(3) To Whom</u>
6/12/74	100 at \$15/share	H. A. Brosnahan, Jr.
12/24/74	500 at \$20/share	Bank of the South Profit Sharing Plan
12/24/74	500 at \$20/share	First Navy Bank Profit Sharing Plan
12/11/75	547 at \$17.50/share	Bank of the South Profit Sharing Plan
12/11/75	378 at \$17.50/share	First Navy Bank Profit Sharing Plan
12/11/75	15 at \$17.50/share	Rachel L. Howe
12/11/75	5 at \$17.50/share	Robert W. Howe
12/11/75	55 at \$17.50/share	P. F. Bedell
12/11/75	300 at \$17.50/share	Glenn E. Lambert
12/11/75	100 at \$17.50/share	Robert L. Straub

14. Q: Please identify any written memoranda, correspondence, notes, stock subscription agreements, checks, money orders, etc. or other written documentation or papers, which at any time existed, and which at any time were in your possession or under your control, or under the possession or control of any of your agents, employees or staff members, which relate to or discuss the circumstances and terms under which you acquired, held or disposed of any stock in the Bank.

A: (A) Copy of cancelled check dated January 4, 1973, drawn on the Sergeant-at-Arms, U.S. House of Representatives personal account of Robert L. F. Sikes, M. C.

(B) Copy of checkbook stub related to the check described in (A) above.

(C) Copy of Statement of Sergeant-at-Arms account showing debit related to check referred to in (A).

(D) Copy of letter from Porter F. Bedell to Hon. Robert L. F. Sikes dated August 16, 1973.

(E) Copy of certified letter from Bob Sikes to Mr. Porter Bedell dated March 12, 1974 and postal certification of delivery of same.

- (F) Copy of First Navy Bank stock certificate for 500 shares.
- (G) Copy of letter from Porter F. Bedell to Miss Alma Butler dated August 23, 1974.
- (H) Copy of letter from Bob Sikes to Porter Bedell dated December 12, 1974.
- (I) Copy of memorandum dated January 13, 1975 relating to deposits made to Sergeant-at-Arms account on January 14, 1975.
- (J) Copy of statement of Sergeant-at-Arms account showing deposit referred to in (I).
- (K) Copy of letter from Bob Sikes to Captain Porter F. Bedell dated October 13, 1975.
- (L) Copy of letter from Porter F. Bedell to the Honorable Bob Sikes dated October 22, 1975.
- (M) Copy of letter from Bob Sikes to Mr. Porter F. Bedell dated October 29, 1975.
- (N) Copy of letter from Porter F. Bedell to the Honorable Bob Sikes dated December 30, 1975.
- (O) Copy of undated memorandum regarding deposits made to Sergeant-at-Arms account of Robert L. F. Sikes and deposit slip relating to same, dated January 6, 1976.
- (P) Copy of statement of Sergeant-at-Arms account reflecting deposit referred to in (O).
- (Q) Copy of letter from Bob Sikes to Mr. C. P. Woodbury dated January 4, 1973.
- (R) Copy of undated memorandum relating to sale of stock in the First Navy Bank, listing purchasers.
- (S) Copy of undated memorandum relating to a telephone call to Porter Bedell regarding sale of stock.
- (T) Copy of letter from Kathy Motley to Miss Alma Butler dated July 17, 1973.
- (U) Copy of undated mimeographed letter from M. H. Tuttle captioned "Dear Stockholders."
- (V) Copy of Affidavit signed by Robert L. F. Sikes dated July 25, 1973.
- (W) Copy of undated memorandum relating to stock certificate  
issued denominations

15. Q. Please produce for review by the House Committee on Official Standards of Conduct (COSC) any items identified in the preceding answer which are presently in your possession, or under your control, or under the possession or control of any of your agents, employees or staff members.

A. Copies of items referred to in response to Interrogatory 14 and identified as "A" through "W" are attached hereto.

16. Q. Please state whether you, or any person acting on your behalf, had any contacts or communications, in any form, with any State or Federal (including armed forces) personnel regarding the establishment or operation of the Bank. If so, please identify the time, place, form and parties to such contacts or communications and any responses resulting therefrom.

A. Yes, I did make such contacts, but most of these activities took place over ten years ago and I do not recall them clearly. I do not keep a log of my telephone calls, but I do recall having contacted at various times employees of the Comptroller of the Currency, the Navy Department and the Comptroller of the State of Florida regarding the need for better bank services on the Pensacola Naval Air Station, chartering of the Bank of the Blue & Gold (First Navy Bank) and the use of the word "Navy" in the name of the Bank. These routine inquiries were no different than those I have made and still do make on behalf of other constituents. While I cannot recall the times or places, the individuals whom I contacted include the following:

Thomas G. DeShazo, Deputy Comptroller of the Currency,  
Washington, D. C.

Donald B. Smith, Regional Comptroller of the Currency,  
Atlanta, Georgia.

E. E. Cox, Special Assistant to the Comptroller of the  
Currency, Washington, D. C.

Hon. Robert D. Nesen, Assistant Secretary of the Navy  
for Financial Management

C. A. Buehrle, Director of Banking & Contract Financing,  
Department of the Navy

Rear Admiral M. A. Hirsch, U.S.N., Deputy Comptroller,  
Department of the Navy

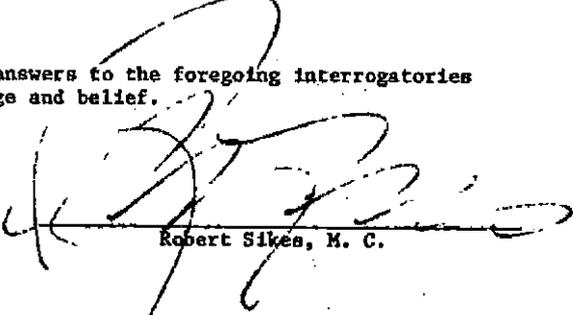
Fred O. Dickinson, Jr., Comptroller of Florida

Mr. Tim Reardon, Congressional Liaison, FDIC

17. Q. Please produce for review by the COSC any written evidence of communications identified in the answer to the previous interrogatory which are presently in your possession, or under your control, or under the possession or control of any of your agents, employees or staff members.
- A. Copies of items requested in Interrogatory 17 are identified as "A" through "Q", and are attached hereto:
- (A) Copy of a letter dated August 12, 1965 from Representative Sikes to Donald B. Smith, Regional Comptroller of the Currency, Atlanta, Georgia.
  - (B) Copy of a letter dated July 12, 1966 from Representative Sikes to E. E. Cox, Special Assistant to the Comptroller of the Currency.
  - (C) Copy of a letter dated July 13, 1966 from E. E. Cox, Special Assistant to the Comptroller of the Currency.
  - (D) Copy of a letter dated April 10, 1973 from Representative Sikes to Robert D. Nesen, Assistant Secretary of the Navy for Financial Management.
  - (E) Copy of a letter dated June 3, 1966 from Representative Sikes to Rear Admiral M. A. Hirsch, Deputy Comptroller of the Navy.
  - (F) Copy of an undated memorandum for the file relating to a conversation between an unnamed member of Rep. Sikes' staff and Mr. Tim Reardon of the FDIC.
  - (G) Copy of a letter dated June 23, 1972 from Fred O. Dickinson, Jr., Comptroller of Florida to Rep. Bob Sikes.
  - (H) Copy of a letter dated June 26, 1972 from Fred O. Dickinson, Jr., Comptroller of Florida to Rep. Bob Sikes.
  - (I) Copy of note dated June 26, 1972 from Bob Sikes to Bob Blake.

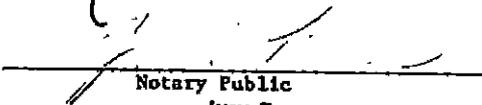
- (J) Copy of intra-office memorandum with notations dated August 25, 1972, August 28, 1972, August 31, 1972 and September 1, 1972, all from "John" (Allen).
- (K) Copy of intra-office memorandum dated September 7, 1972 from "Mr. S" (Mr. Sikes).
- (L) Copy of intra-office memorandum dated September 18, 1972 from "John" (Allen), a member of Rep. Sikes staff.
- (M) Copy of intra-office memorandum dated September 28, 1972 from "John" (Allen).
- (N) Copy of intra-office memorandum dated October 16, 1972 from "John" (Allen).
- (O) Copy of intra-office memorandum dated November 8, 1972 from "John" (Allen).
- (P) Copy of intra-office memorandum dated November 22, 1972 to "John" (Allen) from NAC (Nella A. Christie).
- (Q) Copy of a letter dated March 26, 1973 from C. A. Buehrle, Director of Banking and Contract Financing, Department of the Navy, to Representative Sikes.

I hereby swear that the answers to the foregoing interrogatories are true to the best of my knowledge and belief.

  
Robert Sikes, M. C.

District of Columbia

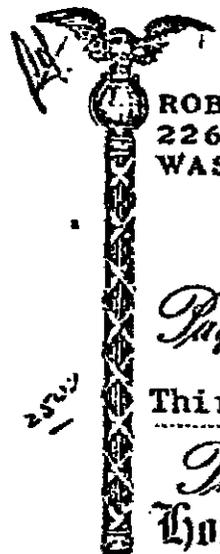
Sworn to before me and subscribed in my presence May 18, 1976.

  
Notary Public

Jeanna Timmons  
Notary Public, Dist. of Columbia  
My Commission Expires April 30, 1979

14A

7



ROBERT L. F. SIKES, M. C.  
2269 RAYBURN BUILDING  
WASHINGTON, D. C. 20515

No. ....

15-121  
540

Washington, D.C. January 4, 19 73

Pay to the order of Bank of America and Gold \$37,500.00

Thirty-seven thousand and five hundred and no/100 Dollars

The Sergeant at Arms  
House of Representatives, U. S.

⑆0540⑆⑆0121⑆ 762 ⑆

⑆0003750000⑆

CREDIT TO THE ACCOUNT OF  
THE WITHIN NAMED PAYEE  
ENDORSEMENT OF THE  
THE WASHINGTON BANK  
WASHINGTON, FLA.

\* 0  
PAYEE'S BANK  
NO. 1072  
133

ALL BANK ORDERS MUST BE  
PAID TO THE ORDER OF THE  
FEB 21 1973  
WASHINGTON BANK  
WASHINGTON, FLA.  
63-592

FEB 21 1973

WASHINGTON BANK  
WASHINGTON, FLA.  
63-592

**FTB**

No. _____				AMOUNTS	
DATE <u>Jan. 4</u> 19 <u>73</u>					
TO <u>The N &amp; P Telephone Co.</u>					
FOR _____					
DATE	TO BALANCE	DOLLARS	CENTS		
	BALANCE BROUGHT FORWARD				
	DEPOSITS				
	"				
	TOTAL PREVIOUS BALANCE AND DEPOSITS				
	LESS THIS CHECK				
	NEW BALANCE			22	07

No. _____					
DATE <u>Jan. 4</u> 19 <u>73</u>					
TO <u>Gen of Confederate Veterans</u>					
FOR <u>1973 dues</u>					
DATE	TO BALANCE	DOLLARS	CENTS		
	BALANCE BROUGHT FORWARD				
	DEPOSITS				
	"				
	TOTAL PREVIOUS BALANCE AND DEPOSITS				
	LESS THIS CHECK				
	NEW BALANCE			5	

No. _____					
DATE <u>Jan. 4</u> 19 <u>73</u>					
TO <u>Bank of the Blue &amp; Gold</u>					
FOR _____					
DATE	TO BALANCE	DOLLARS	CENTS		
	BALANCE BROUGHT FORWARD				
	DEPOSITS				
	-				
	TOTAL PREVIOUS BALANCE AND DEPOSITS				
	LESS THIS CHECK				
	NEW BALANCE			37,500	13

14C

STATEMENT

HONORABLE ROBERT L.F. SIKES, M.C.

IN ACCOUNT WITH SERVICEMEN'S UNION  
HOUSE OF REPRESENTATIVES

CHECKS	CHECKS	DEPOSITS	DATE	NO. OF CKS. PD.
BALANCE BROUGHT FORWARD FROM LAST STATEMENT			FEB 1 73	
32.00-			FEB 2 73	1
38.61-	5.00-		FEB 5 73	3
5.96-	3.30-			
15.60-	10.49-			
53.64-			FEB 23 73	44
5.69-	1.00-		FEB 26 73	48
> 37,500.00-	51.13-		FEB 27 73	50
100.00-	18.62-		2,211.73 MAR 1 73	50
138.90-	15.92-			
5.00-	10.00-		MAR 1 73	54

Burroughs

14D



**BANK OF THE SOUTH**  
**PENSACOLA, FLORIDA**

August 16, 1973

PORTER F. BEDELL  
 VICE PRESIDENT

The Honorable Robert L. F. Sikes  
 2269 Rayburn Street  
 Washington, D.C.

Dear Bob:

Enclosed please find your stock certificate for the First Navy Bank.

Construction has been going slower than anticipated, but we are moving along quite well at the present time and hopefully will be open the end of September or first of October. As soon as a firm date is set, you will be advised in hopes that you will be able to attend the opening ceremonies.

Best regards,

Porter F. Bedell  
 Senior Vice President

PFB/tk

Enclosure

8/24 returned receipt and 2500 shares of stock



14E

March 12, 1974

Mr. Porter Bedell  
President  
First Navy Bank  
Pensacola, Florida

Dear Porter:

I am enclosing Certificate No. 039 for 2,500 shares  
of the Capital Stock of the First Navy Bank of Pensacola.  
I would like to have this reissued in four certificates  
of 500 shares each and five of 100 shares each. I trust  
this will not pose a problem.

With all good wishes, I am

Sincerely,

Bob Sikes

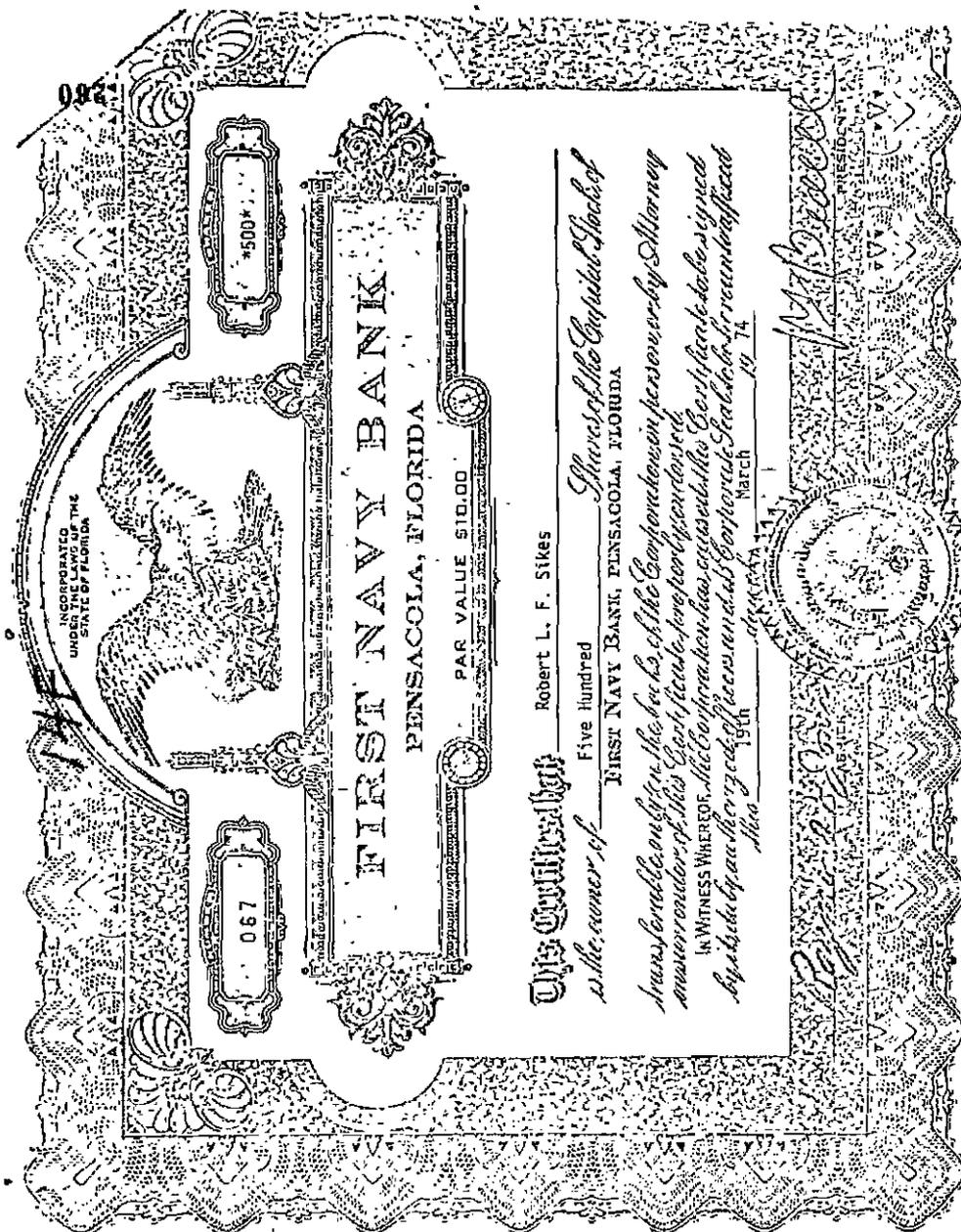
SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)  
(Additional charges required for these services)

Show to whom, date and address where delivered       Deliver ONLY to addressee

RECEIPT  
Received the numbered article described below

REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must have to filled in)
CERTIFIED NO. 497709	Porter Bedell Pres. 1st Navy Bank
INSURED NO.	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
DATE DELIVERED MAR 18 1974	M. J. Clark
	SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)



082

INCORPORATED UNDER THE LAWS OF THE STATE OF FLORIDA



\*500\*

067

# FIRST NAVY BANK

PENSACOLA, FLORIDA

PAR VALUE \$10.00

*This Certificate is the property of the owner of the Capital Stock*  
The owner of  
Five hundred  
FIRST NAVY BANK, PENSACOLA, FLORIDA

Robert L. F. Sikes

*transferrable only in the books of the Corporation in person or by Attorney*

*in witness whereof, this Certificate is signed and sealed with the corporate seal of the Corporation*

*Attest my hand and the seal of the Corporation this 19th day of March 1914*

*M. B. ...*



14G

**1st NAVY  
BANK**  
NAVAL AIR STATION  
PENSACOLA, FLORIDA 32508

PORTER F. BEDELL  
PRESIDENT

August 23, 1974

Miss Alma Butler  
c/o The Honorable Bob Sikes  
United States Congress  
Washington, D.C. 20510

Dear Alma:

As a follow-up to our telephone conversation yesterday concerning the First Navy Bank stock I have two buyers for 1000 shares at \$20 per share. Can you arrange to have the stock certificates for the 1000 shares sent to me and as soon as they are received I will get the check back for \$20,000. Please be sure that Bob signs on the back of the stock certificates.

Best regards,

*Porter*  
Porter F. Bedell

PFB/tk

*Check received 12/27  
I sent to Mr. A  
in Customs*

14H

December 12, 1974

Mr. Porter Bedell  
President  
First Navy Bank  
Naval Air Station  
Pensacola, Florida

Dear Porter:

I am enclosing herewith the stock certificates representing 1,000 shares of First Navy Bank Stock. I will appreciate your selling these for me at \$20.00 per share. I will appreciate your cooperation in this matter.

With all good wishes for a joyous Holiday Season,

I am

Sincerely,

Bob Sikes

S/bjs

Jan. 13, 1975

14I

## Checks

## From

Veterans of Foreign Wars Wainwright Post 2185 P. O. Box 736 Panama City, Florida	Jan 6, 1975	\$7.00
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<del>74</del> Santa Rosa County Industries, Inc P. O. Box 647 Milton, Fla.	December 31, 1974	\$2.00
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Campaign Treasury for Bob Sikes reimbursement for expenses to Dem. mini-convention, Kansas City.	December 31, 1974	\$309.93
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<del>74</del> Barnett Bank of Pensacola purchase 500 First Navy @20.00	December 23, 1974	\$10,000.00
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✓ Check paid to First Navy Bank from Bank of the South Note: Bank of the South Profit Sharing Plan	December 24, 1974	\$10,000.00
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145

HONORABLE ROBERT L. F. SIKES, M.C.

STATEMENT  
IN ACCOUNT WITH SERGE  
HOUSE OF REPRESENTATIVES

CHECKS	CHECKS	DEPOSITS	DATE	NO. OF CHK. PG.
BALANCE BROUGHT FORWARD FROM LAST STATEMENT			JAN 2 75	
52.52-				
78.25-				
82.69-				
100.00-				
13.65-				
106.00-				
155.00-				
125.00-				
21.84-				
50.00-				
9.00-				
5.00-				
12.48-				
		>20,318.93		
486.00-	19.79-		JAN 14 75	26
97.41-	59.60-			
10.00-	18.72-			
11.91-	4.70-			
39.39-	25.00-		JAN 15 75	34
		Mileage 396.80	JAN 16 75	34
14.04-	7.14-		JAN 16 75	36
120.60-	100.00-			
74.74-	24.88-			
2.57-	1.95-		JAN 17 75	42
107.51-	52.00-			
9.64-	16.48-			
26.00-	4.99-		JAN 20 75	48
10.00-			JAN 21 75	49
156.00-	92.38-			
71.46-	54.74-			
31.54-	25.00-			
25.00-	15.00-			
6.00-			JAN 22 75	58
52.97-	9.90-		JAN 23 75	60
21.80-			JAN 24 75	61
200.00-	25.48-		JAN 27 75	63

Burroughs

14K

123

October 23, 1975

Captain Porter F. Bedell  
President  
First Navy Bank  
Naval Air Station  
Pensacola, Florida 32508

Dear Porter:

I am told the report from the Navy study on the First Navy Bank at Pensacola will show that the bank is a proper and needed institution whose participants were fully justified in supporting the establishment and operation of the bank. In my own case, this further substantiates the very positive statement by the Comptroller of the State of Florida that I acted properly and legally in acquiring stock in the bank.

Nevertheless, I am now disposed to sell my stock in the bank. I will appreciate it if you will explore the possibilities of arranging the sale of the 1,400 shares of stock which I now own.

With all good wishes, I am

Sincerely,

Bob Sikes

s/jt

14L

**1st NAVY  
BANK**  
NAVAL AIR STATION  
PENSACOLA, FLORIDA 32508PORTER F. BEDELL  
PRESIDENT

October 22, 1975

The Honorable Bob Sikes  
United States Congress  
Washington, D.C. 20510

Dear Bob:

In reply to your letter of October 13 concerning your desire to dispose of your bank stock, I have looked into the matter and find that there are several individuals here interested in purchasing bank stock. I first mentioned a figure of \$20 per share, but I think it will be difficult to dispose of it for that amount. I think that if you are willing to sell for \$17.50 we could find enough takers to sell the entire 1400 shares piecemeal. Admiral Houser is selling his for that figure and Admiral Ferris sold half of his for \$17.25 per share. I think it is a fair amount as it represents the initial cost plus approximately 8 percent for the past two years in which the money has been tied up. The book value at the present time is just under \$15 as we have not completely pulled ourselves out of the hole that was caused by the original expenses involved in getting the Bank started.

I regret that you find it necessary to dispose of your stock as we naturally would like for you to continue as a stockholder; however, after you explained your situation to me, I sincerely feel that this is the best thing for your interest. If you will let me know what you desire to have me do, I will get on it as soon as I hear something.

Best regards,

  
Porter F. Bedell

PFB/tk

14M

October 29, 1975

Mr. Porter F. Bedell  
1st Navy Bank  
Naval Air Station  
Pensacola, Florida 32508

Dear Porter:

I am sending to you herewith my Navy Bank stock for sale as per your letter of October 22. I regret taking this step, but the continuation of a nation-wide witch hunt by the leftists who are trying to drive moderates out of government makes it best that I dispose of any of my business interests that they can invent grounds to criticize.

I am also enclosing a copy of the letter which I have sent members of the House answering Communist Cause.

With all good wishes, I am

Sincerely,

Bob Sikes

S/jw

14N

**1st NAVY**  
**BANK**  
NAVAL AIR STATION  
PENSACOLA, FLORIDA 32508

PORTER F. BEDELL  
PRESIDENT

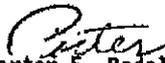
December 30, 1975

The Honorable Bob Sikes  
United States Congress  
Washington, D.C. 20510

Dear Bob:

Enclosed please find check for \$24,500.00 which represents 1400 shares of First Navy Bank stock at \$17.50 per share. I regret that you considered it necessary to dispose of your bank stock, but I guess it was the best thing to do everything considered. We hope that you will always consider the First Navy Bank with fond memories in spite of all the adverse publicity it generated for you.

Best personal regards,

  
Porter F. Bedell

PFB/tk

140

Southern Airways, Inc. (Refund Draft No. 090512)..... \$154.72  
12/31/75

315 First Navy Bank 12/29/75 (Cashier's check) \$24,500.00

Barnett Bank of Fla. Dividend Check 1/1/76 180.00

Santa Rosa County Industries Inc. 12/31/75 (Int. ck.) 2.00

381

DUPLICATE  
INDIVIDUAL OFFICIAL RECEIPT

SERGEANT AT ARMS .

U.S. House of Representatives  
Washington, D.C. 20515

Credit account of HONORABLE

Account Number

762

Date

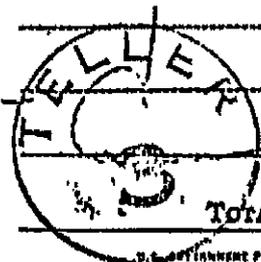
Jan. 6

19

76

Please see that all checks and drafts are endorsed.  
State name of Bank on which items are drawn.

	Dollars	Cents
Currency.....		
Coin.....		
Checks (Enter separately)		
<i>all paid</i>		
Southern Airways	157	72
1 <sup>st</sup> Navy Bank	24,500	00.
Barnett Banks	180	00.
Santa Rosa City Ind	2	00.
TOTAL:	24,836	72



14P.

HONORABLE ROBERT L. F. SIKES, M.C.

STATEMENT  
IN ACCOUNT WITH S  
HOUSE OF REPRESENTATIVES

CHECKS	CHECKS	DEPOSITS	DATE	NO. OF CKS. PD.
BALANCE BROUGHT FORWARD FROM LAST STATEMENT			JAN 5 76	
12.57-			JAN 6 76	1
61.95-	25.00-	>24,836.72		
8.70-			JAN 7 76	4
25.00-				
9.05-	6.76-			
26.75-				
18.70-				
6.30-				
32.50-				
12.48-				
17.00-				
4.21-				
7.73-				
250.00-				
100.00-				
80.73-				
20.40-				
200.00-				
10.80-				
6.84-				
167.10-				
15.00-				
52.00-				
99.23-				
12.45-				
5.00-				
137.40-				
22.26-				
6.95-				
10,000.00-				
5.76-				

roughs

14 Q

January 4, 1973

Mr. C. P. Woodbury  
Chairman of the Board  
American Fidelity Life Insurance Co.  
4060 Barrancas Avenue  
Pensacola, Florida 32507

Dear Chuck:

Enclosed is my check in the amount of \$37,500.00  
in payment for 2500 shares of stock in the Bank of the  
Blue and Gold. I appreciate having the opportunity to  
invest in this new business venture.

With all good wishes, I am

Sincerely,

Bob Sikes

S/bjs

14R

<u>Date Sold</u>	<u>Name</u>	<u>No. of Shares</u>
6/12/74	H. A. Brosnahan, Jr.	100
12/24/74	Bank of the South Profit Sharing Plan	500
12/24/74	First Navy Bank Profit Sharing Plan	500
12/11/75	Bank of the South Profit Sharing Plan	547
12/11/75	First Navy Bank Profit Sharing Plan	378
12/11/75	Rachel L. Howe	15
12/11/75	Robert H. Howe	5
12/11/75	P. F. Bedell	55
12/11/75	Glenn E. Lambert	300
12/11/75	Robert L. Straub	100
		<u>2500</u>

145

Call Porter Bedell--say you are going to be in touch with Mr. Sikes  
later today but that I decided I don't want to sell this stock for less  
than \$22.50. Ask if there are people interested in buying at that price  
and let Mr. Sikes know before he leaves today.

He doesn't know anyone who will  
pay 22.50 but will inquire  
around.

14T



**BANK OF THE SOUTH**  
**PENSACOLA, FLORIDA**

**PORTER F. BEDELL**  
VICE PRESIDENT

July 17, 1973

Miss Alma Butler  
Secretary to The Honorable Robert L. Sikes  
United States Congress  
Washington, D. C. 20510

Dear Miss Butler:

Enclosed you will find another affidavit for Mr. Sikes to sign.

Please see that he signs it and fills out the portion in which he tells how he wishes his stock to be made out. The Social Security numbers are also needed.

Thank you for your help.

Sincerely,

*Kathy Motley*  
Kathy Motley  
Secretary

Enclosures

140

Dear Stockholders:

The First Navy Bank has progressed to a point where it is now necessary to call upon the stockholders to purchase their stock.

The enclosed affidavit, which is later forwarded to the State Banking Department, has the number of shares of stock that you are entitled to purchase. I have indicated on the bottom of the affidavit the amount of money that will be required for the said shares.

Please sign the affidavit, have it notarized and return it in the enclosed envelope with your check made payable to the First Navy Bank. Please be sure to indicate on the bottom of this letter the name or names in which you want the stock issued. A sample form of the various ways your stock may be issued is enclosed for your information. If you decide not to purchase your allotted stock, please notify me personally AT ONCE.

If you have any questions, please feel free to call me at (904) 456-6677, 456-5723, or after working hours 456-6945.

Respectfully,

M. H. Tuttle

I desire my stock to be issued in the following name or names:

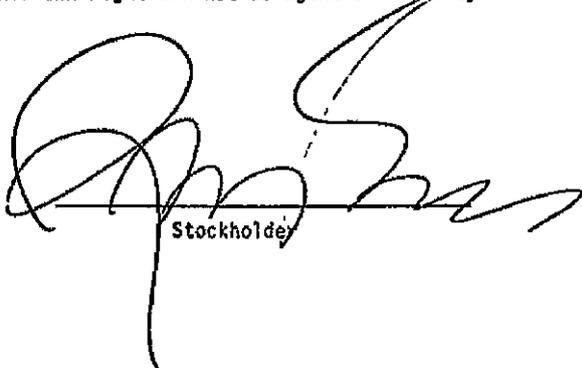
<u>Robert L.F. Sikes</u>	<u>263-14-3999</u>
Name	Social Security No.-Husband
<u>Route 1</u>	
<u>Crestview, Florida 32536</u>	
Street	Social Security No.-Wife
<u>City</u> <u>State</u> <u>Zip Code</u>	
<u>Custodian for Minor (Name of Minor)</u>	<u>Social Security No.-Minor</u>

14V

AFFIDAVIT

STATE OF FLORIDA  
COUNTY OF ESCAMBIA

Before me personally appeared Robert J. F. Sikes, who being by me first duly sworn, deposes and says that he has subscribed for 2,500 shares of common stock of a proposed State Chartered banking institution to be located on the U. S. Naval Air Station, Pensacola, Florida and to be known as the First Navy Bank, and that he has subscribed for said shares of stock in good faith in his own right and not as agent or attorney for any undisclosed person.



Stockholder

No. of Shares 2,500

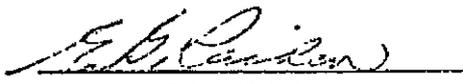
Total Amount Due None (\$37,500)

CITY OF WASHINGTON  
DISTRICT OF COLUMBIA

SWORN to and subscribed before me this 25 day of July

A.D., 1973.

STATE OF FLORIDA AT LARGE



Notary Public

My commission expires May 31, 1974  
Notary Public, Dist. of Columbia  
Commission Expires, Supp. Ch. 100



17A

August 20, 1955

Respectfully Donald B. Smith  
Regional Controller of the Security  
First National Bank Region  
316 1/2 Patton National Bank Building  
Atlanta, Georgia

Dear Mr. Smith:

I wish to acknowledge receipt of your letter regarding the request made to your office for a charter to establish a national bank on the Naval Air Station, Marietta, Georgia. It is a pleasure for me to be requested to improve this community and the group associated with this the one seeking this charter. They are active individuals who enjoy a very fine reputation in the Marietta community. Their long affiliation with the banking business indubitably qualifies them for complete and assistance of the national bank for which a charter is requested. I sincerely hope it will be possible for this charter to be granted and that a decision can be made on the matter in the near future.

With good wishes, I am

Sincerely,

Rob Gibbs

OFFICE  
OF THE  
ADMINISTRATIVE ASSISTANT  
MISS ALMA D. DUTLER  
ADMINISTRATIVE ASSISTANT

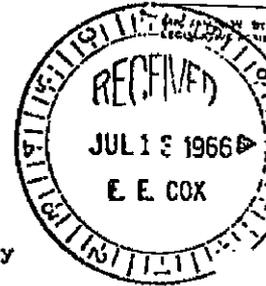
17B

Congress of the United States  
House of Representatives

Washington, D.C.  
July 12, 1966

COMMITTEE ON  
APPROPRIATIONS

SECRETARIES:  
MISS NELLA L. ADAM  
MISS ANNE GALLAGHER  
MISS VERGIE COLBY



Mr. E. E. Cox  
Special Assistant to the Comptroller of the Currency  
Treasury Department  
Washington, D. C.

Dear Red:

For your information, I am sending to you herewith a copy of the letter by Admiral John J. Lynch, Commanding Officer of Naval Air Training, Pensacola, Florida, addressed to the Comptroller of the Navy concerning banking services at the U. S. Naval Air Station at Pensacola. I will appreciate your cooperation and helpfulness in this matter.

With all good wishes, I am

Sincerely,

Bob Sikes

S:mla

17C

July 13, 1966

Dear Bob:

We wish to acknowledge your letter of the 12th, with which was enclosed a copy of a letter of May 25, 1966, concerning the application for a new National Bank at Pensacola, Florida.

Please be assured the material submitted will be carefully considered in our appraisal of the proposal.

Sincerely,

(Signed) RED

E. E. Cox  
Special Assistant to the  
Comptroller of the Currency

Honorable Robert L.F. Sikes  
House of Representatives  
Washington, D.C.

**BOB SIKES**  
 First District  
 of Florida

Miss ALMA D. BUTLER  
 Administrative Assistant

LEGISLATIVE ASSISTANTS  
 MR. JOHN GILLES  
 MR. WALTER JENNINGS  
 MR. GEORGE ALLEN

17D

Congress of the United States  
 House of Representatives  
 Washington, D.C. 20515

April 10, 1973

COMMITTEE ON  
 APPROPRIATIONS

SECRETARIES  
 MRS. NEAL ADAMS CLOSTER  
 MISS JUDITH GALLOWAY  
 MISS BETTE SPANGLER  
 MRS. BEARDE TIMMONS  
 MISS BETTY JEAN SWEET  
 MISS HARRIET WHELAN  
 MISS ANN KELLEY FOSTER

Honorable Robert D. Nesen  
 Assistant Secretary of the Navy  
 for Financial Management  
 The Pentagon  
 Washington, D.C.

Dear Mr. Secretary:

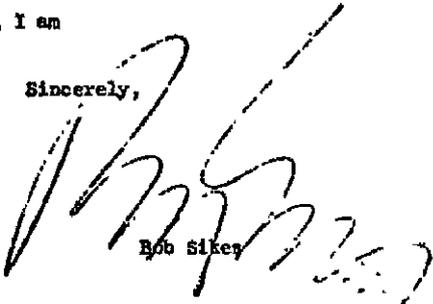
Attached are copies of correspondence involving the change in the name of the Blue and Gold Bank at Pensacola Naval Air Station to the First Navy Bank.

The State of Florida and the FDIC have approved the change in the name of the bank, however, the Bureau of Yards and Docks, Charleston, has advised they cannot change the name on the lease unless given permission by Washington. They called Mr. Buehrle, Director of Banking and Contract Financing, Navy Comptroller's Office, and he gave a negative answer.

Let me remind you that the word "Navy" is used in connection with a number of industrial installations including credit unions, Army-Navy surplus stores, and others. It seems improper to deny it at this stage to a bank. Apparently Navy approval is necessary if the lease is to be modified and it is my recommendation and request that this approval be given.

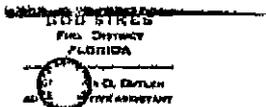
With all good wishes, I am

Sincerely,



Bob Sikes

s/ar



17E

Congress of the United States  
House of Representatives  
Washington, D.C.  
June 3, 1966

COMMITTEE ON  
APPROPRIATIONS  
SECRETARIES  
MRS. HILLI G. BROWN  
MRS. RUTH S. CALDWAY  
MRS. VERA S. GALT  
MR. JAMES W. HARRIS  
LEGISLATIVE ASSISTANT

Rear Admiral M. A. Hirsch, USN  
Deputy Comptroller  
Department of the Navy  
Washington, D. C.

Dear Admiral Hirsch:

This will reiterate my interest in the proposal for the establishment of a national bank at the Naval Air Station, Pensacola, Florida. Now that new information has been submitted to you, I feel that the matter should be re-evaluated and given further consideration. Before a final decision is reached, I would like to talk with you about the matter.

With all good wishes, I am

Sincerely,

Bob Sikes

S/ga

17F

State accepted

Tim Reardon called and left the following message:

- 1. He called the Director of the Regional Office in Atlanta and found that although an application had been sent to the proponents of the new bank, the Regional Director does not have a completed application for them. *Was completely wrong by additional direction*
- 2. There has been no state approval of the application. *all done now except check*
- 3. The investigation of this proposition would be made jointly by State and Federal examiners. *on Warrington*
- 4. FDIC does not have a requirement that stockholders of banks already having facilities at the location requested by the new bank must be offered the opportunity to buy stock in the new bank. However, in all fairness FDIC feels that the stockholders should be afforded this opportunity. They do not feel it is fair for stockholders of the Warrington bank which will in all likelihood close its facilities on NAS when ~~the bank~~ or if the new bank is approved not to have an opportunity to participate in the new bank. The minority stockholders will in effect be the losers. ~~fix this~~ Although as stated there is no FDIC regulation on this FDIC highly recommends that the stockholders be afforded this opportunity. Also, Mr. Reardon pointed out, that he had known of a case when FDIC denied an application because the minority stockholders were not given this opportunity. *mean up 4*

Mr. Reardon does not know what percentage of the stock should be offered the minority stockholders and he feels this matter should be discussed by the proponents with Mr. Lewis Beasley, Regional Director, in Atlanta.

Mr. Reardon 1236x444



FRED O. DICKINSON, JR.  
COMPTROLLER OF FLORIDA

STATE OF FLORIDA  
OFFICE OF COMPTROLLER  
TALLAHASSEE  
32304

176

June 23, 1972

Honorable Bob Sikes  
Member of Congress  
Room 2269, Rayburn Building  
Washington, D. C.

Re - Bank of the Blue and Gold -  
Proposed New Bank

Dear Bob:

In talking with the director and other officials of our Banking Division I wish to repeat that we are in an almost continuous process of discussions and correspondence with FDIC relative to setting compatible dates with them for field surveys and examinations. This includes the above captioned application.

By my direction, the application in question will be surveyed and the field examination will be conducted during the period which will extend no later than the middle of next month. To this end we have designated Mr. Robert McCartney of this office to make the examination and invite the FDIC examiner to join with us, thus making a joint survey and examination.

Mr. Karr, director of our Banking Division, advised this morning that he has been in touch again with Mr. Beasley of the FDIC Atlanta office relative to their joining us for this survey. We have every reason to believe that this will be done.

Honorable Bob Sikes  
June 23, 1972  
Page 2

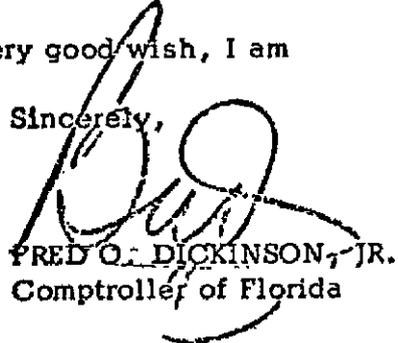
After the respective surveys have been made and the officers from the two agencies make their separate reports relative to the data accumulated the recommendations are then placed in my hands and with the director of the regional office of FDIC.

I shall keep you posted, Bob, both as to the exact dates for the survey and thereafter as soon as I receive the report incident thereto.

I am sorry I missed you when I returned your call this morning, but Alma advised you had already left the office to meet an airline schedule.

With every good wish, I am

Sincerely,



FRED Q. DICKINSON, JR.  
Comptroller of Florida

FOD:m



FRED O. DICKINSON, JR.  
COMPTROLLER OF FLORIDA

STATE OF FLORIDA  
OFFICE OF COMPTROLLER  
TALLAHASSEE  
32304

*Escrow*  
*17H*

June 26, 1972

Honorable Bob Sikes  
Member of Congress  
Room 2269, Rayburn Building  
Washington, D. C. 20515

Re: Bank of the Blue and Gold  
Proposed New Bank

Dear Bob:

Since my last note to you, I wish to advise that the above application has been confirmed and both agencies will conduct their field surveys and examinations on July 18, 1972.

With kind regards, I am

Sincerely,

*[Handwritten Signature]*  
FRED O. DICKINSON, JR.

FOD:f

*cc Bob Bkta*  
*7/5/72 Don Hain*  
*Chs. Woodbury*

17I

ESCU M  

---

B

June 26, 1972

Dear Bob: Blake

If you don't hear from this  
within the next few days, let me know.

Regards.

Bob Sikes

Same note also sent to Charles Woodbury.  
& Don Mair, Bank of West Fla., Warrington

6/27

Mr. Riebold's girl advised  
exam scheduled for  
July 18 - advised Don Mair

17J

August 25, 1972

Alma called. Mr. Sikes said the Blue and Gold Bank Application for Pensacola (Chuck Woodbury is interested) will be in Washington on Monday. We are to follow up.

John

August 28, 1972

I called Mr. Reardon (389-4444). He is away. I talked with his Secretary, Mrs. Elhajj. She said Mr. Reardon has a memo on his desk and he will expedite this application as much as he can. Said Mr. Reardon has talked to both Alma and Mr. Sikes on this. They are aware of Mr. Sikes interest in expediting this application and will keep us advised of the progress.

John

August 31, 1972

Advised Alma.

September 1, 1972

Mr. Reardon called. Regional Office went back to the organizers on August 29 or 30 for additional information. When this is received, it will be completed and forwarded to Washington. Mr. Reardon said he would keep us advised.

John

17K

Sept 7

John:

Check on this again next week.

Mr. S.

Mr. Reed - 589-4496  
 Blue and Gold application  
 arrived in Washington 9/7/72.  
 Mr. Gardner will expedite &  
 call us. No Board meeting scheduled  
 this week. Hope to have a

172

September 18, 1972

I talked with Tim Reardon's Secretary again this morning. The Blue and Gold application is being processed for Board Action. There is no Board Meeting scheduled this week. They hope to have one the Week of the 25th. Mr. Reardon has promised to give us advance notice and said to assure you he is expediting it as much as possible.

John

17M

September 28, 1972

I called Reardon's Office again today re the Blue and Gold Bank. Additional information had to be requested from the Regional Office. Reardon's Office says they hope to have a Board Meeting next week and to have this application ready for consideration by the Board at this time. We should check back with them again next week.

John

Mrs Elhajj

389 -4444

17N

October 16, 1972

I called Reardon's Office again today. The Regional Director had to get more information from the Proponents. The question "can they put a bank on Navy owned land -- can State supervise a bank on Government property." They are now awaiting word from the Department of the Navy on legality.

John

170

November 8, 1972

**BLUE AND GOLD BANK**

Pending action by the Board of Directors.  
Next Board meeting is not scheduled until  
November 22. Mrs. Elhajj in Mr. Reardon's  
Office says they are hopeful that this will  
be on the agenda for that meeting. She  
will call us just as soon as they have word.

John

Mrs. Elhajj 389 - 4444

17P

November 22, 1972

John -

FDIC called to advise the Board of

Directors has approved the Blue & Gold  
application. I told Alma and she called  
Bob Blake. | <sup>nac</sup>

NCD4

26 MAR 1973

17Q

Honorable Robert L. F. Sikes  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Sikes:

In connection with the recent request from the Bank of the Blue and Gold concerning a proposed change of name to the First Navy Bank, we have formally replied to the bank's request for approval. In our telephone conversation last week I advised you of our action.

At the request of Mr. Sanders and Mr. Hesen, I am enclosing herewith a copy of our reply dated 20 March 1973 together with a copy of the bank's request of March 14, 1973. We will keep you advised of further developments concerning this question.

Very sincerely yours,

SIGNED

C. A. BUENRLE  
Director of Banking and  
Contract Financing

Enclosures

CAS

C.A. Buehrle/bnf/26 Mar 1973

## EXHIBIT [7]

**BOB SIKES**  
First District  
FLORIDA

MISS ALMA D. BUTLER  
ADMINISTRATIVE ASSISTANT

LEGISLATIVE ASSISTANTS  
MR. JOHN ALLEN  
MR. WARREN JOHNSON

**Congress of the United States**  
**House of Representatives**  
Washington, D.C. 20515

January 19, 1976

**COMMITTEE ON**  
**APPROPRIATIONS**

MRS. MELLA ADAMS COMPTON  
EXECUTIVE SECRETARY

STAFF MEMBERS  
MISS BETTE SPRINGER  
MRS. JERRIE THAMMONG  
MRS. BETTY JEAN BRYANT  
MISS ANN KELLEY  
MR. HALE, ALLEGRA  
MRS. JESSICA HENRY

Honorable John J. Flynt, Jr.  
Chairman  
Committee on Standards of Official Conduct  
U. S. House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

This is to advise that I have disposed of my stock  
in the First Navy Bank at Pensacola, Florida.

Please attach this letter as an amendment to the  
report filed with your Committee.

Sincerely



Bob Sikes

S/bjs

cc: Mr. John M. Swanner, Staff Director

## EXHIBIT [8]



THE ASSISTANT SECRETARY OF THE NAVY  
 FINANCIAL MANAGEMENT  
 WASHINGTON, D. C. 20350

FINDINGS AND DETERMINATIONS  
 RELATIVE TO BANKING SERVICES AT  
NAVAL AIR STATION, PENSACOLA, FLORIDA

An unsolicited proposal has been received from a group proposing to establish a bank to be known as the "Bank of the Blue and Gold" (hereinafter referred to as "Blue and Gold") to be located on-board the Naval Air Station, Pensacola, Florida. A proposal has also been received from the Florida First National Bank at Pensacola (hereinafter referred to as "Florida First"), which presently operates a banking facility at the Naval Air Station, to construct a new building to house the facility and to continue as a banking facility and to expand the present services. It is the policy of the Department of Defense, as contained in DODINST 1000.12 of 20 July 1972, not to permit more than one banking institution to operate on a military installation, except in "most unusual circumstances". Accordingly, only one of the two proposals received may be approved by the Navy. The DODINST also prescribes an order of preference in which banks or branch banks rank higher in order of preference to banking facilities.

FINDINGS

I hereby find that:

1. Florida First has been operating a banking facility at the Naval Air Station since 1941. It has operated this banking facility without payment of rent or reimbursement for logistical support because in earlier years it was deemed to be non-self-sustaining and in recent years because the Bank has insisted it is operating at a loss although the Treasury Department has determined otherwise. The differences arise from Treasury's analysis of income from deposit accounts. Among other things, it is asserted that the bank has not accurately classified accounts that are attributable to the banking facility. In earlier years, the bank was the recipient of a sizable Treasury balance to compensate for its indicated losses.

2. There have been two previous attempts since 1964 by another banking institution or banking group to replace the Florida First banking facility. Both attempts have prompted Florida First to propose to meet the competing group's offer and to substantially improve banking service although the proposals have not come to fruition. In 1968 when the position of Florida First on the Naval Air Station was not being challenged by an interest of another banking group or institution,

Florida First threatened to cease operating the banking facility if it should be charged rent and for logistic support provided by the Navy, even though the Treasury Department had determined that the banking facility was then self-sustaining.

3. A proposal has been received from the Blue and Gold for the establishment of a bank at the Naval Air Station. Florida First has also submitted a proposal to relocate and expand the present banking facility. Branch banking is prohibited by state statute in Florida. Although Florida First is a subsidiary of the Florida National Banks of Florida, Inc., there has been no indication of a proposal to organize a bank by that group to conduct operations on NAS, Pensacola. Each of the proposals provides for the construction of a new bank building and for the payment of the fair rental value of the land to be occupied and for reimbursement to the Navy for any necessary logistic support. A comparison of the items set forth in the proposals which varied are as follows:

Description	Proposals	
	Blue and Gold	Florida First
a. Bank Charter	State	National
b. Capitalization	\$375,000 <sup>1/</sup>	\$6,950,000
c. Facilities		
Building	4,500 sq. ft.	3,640 sq. ft.
Inside teller stations	2 - 6	4
Drive-in teller stations	5	2
Parking spaces	45 - 60	30+
d. Hours of Operation	0830 - 1700 (five days per week)	0930 - 1400 (Monday - Thursday) 0900 - 1700 (Friday)

<sup>1/</sup> Increased by State Commissioner of Banking to \$500,000

4. The Blue and Gold proposal is conditional based on obtaining necessary approval from appropriate authorities. The State Commissioner of Banking has approved the application of the Blue and Gold subject to certain conditions, including minimum capitalization of \$500,000 and insurance of deposits by the Federal Deposit Insurance Corporation. By

letter dated 24 October 1972, FDIC has stated that it is prepared to approve Federal deposit insurance "contingent upon receipt of written certification or assurance from you that establishment of this bank has received all necessary DOD approvals under Department of Defense Instruction 1000.12 entitled 'Policies and Procedures Governing Banking Institutions Serving DOD Personnel on Military Installations'. The increased capitalization has been agreed to by Blue and Gold and the group has assured the Navy that they are willing and able to meet any capitalization considered necessary by the State of Florida, the FDIC and the Department of the Navy. Most of the other conditions set forth in the conditional charter have already been met, but a final charter will not be issued until the proposed bank, if approved by the Navy, is ready to begin operations

5. The Florida First proposal is also conditional, based on the Treasury Department granting the banking facility authority to make and service loans which is presently unauthorized. The Treasury Department has informally indicated that it is not willing to authorize the making of loans. In discussions with the President of Florida First he indicated to NAVCONPT staff members that the Bank is willing to proceed without this authorization.

6. The DOD policy set forth in DODINST 1000.12 and embodied in SECNAVINST 5381.10 concerning banking institutions serving personnel on Navy and Marine Corps installations, provides:

- a. A preference for a full-service bank or branch rather than a banking facility
- b. Only one banking institution on a station, except in most unusual circumstances
- c. A preference for continuation of a banking institution which has been established, except for situations where a branch or full-service bank is proposed in lieu of a banking facility, in which case preference is to be given to persons organizing a proposed bank if composed of directors and officers then operating the banking facility serving the installation.

7. The Chief of Naval Training has stated that the banking needs of military personnel (active, retired and transient) and civilian personnel aboard the Naval Air Station are not now, and have not been met by the Florida First banking facility and that there is an immediate need for a modern, naval-service-oriented, full-service bank. The present Naval Air Station population and the growth potential clearly

indicate that ample business opportunity exists for a modern, aggressive bank which could be self-sustaining and profitable. Also, that opportunities were available to Florida First during the past 31 years to provide improved services, had they taken some initiative. Instead, Florida First seems to have been constrained by a conservative, non-naval-service policy, content and disposed to await Navy initiative for better services and apparently managed by a group unaware of the services required to be rendered.

8. The Commander, Training Air Wing SIX, the Chief of Naval Air Training and the Chief of Naval Training have recommended that strong consideration be given to the Blue and Gold proposal.

9. The authorization under which Florida First is presently operating the banking facility at the Naval Air Station is revocable at any time without notice at the option and discretion of the Government. Florida First may terminate operations of the banking facility provided that a notice in writing is given the Treasury Department and the Commanding Officer, Naval Air Station, Pensacola, not less than 30 days prior to the closing date.

#### DETERMINATIONS

Upon the basis of the foregoing findings, it is hereby determined that in accordance with Department of Defense policies and procedures governing Banking Institutions Serving DOD personnel, as set forth in DOD Instruction 1000.12, dated 20 July 1972, the Navy is required, under prevailing circumstances, and is disposed to accept the Blue and Gold proposal to establish a state chartered bank at the Naval Air Station. Notice of this acceptance shall be immediately transmitted to the Blue and Gold, to the FDIC, to Florida First and to the Commanding Officer, NAS, Pensacola. Necessary arrangements will be made with Florida First and the Treasury Department to provide necessary banking services in the transition period and arrangements will be made for the revocation of Treasury authorization to Florida First to operate the banking facility and for revocation of the license to Florida First by the Navy to operate the banking facility at NAS, Pensacola. This proposed action shall have been coordinated with appropriate representatives of the Office of the Assistant Secretary of Defense (Comptroller) and the Treasury Department.



ROBERT D. NESEN

Dated 7 NOV 1972

## EXHIBIT [9]

HOGAN & HOGAN  
ATTORNEYS AT LAW

ADMITTED TO PRACTICE  
LAWRENCE J. HOGAN (D. C.)  
ILONA MOODY HOGAN (MD. AND D. C.)

OF COUNSEL  
BERT S. RAND  
HANS A. NATHAN

SUITE 307, JOHN NANSON BLDG.  
7810 PENNSYLVANIA AVENUE  
FORESTVILLE, MARYLAND 20628  
TEL. (301) 420-4600

SUITE 306, RIDGELL BLDG.  
1720 H STREET, N. W.  
WASHINGTON, D. C. 20006  
TEL. (202) 785-1441  
TELEX 89492

June 3, 1976

William A. Geoghegan, Esq.  
Pierson, Ball & Dowd  
1000 Ring Building  
1200 Eighteenth Street, N. W.  
Washington, D. C. 20036

Dear Mr. Geoghegan:

While my client and I wish to cooperate fully with you and the Committee, I must reiterate my objection that these interrogatories go beyond the Common Cause complaint which makes no mention of "Gulf Tracts".

Regarding the Santa Rosa Island matter, Common Cause's complaint charges Mr. Sikes with violation of Section 5 of the Code of Ethics for Government Employees. As I have pointed out previously, this Code of Ethics was embodied in House Concurrent Resolution 175, approved July 11, 1958. A Concurrent Resolution has no force and effect. It merely expresses the sense of that particular Congress and it expires with the Congress during which it was approved. This particular House Concurrent Resolution expired on August 23, 1958. This was several years before the Santa Rosa Island activities took place.

The only other charge regarding Santa Rosa Island in the Common Cause complaint relates to House Rule XLIII(3). This rule did not come into existence until April 3, 1968. The Santa Rosa activities took place several years earlier.

As I pointed out previously, not only does Article I, Clause 3 of the U. S. Constitution prohibit Congress from passing any ex post facto laws, but House Rule 19(f)(3), which gives authority to the House Committee on Standards of Official Conduct, specifically states:

William A. Geoghegan, Esq.  
June 3, 1976  
Page Two

"No investigation shall be undertaken of any alleged violation of a law, rule, regulation, or standard of conduct not in effect at the time of the alleged violation."

In view of the foregoing, there are no valid charges against Mr. Sikes with respect to the Santa Rosa Island matter in the Common Cause complaint. The only matter under investigation by the Committee is the Common Cause complaint. The Motion adopted by the Committee on May 12, 1976, specifically restricted the authority for your investigation to the Common Cause complaint.

This Motion read as follows:

"I move that the Committee authorize an investigation into the complaint before the Committee involving Representative Sikes. Counsel for the Committee is instructed to proceed as expeditiously as possible to conclude whatever factual investigation is required to permit the Committee to act on the complaint."

As stated above, there was no mention in the Common Cause complaint of anything related to Gulf Tracts which is exclusively the subject matter of the interrogatories you submitted through me to Mr. Sikes on June 1, 1976.

I do not question the Committee's authority to investigate on its own initiative this or any other matter. However, because the Committee's Motion specifically restricted the investigation to the Common Cause complaint, I interpose this objection.

Nevertheless, because my client and I are most anxious to cooperate with the Committee and especially wish to be of assistance in complying with the Committee's mandate that the investigation be concluded "expeditiously", we are submitting herewith answers to your June 1, 1976, interrogatories.

While the interrogatories speak for themselves, I believe additional explanation will help to clarify these answers for you and Members of the Committee.

Any allegation that there was an improper relationship between Mr. Sikes' introduction of legislation in 1961 and the lease which Gulf

William A. Geoghegan, Esq.  
 June 3, 1976  
 Page Three

Tracts, Inc. had on Santa Rosa Island cannot be substantiated by the facts. As early as 1947, Mr. Sikes was interested in real estate leases and development on Santa Rosa Island. The original Gulf Tracts, Inc. referred to in the interrogatories was formed for this purpose. For part of this corporation's short life, Mr. Sikes was its Vice President.

In 1960, before the formation of Gulf Tracts, Inc., the three initial shareholders, Jernigan, Sikes, and Brooks, discussed acquiring a lease with the Okaloosa Island Authority as individuals. They paid the purchase price of the resulting lease with their individual funds and thereafter formed Gulf Tracts, Inc., to become the lessee.

The lease was initially approved by the Okaloosa Island Authority on February 9, 1961. The legislation to remove the reverter clause from the Santa Rosa title was introduced in June 1961. Shortly thereafter, Mr. Sikes began efforts and discussions regarding sale of his interests related to Santa Rosa Island.

Finally, in July 1962, Mr. Sikes consummated a sale of all his stock in Gulf Tracts, Inc. At the time of this sale, the outlook for passage of the bill to remove the reverter clause was dubious. The Senate Armed Services Committee had not yet approved the bill and Senator Wayne Morse of Oregon was making strenuous objections against it.

The bill (H. R. 7932) with amendments was passed by the Senate on October 11, 1962. The House passed it October 12, 1962, and it was signed into law by the President on October 23, 1962, more than three months after the sale of Mr. Sikes' stock.

To reiterate, the Gulf Tracts, Inc. lease was acquired prior to introduction of the bill to revoke the reverter clause. Mr. Sikes' interest in Gulf Tracts, Inc. was sold before the bill was passed to avoid any possible conflict of interest.

The Gulf Tracts, Inc. property was one of the most attractive areas on Santa Rosa Island. Since Mr. Sikes sold his interest, its value has multiplied many times and today the lease for which \$140,000 was paid is probably worth in excess of \$1 million.

There is another area requiring clarification, I understand that Mr. Sikes recently gave Congressman Bennett a copy of an undated memorandum which bears the heading "Chronology of Gulf Tracts", and that this memorandum was made available to you. It appears that this was dictated

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 Page Four

by Mr. Sikes in August 1970. Because it appears to have formed the basis for some of your interrogatories, a diligent search was made in an effort to ascertain the basis for the items numbered 1 through 14. (A copy of this memorandum is attached for your convenience.)

It appears that discussions regarding a lease were held in 1960 between the Okaloosa Island Authority and the individuals who subsequently formed Gulf Tracts, Inc.

Items 1, 3, and 5 mention "Gulf Tracts Associates". There was no formal entity by this name but it merely was the informal name given to themselves by the potential lessees. By the time the lease was consummated, a corporation had been formed and the lease was in the name of Gulf Tracts, Inc.

"Gulf Tracts" referred to in Items 6, 10, 12, and 13, and "Gulf Tracts Corporation" referred to in Item 4 should all actually be "Gulf Tracts, Inc."

"Hamm Associates" mentioned in Item 11 should be J. S. P. Ham.

I hope the foregoing and Mr. Sikes' answers to the interrogatories will assist you in concluding this matter as expeditiously as possible.

I am fully aware of the pressures on the Committee, but obviously this matter has also created pressures and burdens on Mr. Sikes. Perhaps the most valued asset which an elected official has is his reputation. As long as these Common Cause charges are pending against Congressman Sikes, his political future is in jeopardy. The deadline for filing for candidacy for Congress in his District is next month. A potential Primary opponent has been "campaigning" through the District repeating these baseless charges. This, coupled with speculative news stories and widely circulated rumors, is causing serious detriment to my client.

We have been fully cooperative with the Committee and we have been patient. However, I think the Committee owes it to my client to dispose of this matter as soon as possible.

Sincerely,

  
 Lawrence J. Hogan  
 Attorney for Rep. Bob Sikes

Enc.

cc: Members of Committee  
 Mr. Swanner

## ANSWERS TO INTERROGATORIES DATED June 1, 1976

- Q. 1. With respect to Gulf Tracts Associates, please state:
- A. The legal nature of this entity, when it was organized, and by whom.
  - B. The name and address of each person who owned an interest in Gulf Tracts Associates since its organization and the nature and dollar amount of that ownership interest.
  - C. The purpose or purposes for which Gulf Tracts Associates was organized and the nature of its business throughout its existence.
  - D. The name and address of all officers and employees of Gulf Tracts Associates.
  - E. Any partnership, corporation, association or other entity in which Gulf Tracts Associates holds or has held an interest.
  - F. The name and address of any successor organization to Gulf Tracts Associates.
2. With respect to any lease between Gulf Tracts Associates and the Okaloosa Island Authority, please state:
- A. A description of the property leased.
  - B. The commencement and expiration date of such leases.
  - C. The amount of any consideration paid for such leases and the person or persons to whom it was paid.
  - D. The amount of rent paid under such leases, time of payment, and the person or persons to whom such rents were paid.

E. If any such leases were sold, or otherwise disposed of, the person or persons to whom such leases were sold or transferred, the time of transfer, and the total consideration received from any sale or transfer.

3. With respect to any sale of your interest in Gulf Tracts Associates, please state the person or persons to whom it was sold, when it was sold, and the total consideration paid for such interest.

A. With respect to interrogatories numbered 1, 2, and 3, there was never any legal entity of any kind called Gulf Tracts Associates with which I was associated. To the best of my knowledge and recollection, the three incorporators of what became Gulf Tracts, Inc., Mr. Jernigan, Mr. Brooks, and myself, referred to ourselves in informal discussions and meetings as the Gulf Tracts Associates. We may have used this name in informal discussions with Okaloosa Island Authority, but no business was ever engaged in and no leases were made under the name Gulf Tracts Associates. However, when we did incorporate, it was under the name of Gulf Tracts, Inc.

Q. 4. With respect to Gulf Tracts, Inc., please state:

4. A. The date of incorporation of Gulf Tracts, Inc., and the name and address of the incorporators.

A. On April 14, 1947, a group with which I was associated formed a corporation called Gulf Tracts, Inc. The incorporators were D. C. Cook, Atlanta, Georgia; W. R. Powell, Crestview, Florida; J. C. Foster, Jr., Opp, Alabama. This corporation was formed for the purpose of engaging in real estate development, but no business

was ever conducted. The last corporate report was filed on June 5, 1948. It was dissolved on May 10, 1952, for non-filing its franchise tax. I have no recollection of any stock in this corporation ever being issued.

In 1960, before incorporating, W. A. Jernigan, Robert L. F. Sikes, and Thomas E. Brooks, as individuals, discussed with officials of the Okaloosa Island Authority the issuance of a lease. When the lease was granted, the parties delivered their individual checks for payment and formed Gulf Tracts, Inc., as lessee.

Recalling the prior inactive corporation called "Gulf Tracts, Inc.", I inquired of the Secretary of State as to the advisability of reactivating the old corporation or forming a new one. (See Attachments E, F, G, H). It was decided that we would form a new corporation with the same name, "Gulf Tracts, Inc." The new Gulf Tracts, Inc. was incorporated on April 13, 1961. The names and addresses of the incorporators were W. A. Jernigan, Crestview, Florida; Robert L. E. Sikes, Crestview, Florida; Thomas E. Brooks, Fort Walton Beach, Florida.

- Q. 4. B. The name and address of the person or persons who prepared and filed the articles of incorporation for Gulf Tracts, Inc.
- A. The Certificate of Incorporation for Gulf Tracts, Inc. was prepared by all of the stockholders in mutual consultation. I filed the Certificate of Incorporation for Gulf Tracts, Inc. with the Secretary of the State of Florida. (See Attachment A).
- Q. 4. C. The name and address of each stockholder of Gulf Tracts, Inc., since its incorporation, the number of shares

owned by each stockholder, and the amount paid for each share.

- A. The names and address of each stockholder and number of shares owned by each and the amount paid to the best of my knowledge is as follows. The stockholders of the second Gulf Tracts, Inc. were:
- W. A. Jernigan, Crestview, Florida, 103 1/2 shares, \$100 per share;  
 Robert L. F. Sikes, Crestview, Florida, 103 1/2 shares, \$100 per share;  
 Thomas E. Brooks, Fort Walton Beach, Florida, 35 shares, \$100 per share.
- In July 1962, I sold my shares of stock to J. S. P. Ham of 1025 Connecticut Avenue., Washington, D. C. I understand that the Thomas E. Brooks estate sold its stock to J. S. P. Ham on or about that date also. I have no knowledge concerning any subsequent stockholders of the corporation. (See also Answer to Interrogatory 4. A. ).

- Q. 4.D. The purpose or purposes for which Gulf Tracts, Inc. was organized and the nature of its business.

- A. The purpose of the corporation is set forth in the Articles of Incorporation. The nature of its business was to lease and develop certain real estate. (See Attachment B).

- Q. 4.E. Any partnership, corporation, association or other entity in which Gulf Tracts, Inc. holds or has held an ownership interest,

- A. There were none during the time I was a stockholder.

- Q. 4.F. Any successor corporation to Gulf Tracts, Inc.

- A. I have no knowledge of any successor corporation to Gulf Tracts, Inc.

Q. 5. With respect to any lease between Gulf Tracts, Inc. and the Okaloosa Island Authority, please state:

5.A. A description of the property leased.

A. The lease describes the property as follows:

"Said property is located on Santa Rosa Island, Okaloosa County, Florida, being a portion of that land under the jurisdiction of the Okaloosa Island Authority and is further described as follows:  
Bounded on the North by the southern right of way of State Road #30 otherwise known as U. S. Highway #98; on the east by the western boundary of John C. Beaseley State Park; on the south by the Gulf of Mexico and on the west by the eastern boundary of Newman Brackin Wayside Park. Such parcel being of an approximate distance 1,126' latitudinally and 700' longitudinally according to plat recorded in Plant Book 3, Page 35, in Public Records of said County and State" (See Attachment D).

Q. 5.B. The commencement and expiration date of such leases.

A. There was only one lease during the time I was a stockholder of Gulf Tracts, Inc. It commenced May 10, 1961, and was for a period of 99 years.

Q. 5.C. The amount of any consideration paid for such leases and the person or persons to whom it was paid.

A. \$140,000 to be paid to Okaloosa Island Authority as set out in the lease. (See Attachment D).

Q. 5.D. The amount of any rent paid under such leases and the time of payment, and the person or persons to whom such rents were paid.

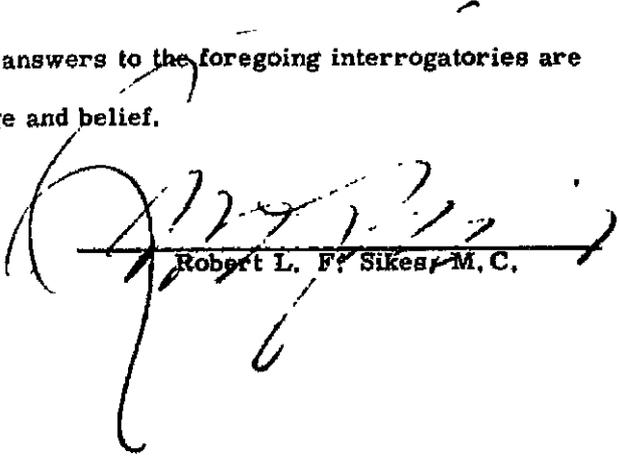
- A. To the best of my recollection, a \$1,000 rental was paid to the Okaloosa Island Authority during 1961, but I do not recall the exact date. We may have paid another \$1,000 rental payment during 1962.
- Q. 5. E. If any such leases were sold or otherwise disposed of, the person or persons to whom such leases were sold or transferred, the time of transfer, and the total consideration received from any sale or transfer.
- A. No leases were sold or transferred while I was a stockholder of Gulf Tracts, Inc.
- Q. 6. With respect to any sale of your interest in Gulf Tracts, Inc., or any successor corporation, please state the person or persons to whom it was sold, when it was sold, and the total consideration paid for such interest.
- A. In July 1962, all my stock in Gulf Tracts, Inc. was sold to J. S. P. Ham for \$25,000.
- Q. 7. Please produce all documents which form a basis for any of the answers given or which corroborate any of the answers given, or the substance of which is given in any answer, or state the name and address of each person having any knowledge of the answer given.
- A. Documents attached as follows:
- "A". Letter dated March 28, 1961, from Robert L. F. Sikes to Mr. H. Tonge, Chief Clerk, Office of the Secretary of State, Tallahassee, Florida, enclosing the Articles of Incorporation for filing.
- "B". Unsigned and undated copy of the Certificate of Incorporation

of Gulf Tracts, Inc., from the personal files of Congressman Robert L. F. Sikes.

- "C". Minutes of the Okaloosa Island Authority dated March 23, 1961, in which the Gulf Tracts, Inc. lease was approved by the Authority, contingent upon various deletions, alterations, and additions.
- "D". The lease agreement entered into by Gulf Tracts, Inc. and the Okaloosa Island Authority dated May 10, 1961.
- "E". Copy of letter dated February 2, 1961, from Bob Sikes to Honorable Tom Adams, Secretary of State of Florida.
- "F". Copy of letter dated February 7, 1961, from Tom Adams, Secretary of State of Florida to Bob Sikes.
- "G". Copy of letter dated February 20, 1961, from Bob Sikes to Tom Adams, Secretary of State of Florida.
- "H". Copy of letter dated February 24, 1961, from Tom Adams, Secretary of State of Florida, signed by H. Tonge, Chief Clerk.
- "I". Copy of letter dated March 8, 1961, from Bob Sikes to Tom Brooks.
- "J". Copy of letter dated July 20, 1962, from Bob Sikes to Dixie E. Beggs.
- "K". Copy of letter dated July 23, 1962, to Jerry Melvin, Manager, Okaloosa Island Authority, from Bob Sikes.
- "L". Copy of letter dated July 27, 1962 from Jerry Melvin to Bob Sikes.
- "M". Copy of letter dated August 2, 1962, from Bob Sikes to Southern National Bank.

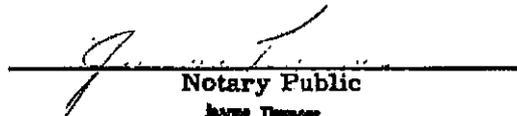
"N". Copy of letter dated August 2, 1962, from Bob Sikes to  
Jerry Melvin.

I hereby swear that the answers to the foregoing interrogatories are  
true to the best of my knowledge and belief.

  
\_\_\_\_\_  
Robert L. F. Sikes, M. C.

District )  
of ) SS:  
Columbia)

Sworn to before me and subscribed in my presence June 21, 1976.

  
\_\_\_\_\_  
Notary Public  
Joanna Thomas  
Notary Public, Dist. of Columbia  
My Commission Expires April 30, 1979

A

March 28, 1961

Mr. H. Tonge, Chief Clerk  
Office of the Secretary of State  
Tallahassee, Florida

Dear Mr. Tonge:

I enclose herewith a check made payable to the Secretary of State for \$75.00 for corporate fee on Gulf Tracts, Inc. Articles of Incorporation are also enclosed herewith.

It will be appreciated if you will send me confirmation of the establishment of this corporation to my home address, Crestview, Florida. I will be there for a few days during the Easter recess.

It will also be helpful if you will ask one of the local stationers to forward me information on cost of stock certificates, stock book and seal for this corporation.

With grateful appreciation for your help and with best wishes, I am

Sincerely,

Bob Sikes

S:fs  
Enclosures

(B)

CERTIFICATE OF INCORPORATION

OF

GULF TRACTS, INC.

We, the undersigned, hereby associate ourselves together for the purpose of forming a corporation for profit under the laws of the State of Florida, and do hereby certify that we have become such corporation under, pursuant to and by virtue of the following articles of incorporation:

ARTICLE I

The name of this corporation shall be GULF TRACTS, INC.

ARTICLE II

The general nature of the business of the corporation and the objects and purposes proposed to be transacted, promoted or carried on by it are as follows:

(a) To take, lease, purchase or otherwise acquire, and to own, use, hold, sell, convey, exchange, lease, mortgage, work, improve, develop, cultivate, and otherwise handle, deal in, and dispose of real estate, real property, and any interest or right therein.

(b) To take, purchase, or otherwise acquire, and to own, hold, sell, convey, exchange, hire, lease, pledge, mortgage, and otherwise deal in and dispose of all kinds of personal property, chattels, chattels real, choses in action, notes, bonds, mortgages, and securities.

(c) To make, enter into, perform, and carry out, contracts for constructing, building, altering, improving, repairing, decorating, maintaining, furnishing, and fitting up buildings, tenements, and structures of every description; and to advance money to, and to enter into agreements of all kinds, with builders, contractors, property owners, and others for said purposes.

(d) To collect rents, and to make repairs, and to transact, on commission or otherwise, the general business of a real estate agent, and, generally, the sale, leasing, control and management of lands, buildings, and property of all kinds.

(e) To purchase, lease, construct, or otherwise acquire lands, buildings, and real estate for hotels, motels, apartment houses, cottages, and dwelling houses; and to build, rent, use, operate, lease, mortgage and convey such real estate in such manner as may appear to the best interest of the corporation.

(f) To make, lease, purchase and otherwise acquire, and to use, operate, sell, and license to use, all manner of devices, apparatus, and constructions for the purposes of amusement, recreation, entertainment and exhibition.

(g) To purchase, lease, exchange, and otherwise acquire and to sell or rent any and all rights, permits, privileges, franchises, and concessions suitable or convenient for the purpose of the Company.

(h) To own, lease, operate, manage or otherwise acquire hotels, motels, apartment houses, cottages, dwelling houses, stores, filling stations, business firms, wood, lumber and naval stores operations, casinos, restaurants, pavilions, bath houses, bathing beaches, clubs, hunting and fishing preserves, and like places of business by whatever name known.

(i) To undertake and carry into effect contracts with individuals, firms, and corporations for advertising and publicity in all varieties.

(j) To print, publish, and circulate all forms of advertising and publicity material.

(k) To borrow and lend money, the buying, selling and dealing in notes, bonds and mortgages and of every other kind of evidence of indebtedness, stock of corporation, personal property and real estate; operating and insurance agency for insurance companies of all kinds; dealing in real estate both improved and unimproved, on its own account or as agent for others; the subdividing of tracts of land into town, cities and promoting and disposing of the same, and doing all other things necessary, incident or convenient to any of the business named, and said corporation shall have the right to enter into contracts of partnership with other parties, either individuals or corporations and to own stock in other corporations whether organized in this State or elsewhere.

(l) To conduct and transact business in any of the states, territories, colonies, or dependencies of the United States and in any and all foreign countries; to have one or more offices therein, and therein to hold, purchase, mortgage, and to convey real and personal property without limit or restriction except as imposed by the local laws.

(m) To endorse, assume, insure or guarantee any contract or contract obligation, bond, note, mortgage or other evidence of indebtedness.

(n) To acquire by purchase, original subscription or otherwise and to guarantee, hold, hypothecate or dispose of stock, bonds, mortgages of any other obligation of any person, firm or persons, or corporation.

(c) The corporation shall have the power to borrow money, with or without security; to execute mortgages and collateral trust indentures; to execute and issue bonds, mortgages, notes, certificates and collateral trust notes secured by all or any of the assets of the Corporation.

#### ARTICLE III

The maximum number of shares of stock that the corporation is authorized to have outstanding at any time is One Thousand Shares of common stock at par value of One Hundred (\$100.00) Dollars per share.

#### ARTICLE IV

The amount of capital with which the corporation will begin business is Seventy-Five Hundred (\$7500.00) Dollars.

#### ARTICLE V

The corporation shall have perpetual existence.

#### ARTICLE VI

The post office address of the principal office of this corporation will be Fort Walton Beach, Florida.

#### ARTICLE VII

The number of directors shall be not less than three nor more than five, and the names and post office addresses of the members of the first board of directors, the president, vice-president, secretary, and treasurer, who shall hold office for the first year of existence of the corporation or until their successors are elected or appointed and have qualified are as follows:

W. A. Jernigan	President	Crestview, Florida
Robert L. r. Sikes	Vice-President	Crestview, Florida
Thomas S. Brooks	Secretary-Treasurer	Ft. Walton Beach, Florida

#### ARTICLE VIII

The name and post office address of each subscriber of these articles of incorporation and a statement of the number of shares of stock which he agrees to take are as follows:

Thomas S. Brooks	25 Shares	Same as Article VII above
Robert L. r. Sikes	25 Shares	Same as Article VII above
W. A. Jernigan	25 Shares	Same as Article VII above

ARTICLE II

The officers of the corporation shall be a president, one or more vice-presidents, a secretary and treasurer. The secretary and treasurer may be one and the same person. Each of the officers shall be chosen or elected in such manner and hold their office for such terms as may be prescribed by the by-laws. Any person may hold more than one office except that the president is hereby precluded from holding also the position of secretary or assistant secretary.

This corporation shall exercise the right to amend, alter, change, modify or repeal any provision contained in this certificate or incorporation in the manner that is prescribed by law, and all rights conferred on stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned subscribing incorporators, have hereunto set our hands and seals this the \_\_\_\_ day of March, A. D., 1961, for the purpose of forming this corporation under the laws of the State of Florida, and we hereby make and file in the office of the Secretary of State of the State of Florida this certificate of incorporation and hereby certify that the facts herein stated are true.

\_\_\_\_\_(SEAL)

\_\_\_\_\_(SEAL)

\_\_\_\_\_(SEAL)

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I hereby certify that personally appeared before me W. A. Jernigan, Robert L. F. Sikes, and Thomas E. Brooks, to me well known to be the individuals described in and who executed the foregoing certificate of incorporation, and acknowledged before me that they executed the same for the purposes therein expressed.

Witness my hand and seal at Fort Walton Beach, Okaloosa County, Florida, this the \_\_\_\_ day of March, A. D., 1961.

OKALOOSA ISLAND AUTHORITY  
BOARD MEETING  
MARCH 23, 1961



1. The regular meeting of the Okaloosa Island Authority was held at the Administration Building of the Authority on March 23, 1961. Members present were Chairman J. D. Wingard, Hilary Stewart, James Miller, James Lee, W. L. Marler, W. O. Swann and Malcolm Morrison. Also present were Executive Manager Jack Smith, Attorney Joseph Anderson, Engineer S. P. McKenzie, and Architect Roy Ricks.
2. Visitors were Miss Davis, Mrs. Williams, Mr. Jenson, Mr. Bryant, Captain Donahue, Mr. Hill of the Okaloosa-News Journal, and Mr. Tolton of the Playground News.
3. The meeting was called to order at 2:10 P.M. by Chairman Wingard and the visitors welcomed. Mr. Smith read the minutes of the meeting held February 23, 1961. They stood approved as read.
4. Mr. Jenson came before the board to ask permission to install covered boat storage over his docks at the Sound Marina. Chairman Wingard asked the architect to look over Mr. Jenson's plan for same and advise MR. Smith as to his decision and Mr. Smith could advise Mr. Jenson and the Plans and Development Committee accordingly.
5. Mr. Ricks reported that no new building permits had been issued this month. He told the board that he had made sketches of the Okaloosa Island Park and presented same to the members of the board. Mr. Ricks also stated that he had visited the Cherokee House on display in Fort Walton Beach, Mr. Stewart made a motion in behalf of the Committee recommending that Cherokee houses be restricted to Block 12 of the Island, that the roof be constructed of shingles rather than aluminum, that awning type windows be used rather than jalouses, and that the foundation be a solid slab or be curtailed walled to the ground. Mr. Marler seconded the motion and the vote was aye unanimous.
6. Mr. Smith read the financial reports and reported on advertising as Mr. Davis was unable to attend the meeting. They were accepted as presented.
7. Mr. McKenzie gave the construction report telling the board that the fence was completed around the disposal plant and the maintenance building is now under construction. He also said that the sewerage lines would have to be laid to Block 13 as the Elks Club is ready to build and would have to extend the lines to the Park area. Mr. McKenzie stated that the boat ramps are completed in the park for boat launching, and he is ready to start the bath houses for the park.
8. Captain Donahue came before the board to explain that he is planning

to start construction on his lot but unfortunately his architect had not allowed for the proper set back lines as required by the Island Authority. Captain Donahue asked permission to be allowed to build the house as planned by waving the set back requirements. After a discussion with Mr. Ricks and the board Mr. Morrison made a motion to allow Captain Donahue to build the house as planned providing that he use 10 feet from his adjacent lot. This would be in keeping with the set back requirements of the Authority. Mr. Swann seconded the motion. The vote Miller, Stewart, Marler, Swann, and Mr. Morrison aye, Lee nay.

9. Mrs. Bettye Williams requested that Mr. Smith present her problem to the board. Mr. Smith explained that at one time a radar installation had been situated in front of the San Souci apartments and a cement sub floor had been so difficult to remove that the site and street grading in this area had never been completed in accordance with the Master Plan. This creates a parking and drainage problem.
10. Mr. McKenzie explained that it would cost the Authority approximately \$2,000.00 to get this cement out and regrade the property. He explained he would have to use air hammers in order to break up the slab for removal. Mr. Lee made a motion for Mr. McKenzie to try to relieve the problem and to try to keep costs down as much as possible. Mr. Swann seconded the motion and the vote was aye, unanimous.
11. Mr. Anderson told the board that he had been to Chicago and had conferred with bond attorneys with regard to the issuance of revenue certificates. He said that a representative from Chicago would be in this area in the near future and he thought a conference between the representative and board members would further enlighten the board with the problems to be faced in the issuance of revenue certificates. Mr. Anderson explained that an engineering report and a feasibility report would be necessary in order to further the sale of the certificates. Mr. Lee moved that the attorney be authorized to proceed in revising the legislation in such a manner as it would make it acceptable for purposes of issuing revenue certificates. Mr. Morrison seconded the motion and the vote was aye, unanimous.
12. Mr. Stewart reported on a finance committee meeting concerning the projects to be undertaken in the immediate future and recommended the priority schedule:
  1. Continue on through to completion the maintenance and engineering building.
  2. Begin work immediately on facilities to be located on Okaloosa Island Park.
  3. Begin negotiations for a new well pump and pressure tank to augment present water facilities.
 He further suggested that the Finance Committee and the Plans and

Development Committee meet on a weekly basis in order to keep better informed on activities and progress on the Island and to better anticipate the further needs and requirements for a successful development of properties under the jurisdiction of the Okaloosa Island Authority. Mr. Stewart placed the committees recommendations in the form of a motion. They were seconded by Mr. Marler and carried by a unanimous vote of the board. It was then suggested that such meetings be held on a fifty/fifty basis between Crestview and Fort Walton Beach. Mr. Stewart agreed with this in principal but added that one of the reasons for holding such meetings was in order that the committee could actually visit the sites where development was taking place and thereby become more familiar with the problems at hand and would gain a better background which would serve as a basis for creative achievement and planning. Further comment ensued with a determination that the location of the meeting place should be commensurate with the matters to be taken under consideration.

A lease to Gulf Tracts, Inc. was submitted to the board for approval of the board. Considerable consideration was given to the condition of agreement set forth in the lease with the determination that approval of the lease would be dependent upon the willingness of the lessees to accept the following deletions, alterations, and additions:

1. Paragraph #2 should carry an additional provision whereby the exact rental to be charged on gross receipts for business conducted on this property would be determined on the same basis as other like type businesses being so conducted on property under the jurisdiction of the Okaloosa Island Authority.
2. That portion of Paragraph #3 reciting that "The Authority agrees to build a linear measure of public streets proportionate to those normally constructed in other commercial leases areas of similar dimension" shall be stricken from the lease. Also Paragraph # 3 shall carry an additional clause setting forth that construction on the property shall be in proportion to the entire area as compared to other construction completed and proposed upon the Island property.
3. Paragraph #6 shall carry an insertion giving notice to lessees that certain rights and privileges have been set over to Tower Beach, Inc., in a lease which is now in existence.

Mr. Lee moved that upon acceptance by the lessees of these conditions the lease be executed by the Authority. The motion was seconded by Mr. Stewart and the vote aye unanimous.

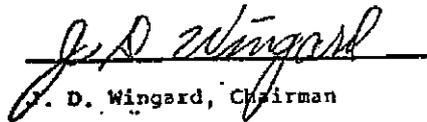
-4-

14. The audit report was brought to the attention of the board and after a short discussion it was suggested that the recommendations of the Certified Public Accountants be ratified and placed into effect as to the operation of the Island. Mr. Stewart placed this ratification before the board in the form of a motion, the motion was seconded by Mr. Marler and the vote aye unanimous.
15. Mr. Marler noted that the finance statement did not carry a break down between receipts from commercial leases as differentiated by from receipts pertinent to residential leases and the manager was thereafter instructed by the Chairman to indicate the sources of these separate receipts in future monthly financial statements.
16. There being no further business the meeting adjourned upon motion of Mr. Lee at 4:10 P.M.

Respectfully Submitted

---

James E. Miller  
Secretary

  
J. D. Wingard, Chairman

FILED



MAY 12 AM 8:47

OKALOOSA ISLAND AUTHORITY  
STATE OF FLORIDA  
COMMERCIAL LEASE  
B-3 AREA

BOOK 196 PAGE 299  
OFFICIAL RECORDS

CECIL L. ANCHORS  
CLERK CIRCUIT COURT  
OKALOOSA COUNTY, FLORIDA

THIS LEASE AGREEMENT entered into by and between OKALOOSA ISLAND

AUTHORITY, herein called the Authority, as an agency of Okaloosa County, Florida, and GULF TRACTS, INC., a Corporation, whose Post Office address is Fort Walton Beach, Florida, herein called Lessee.

WITNESSETH:

1. The Authority does hereby grant, demise and lease to the Lessee, in consideration of the rents and covenants herein reserved and contained, certain property on Santa Rosa Island, in Okaloosa County, Florida, described as follows:

Said property is located on Santa Rosa Island, Okaloosa County, Florida, being a portion of that land under the jurisdiction of the Okaloosa Island Authority and is further described as follows: Bounded on the North by the southern right of way of State Road #30 otherwise known as U. S. Highway #98; on the east by the western boundary of John C. Beaseley State Park; on the south by the Gulf of Mexico and on the west by the eastern boundary of Newman Brackin Wayside Park. Such parcel being of an approximate distance 1,126' latitudinally and 700' longitudinally according to plat recorded in Plat Book   3  , Page   35  , in Public Records of said County and State.

To have and to hold said premises unto the Lessee for and during the full term and period of 99 years from date hereof, or until sooner terminated as herein provided.

2. The Lessee agrees to pay the total sum of \$140,000.00 as follows: \$7,000.00 down, receipt of which is hereby acknowledged. Installment payments including 5% interest on the unpaid balance will be

paid to the office of the Okaloosa Island Authority monthly in the amount of \$877.80 for a period of 20 years, the first such payment to be due the 1st day of July, 1961. Prepayment of all or any portion of the unpaid principal may be made at any time without penalty of interest thereon.

The Lessee also agrees to pay an annual minimum rental beginning and due the date the property is occupied. Exact predetermination of this amount is not made due to unforeseen variable factors, however, an annual minimum rental of \$1,000.00 is currently established or 2% of the gross receipts, whichever is the greater. The exact percentage to be determined according to type of business conducted on the property on same basis as other businesses under control of the Authority.

5. The above described property is leased to the Lessee as property for the purpose of constructing and maintaining any residence or business essential to recreation as allowed in the B-3 zone in the master plan of the Authority. The Lessor shall not be responsible for nor bear the cost of site grading, road ways, sewerage collection system, nor water distribution systems which the Lessee may from time to time desire to place upon these premises or any other improvements thereon. The Lessor shall be responsible for and bear the cost of extending water and sewerage services to any one point on the northern property line of the above described premises which point shall be mutually agreed upon by the parties hereto. Lessee covenants and agrees at his own cost and expense to erect and complete and maintain a building on said property, according to and in conformity with the subdivision plats, area zone map and protective covenants and restrictions on file at page 233-250, Book 121 of public records of Okaloosa County, Florida. Said building shall be commenced not later than 24 months from date of lease and completion of said building shall be made with due diligence and within a reasonable time, unless the time so fixed is extended for good cause by the Authority.

It is understood that due to the large area of the tract herein leased that construction upon the property shall be in proportion to the entire area as compared to other construction completed and proposed upon the Island property.

4. Title to any building or other improvements of a permanent character that shall be erected or placed upon the demised premises by the Lessee shall forthwith vest in said Okaloosa County, subject, however, to the term of years and option to renew granted to Lessee by the terms of this lease. In the event Lessee shall not commence or complete the building or buildings herein required to be constructed within the times provided, and if the Authority shall give Lessee written notice to forthwith commence or complete the same by a date specified in such notice, which shall be at least 60 days from the giving of such notice, and if the Lessee shall fail to commence or complete said building or buildings on or prior to the date so specified, then and thereupon the terms of this lease shall cease on the date specified in said notice in the same manner and with the same effect as if there were the expiration of the original term of this lease without option or right to renew the same.

5. In the event of damage to or destruction of any buildings herein required to be constructed on the demised premises by fire, windstorm, water or any other cause whatsoever, Lessee shall at his own cost within a reasonable time repair or rebuild such building so as to place the same in as good and tenantable condition as it was before the event causing such damage or destruction, and failure to do so shall constitute a breach of this lease.

6. This lease and the demised premises are expressly subject to and bound by the covenants and restrictions applicable to property on the said Island, said covenants and restrictions are all made a part hereof as if fully set forth herein, and is conveyed subject to the rights, franchise and privileges contained in lease presently held by Tower Beach, Inc. on the Island.

7. The Lessee shall exclusively use, at such reasonable rates or charges as may be fixed or approved by the Authority from time to time, such public utilities and public services relating to health and sanitation as shall be made available from time to time by the Authority or by others under agreement with or license or permit from the Authority including without limitation the following: Water, sewerage and garbage collection or disposal. The reasonableness of rates fixed by the Authority shall always be subject to judicial review.

8. The Authority further covenants and agrees that if the Lessee shall pay the rent as herein provided and shall keep, observe and perform all of the other covenants of this lease to be kept, observed and performed by the Lessee, the Lessee shall peaceably and quietly have, hold and enjoy the said premises for the term aforesaid.

9. In the case any portion of the rental remains unpaid for a period of 30 days after the time of payment herein set out or in case the Lessee shall default in the performance of or breach any of the other covenants, conditions, terms and provisions of this lease and shall continue in such non-payment, default or breach after 30 days notice in writing from the Authority, then the Authority in any such event may declare this lease terminated subject to the provisions contained in Paragraph 12 hereof. Provided that in cases where Federal Agencies have an interest in the leasehold estate by reason of insuring or guaranteeing a loan thereon, or otherwise, this lease may not be forfeited or terminated for any breach or default other than non-payment of rents, assessments, or debts, attributable to the use and occupancy of land. In the event it shall become necessary for the Authority to retain the services of an attorney in order to enforce any of the provisions of this lease, or to effect any collection of the sums due hereunder, Lessee agrees to pay a reasonable attorney's fee in addition to any other amounts determined to be due the Authority.

10. Upon the expiration or sooner termination of this lease, Lessee shall be allowed a period of 90 days in which to remove all of his property, including such furnishings and fixtures installed by the Lessee as may be removed without injury to the land and improvements and Lessee shall surrender possession of the land and improvements in as good state and condition as reasonable use and wear will permit.

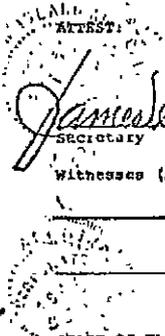
11. No failure, or successive failures, on the part of the Authority, to enforce any covenant or agreement, or no waiver or successive waivers, on its part of any condition, agreement or covenant herein shall operate as a discharge thereof or render the same invalid, or impair the right of the Authority to enforce the same in event of any subsequent breach or breaches. The acceptance of rent by the Authority shall not be deemed a waiver by it of any earlier breach by the Lessee, except as to such covenants and conditions as may relate to the rent so accepted.

12. This lease or any portion thereof may be assigned, subleased, mortgaged, pledged, or transferred, but only with the approval of the Authority, provided that if any mortgage of the leasehold interest shall be guaranteed or insured by the Veterans Administration, by the Federal Housing Administration, or by any other agency of the Federal Government, the approval of the Authority shall not be necessary. Each and all of the provisions, agreements, covenants, and conditions of this lease shall bind and be obligatory upon, or inure to the benefit of, the successors, personal representatives, heirs and assigns of the parties. So long as a mortgagee keeps on file with the Authority a proper address, notice of any default by the Lessee will be sent to the Mortgagee at said address at the same time notice of default is sent to the Lessee, and this lease may not be terminated for such default until 60 days after notice thereof has been received by such mortgagee, during which period either the mortgagor or mortgagee may make good the default. Written notice of any transfer or mortgage of the leasehold interest shall be given to the Authority within 30 days thereof.

13. In event Lessee shall fully perform all the terms, provisions and conditions on his part to be performed for the full term of this lease, Lessee shall have the right and privilege at his election to re-new this lease for a further term of 99 years, by giving the Authority written notice of such election to renew not later than 6 months prior to the expiration of the original term. Such renewal shall be on the like covenants, provisions and conditions as are in this lease contained, including an option for further renewals.

IN WITNESS WHEREOF, this lease is executed in duplicate on this

10 day of May, 1961



ATTEST:

James E. Miller  
Secretary

Witnesses (As to Lessee)

\_\_\_\_\_  
\_\_\_\_\_

OKALOOSA ISLAND AUTHORITY

By J. D. Wingard  
Chairman

GULF TRACTS, INC.

By A. L. Pennington  
President  
Phoebe Z. Pennington  
Secretary-Treasurer

STATE OF FLORIDA  
COUNTY OF OKALOOSA

BEFORE ME the undersigned authority, personally appeared J. D. Wingard well known to me to be the Chairman of the Okaloosa Island Authority, and he acknowledged that he executed the foregoing instrument for and in the name of said Authority, as its Chairman, and caused its seal to be thereto affixed, pursuant to due and legal action of said Authority, authorizing him so to do.

Witness my hand and official seal this 10 day of May, 1961, at Fort Walton Beach, Okaloosa County, Florida.

My commission expires:

Frank R. [Signature]  
Notary Public, State of Florida

Notary Public, State of Florida at Large  
My commission expires June 29, 1962  
Bonded by Park, Hendrix & Associates Co.

CERTIFIED A TRUE AND CORRECT COPY of 101800  
OKALOOSA COUNTY, FLORIDA, I certify that this instrument was filed for record this 10 day of May, A.D. 1961 at 10 o'clock AM by J. D. Wingard  
CLERK CIRCUIT COURT  
CECIL L. ANCHORS  
[Signature]  
DEPUTY CLERK

(E)

February 2, 1961

Honorable Tom Adams  
Secretary of State  
State of Florida  
Tallahassee, Florida

Dear Tom:

A good many years ago I set up a small corporation with the name, "Gulf Tracts, Inc.". Please advise me whether from a standpoint of cost and clarity of records it is preferred to renew an old corporation like this or to set up a new one.

With best wishes, I am

Sincerely,

Bob Sikes

S:ula



TOM ADAMS  
SECRETARY OF STATE

(F)

Office of the  
Secretary of State

State of Florida

Tallahassee

February 7, 1961

Honorable Bob Sikes  
Member of Congress of the United States  
Washington, D. C.

Dear Sir:

In reply to your letter of February 2nd my files disclose that GULF TRACTS, INC. was dissolved by Proclamation of the Governor on May 10, 1952, for failure to pay its capital stock tax. To reinstate same you may complete and return the enclosed report form with check to cover three years back taxes.

If I may be of further assistance to you in this matter please do not hesitate to call on me.

With kindest regards, I am

Cordially yours,

*Tom Adams*  
Secretary of State.

/gb  
Enclosure

⑤

February 20, 1961

*Tom*  
Honorable Thomas Adams  
Secretary of State  
Tallahassee, Florida

Dear Tom:

I have your letter and enclosure regarding the Gulf Tracts, Inc.

I find that to serve present-day requirements, it would be necessary to very substantially increase the amount of capital stock of this corporation.

Please advise me whether it would not be simpler to set up a new corporation using the same name, if this is permissible under the law. I hold and own all the corporation papers formerly associated with Gulf Tracts, Inc.

With kindest regards, I am

Sincerely,

Bob Sikes

S:fm



TOM ADAMS  
SECRETARY OF STATE



Office of the  
**Secretary of State**  
State of Florida

Tallahassee  
February 24, 1961

Hon. Bob Sikes,  
Congress of the United States,  
House of Representatives,  
Washington, D.C.

RE: GULF TRACTS, INC.,  
a dissolved corporation

Dear Mr. Sikes:

With reference to your letter of February 20th, it might be simpler to set up a new corporation using the same name - since to reinstate you would have to pay three years back taxes and file one report and to increase the amount of capital stock - file an amendment to this effect. It also would probably cost a little less to file new articles of incorporation with reference to filing fees. However, as far as this office is concerned, it really does not matter - we will be happy to file whichever you desire.

Sincerely yours,

TOM ADAMS,  
Secretary of State

BY: *H. Torrey*  
Chief Clerk

/ns  
P.S. I am enclosing a Tabulation of State Charter taxes which might be helpful.

**I**

March 8, 1961

Mr. Tom Brooks  
Ft. Walton Beach, Florida

Dear Tom:

I attach herewith my check in the amount of \$2,333.34, representing one-third interest in the down payment on the property lease which you, W. A. Jernigan and I seek to negotiate with the Okaloosa Island Authority.

I suggest that you and W. A. each execute a check for \$2,333.33 and that the three checks be deposited with the Okaloosa Island Authority, pending acceptance of our lease offer.

If, in addition, you and W. A. will each send to me your check for \$166.34, I will add my check for a like amount and establish an account for Gulf Tracts, Inc., at the Southern National Bank in Fort Walton. This will complete payments of \$2500.00 each as set forth in the Articles of Incorporation and provide a fund with which to pay for the corporate charter and the necessary stock book, minutes book, etc.

I am sending a copy of this to W. A.

With best wishes, I am

Sincerely,

Bob Sikes

S:fm

P. S. Jack Smith already has my check for \$3500.00 and presumably a check for the same amount from W. A. These should be returned to us individually.

B.S.



July 20, 1962

Honorable Dixie E. Boggs  
 Brent Stack  
 Panhandle, Florida

Dear Dixie:

I am enclosing herewith a check in the amount of \$7,250.00 from Mr. J. E. P. Ham payable to the estate of Thomas E. Brooks. This is in full payment for stock certificates owned by Tom's estate in Gulf Dracks, Inc.

With good wishes, I am

Sincerely,

Bob Sikes

E/fo

cc: Mrs. Thomas E. Brooks

(K)

July 23, 1962

Mr. Jerry Melvin, Manager  
 Okaloosa Island Authority  
 Fort Walton Beach, Florida

Dear Jerry:

It will be appreciated if you will advise the Okaloosa Island Authority that I have sold my interest in Gulf Tracts, Inc. The person who purchased my stock is Mr. J. S. P. Kim, a young Washington developer who has fine plans for early development of the property. I am glad to recommend him favorably to the Island Authority, and I feel that it is to our advantage that he is interested in the area. It is my understanding that Mr. W. A. Jernigan, who was associated with me in the Gulf Tract, Inc., will remain with it.

I appreciate the courtesies shown to me by the Island Authority and its members, and I stand ready to reciprocate at any time I can be helpful.

With good wishes, I am

Sincerely,

Bob Bikes

B/fv

②

Okaloosa Island Authority

July 27, 1962

Post Office Box 121  
Fort Walton Beach, Florida

Honorable Bob Sikes  
House of Representatives  
New House Office Building  
Washington, D. C.

. Re: Gulf Tracts, Inc.

Dear Mr. Sikes:

Thank you for your letter of July 23 relative to the Gulf Tracts, Inc. property. We are changing our records to reflect that you are no longer in the corporation.

It will be most helpful if you can furnish me with the proper address for Mr. Ham, as we need to bring our records up to date. Also, if you know the title he will assume in the corporation, this information will be helpful.

I look forward to working with Mr. Ham every way possible in his efforts to utilize the property to its best advantage.

With best wishes, I am

Sincerely,

*Jerry*  
Jerry Melvin  
Executive Manager

JM/s

*A. P. Ham -  
1025 Conn Ave -*



August 2, 1962

*now First National Bank  
of Fort Walton Beach*

Southern National Bank  
Fort Walton Beach, Florida

Gentlemen:

I wish to advise you of the reorganization of Gulf Tracts, Inc. The following is a list of the present officers:

Marshall Diggs, President  
J. P. Hays, Vice-President & Treasurer  
Mrs. Annis Cox, Secretary

I am sure that you will be contacted by these people regarding authorization for signing checks in the name of the corporation.

I have sold my stock in this corporation, and I am no longer with it.

With good wishes, I am

Sincerely,

Bob Bikes

S/tw

**(N)**

August 2, 1962

Mr. Jerry Malvin, Executive Manager  
Ocala Island Authority  
P. O. Box 121  
Fort Walton Beach, Florida

Dear Jerry:

I wish to acknowledge receipt of your letter of July 27 in which you advise that you are changing your records to reflect the transfer of ownership of the Gulf Tracts, Inc.

In compliance with your request, I have ascertained that the following officers for Gulf Tracts, Inc.:

Marshall Diggs, President  
J. P. Ham, Vice-President & Treasurer  
Mrs. Amalia Cox, Secretary

The address to be used in connection with this firm is 1025 Connecticut Avenue.

With good wishes, I am

Sincerely,

Bob Sikas

B/ks

**EXHIBIT [10]**ANSWERS TO INTERROGATORIES TO ROBERT SIKES,  
of June 8, 1976

INTERROGATORY 1: In your Answers to Interrogatories dated June 1, 1976 (p. 4) you state you were the owner of 103-1/2 shares of Gulf Tracts, Inc. and indicate that you paid \$100.00 for each share, or a total of \$10,350.00 for your interest in that corporation. Please state how and when such sum of \$10,350.00 was paid to Gulf Tracts, Inc., and where the corporation deposited the money. If you paid all or any part of such sum by check, please produce copies of your cancelled checks evidencing such payment. If you did not pay such sum by check, please state how it was paid and produce any documents relevant thereto.

ANSWER: My previous answers were based on personal recollection of events fifteen years past. We have now had the opportunity to make an exhaustive search of my office files and those at my home at Crestview, Florida. My attorneys also had an examination made of the records of the Okaloosa Island Authority. The documents and information we have been able to piece together show the following payments:

	<u>Approx. date of payment</u>	<u>Amount</u>	<u>Paid by</u>	<u>Payee</u>
1.	3/8/61	\$2,333.34	Personal check	OIA (for Gulf Tracts, Inc.) (See Exh. A)
2.	3/28/61	166.32	Personal check	Gulf Tracts, Inc. (Exh. B)
3.	3/28/61	500.00	Personal check	Gulf Tracts, Inc. (Exh. C)
4.	6/29/61	500.00	Personal check	Gulf Tracts, Inc. (Exh. D)
5.	7/24/61	500.00	Personal check	Gulf Tracts, Inc. (Exh. E & F)
6.	8/22/61	300.00	Personal check	Gulf Tracts, Inc. (Exh. G & H)
7.	9/20/61	300.00	Personal check	Gulf Tracts, Inc. (Exh. I)
8.	10/26/61	4,500.00	Lot assignment	OIA (on behalf of Gulf Tracts, Inc.)
		<u>\$ 9,099.66</u>		

We have not been able to trace the remaining \$1,250.34. With respect to Item No. 8.

the Okaloosa Island Authority accepted in lieu of part payment, a lot which Mr. Jernigan owned. Its market value was \$13,500, but the Island Authority would only credit us with \$9,000 (See Exhibit J). To compensate him for my share of this payment, I conveyed to Mr. Jernigan a one-half interest in another lot which my wife and I owned. This trade is recorded in County records. (See Exhibits K and L).

INTERROGATORY 2: In your Answers to Interrogatories dated June 1, 1976 (p. 5) you state that \$140,000 was to be paid to Okaloosa Island Authority for the lease to Gulf Tracts, Inc. Please state how much of said sum was paid by Gulf Tracts, Inc. to Okaloosa Island Authority during the period of time you were a shareholder of the corporation, together with any other rentals or monies paid to the Authority during the period of time you were a shareholder of the corporation, together with any other rentals or monies paid to the Authority by the corporation during the same period, and produce copies of any cancelled checks or other documents evidencing such payments.

ANSWER: My attorney had various records examined and they show that a total sum of \$19,511.20 was paid by Gulf Tracts, Inc. to the Island Authority during the time I owned stock in the corporation. (See Exhibits M, N, A, I, O, P, Q and R).

INTERROGATORY 3 (a) and (b): In your Answers to Interrogatories dated June 1, 1976 (p. 6) you state: "In July 1962, all my stock in Gulf Tracts, Inc. was sold to J. S. P. Ham for \$25,000". With respect to this transaction please answer the following:

(a) Approximately when did negotiations commence between you and

Mr. Ham for the sale and purchase of your stock in Gulf Tracts, Inc., and where did these negotiations take place?

(b) Were these negotiations conducted directly by you and Mr. Ham, or were other persons representing either of your interests involved? If so, please identify such other persons, and their present residence or business address.

ANSWER: Negotiations were conducted between Mr. Ham and his attorney, B. Guerry Moore, and Gulf Tracts stockholders represented by Mr. Jernigan in early 1962. I believe these meetings were held in Florida and Washington, D. C.

Mr. Jernigan lives in Crestview, Florida. Mr. Ham lives in Clarkston, Georgia, and Mr. Moore lives in Mechanicsville, Maryland.

INTERROGATORY 3 (c): Was the agreement between you and Mr. Ham for the sale and purchase of your stock in writing? If so, produce a copy thereof. If the aforementioned agreement was not in writing, or if in writing and no copies thereof are presently existing, please state the full terms of the agreement and any reasons for the unavailability of a copy.

ANSWER: Attached is a copy of such an agreement, plus a collateral security agreement and a promissory note. I have no copies of, or independent recollection of any of these documents, which were obtained by my attorney in response to these interrogatories. (See Exhibit S and attachments thereto).

INTERROGATORY 3 (d): How and when did Mr. Ham pay you for your stock in Gulf Tracts, Inc., and what was the form of the payment?

ANSWER: Attached are checks made out to ~~Sikes~~ the estate of Brooks and to Sikes for Sikes and Jernigan for \$49,960.40. These are the only records of payments which have been found. (See Exhibit S and attachments thereto).

INTERROGATORY 3 (e): Where did you deposit the money received from Mr. Ham for your stock? Please produce any bank records evidencing your deposit of any money received from Mr. Ham in purchase of your stock in Gulf Tracts, Inc.

ANSWER: We have been unable to locate records of deposits; but see endorsements on checks attached to Exhibit S.

INTERROGATORY 3 (f): Was Mr. Ham's agreement to purchase your stock in Gulf Tracts, Inc. contingent upon the occurrence of any events? If so, what were these events?

ANSWER: There were no contingencies. For terms and conditions, see agreement attached to Exhibit S.

INTERROGATORY 3 (g): What was the total profit you received on the sale of your stock interest in Gulf Tracts, Inc.?

ANSWER: The tax records of Mr. Jernigan, who held the same amount of stock I held, show that Mr. Jernigan received \$25,000 plus interest payments. I must assume that I received the same amount, although, as set forth in No. 3(d) above, I have been unable to establish that I received more than \$15,000, nor is my memory clear on this. It is possible that I was never fully paid, but I must assume that I was paid the same amount as an equal stockholder.

My profit, assuming that I was paid \$25,000, was approximately \$14,000 after unreimbursed expenses.

See attached letter from Mr. Jernigan's accountant (Exhibit U).

Other than interest payments, I did not receive more than the \$25,000, or the \$15,000, as the case may be.

INTERROGATORY 3 (h): Please indicate the year or years in which you reported any profit on the sale of Gulf Tracts, Inc.'s stock for federal income tax purposes and produce a copy of that part of your return or returns related thereto.

ANSWER: I reported profit on the sale of my Gulf Tracts, Inc. stock for federal income tax purposes as the money was received from the purchaser. I believe this occurred in 1963-65. I do not have copies of my returns for those years.

INTERROGATORY 3 (i): Please produce any and all copies of correspondence or written memoranda of any kind relating to the sale of your stock in Gulf Tracts, Inc. to Mr. Ham, together with all such correspondence or written memoranda in your possession relating to Mr. Ham's development of any part of the property described in the lease to Gulf Tracts, Inc., identified as Attachment D to your Answer to Interrogatories dated June 1, 1976.

ANSWER: See Exhibits "J", "K", "L", "M", and "N" to my Answers to Interrogatories filed June 3, 1976. Since that date my attorney has located additional documents which are attached: (Exhibits V, W, X, Y, Z, AA).

**INTERROGATORY 3 (j):** Have you had any other business transactions with Mr. Ham, or have you been involved in any investments with Mr. Ham since your sale to him of your stock in Gulf Tracts, Inc. ? If so, please describe.

**ANSWER:** I have done no business with Mr. Ham other than the sale of my Gulf Tracts, Inc. stock.

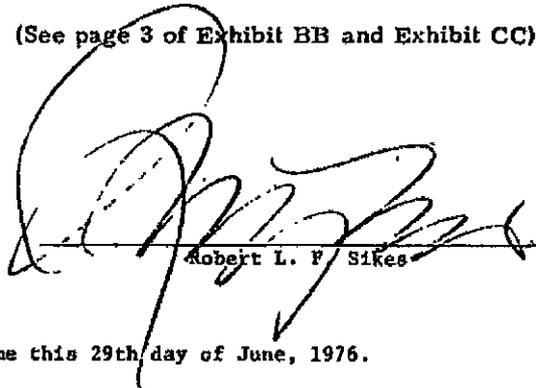
**INTERROGATORY 3 (k):** Other than the sum of \$25,000 which you state Mr. Ham paid you for your stock in Gulf Tracts, Inc., has Mr. Ham ever made any other payments of money, directly or indirectly, i. e., either to you or to any corporation, partnership, joint venture, or trust in which you have or had an interest. If so, please state the amount and dates of such payments and the purpose for which received.

**ANSWER:** The only money I have ever received from Mr. Ham was the payment for the Gulf Tracts, Inc. stock. See answer to 3(d) and 3(g).

**INTERROGATORY 4:** Attached hereto is a clipping from the Playground Daily News, June 3, 1975, headlined "Islanders Demand Sikes Clarify Status". In the article you are quoted, with reference to the effect of the 1962 legislation that "the possibility that Holiday Isle was not included in the legislation cancelling the reverter clause 'could mean a cloud on the title and a further bill could be required for clarification'". Is the underlined portion of the preceding quote, which purports to be your words, substantially correct? If not, please explain

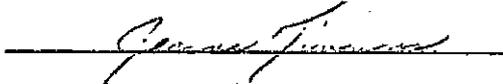
in what way the quote is in error.

ANSWER: My statement was, or was intended to be, that some lawyers had mentioned that possibility. (See page 3 of Exhibit BB and Exhibit CC).



Robert L. P. Sikes

Subscribed and sworn to before me this 29th day of June, 1976.



Jeanne Timmons  
Notary Public, Dist. of Columbia -  
My Commission Expires April 22, 1979

EXHIBITS

- "A" Check drawn on Sergeant at Arms account signed by Bob Sikes and dated March 8, 1961.
- "B" Check drawn on Sergeant at Arms account signed by Bob Sikes and dated March 28, 1961.
- "C" Letter from Elbert R. Davis dated April 2, 1961.
- "D" Check drawn on Sergeant at Arms account signed by Bob Sikes and dated June 29, 1961.
- "E" Gulf Tracts, Inc. deposit slip of Southern National Bank dated July 24, 1961.
- "F" Letter from Mr. Elbert R. Davis to Robert F. Sikes dated July 24, 1961.
- "G" Check drawn on the Sergeant at Arms account signed by Bob Sikes and dated August 22, 1961.
- "H" Gulf Tracts, Inc. deposit slip of Southern National Bank dated August 25,
- "I" Check drawn on Sergeant at Arms account signed by Bob Sikes dated September 20, 1961.
- "J" Minutes of Okaloosa Island Authority Board Meeting dated October 26, 1961.
- "K" Deed from Bob and Inez Sikes to W.A. and Claire Jernigan dated December 19, 1961.
- "L" Assignment of Lease from Mr. and Mrs. Sikes and Mr. and Mrs. Jernigan dated May 8, 1968.
- "M" Letter from Doris Jordan to Lawrence J. Hogan dated June 22, 1976.
- "N" Ledger of Okaloosa Island Authority regarding Gulf Tracts, Inc.
- "O" Gulf Tracts, Inc. check drawn on Southern National Bank payable to Okaloosa Island Authority dated June 22, 1961.
- "P" Gulf Tracts, Inc. check drawn on Southern National Bank payable to Okaloosa Island Authority dated August 1, 1961.
- "Q" Gulf Tracts, Inc. check drawn on Southern National Bank payable to Okaloosa Island Authority dated August 22, 1961.

- "R" Gulf Tracts, Inc. check drawn on Southern National Bank payable to Okaloosa Island Authority dated September 22, 1961.
- "S" Affidavit of Fayette Dennison dated June 25, 1976.
- "T" Second affidavit of Fayette Dennison dated June 25, 1976.
- "U" Letter from James R. Crabtree to Lawrence J. Hogan dated June 18, 1976.
- "V" Letter of Jerry Melvin to Bob Sikes dated September 5, 1962.
- "W" Letter from Bob Sikes to J.S. Patten Ham dated May 26, 1965.
- "X" Letter from J.S. Patten Ham to Robert Sikes dated November 24, 1965.
- "Y" Letter from Bob Sikes to W.A. Jernigan dated August 5, 1966.
- "Z" Letter from Fayette Dennison to Robert L. F. Sikes dated January 28, 1969.
- "AA" Letter from Bob Sikes to Fayette Dennison dated January 31, 1969.
- "BB" Minutes of Okaloosa Island Authority Board Meeting dated March 7, 1963.
- "CC" Letter from Jerry Melvin to Bob Sikes dated March 20, 1976.

(A)

No. \_\_\_\_\_

Washington, D.C.

March 8, 1961

19

The Sergeant at Arms,  
House of Representatives, U.S.

Pay to the order of

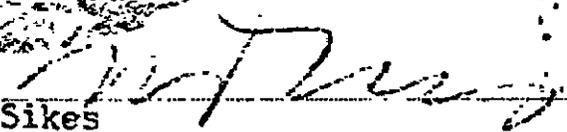
\$ 2,333.34

Two Thousand Three Hundred Thirty Three and 34/100  
Property lease

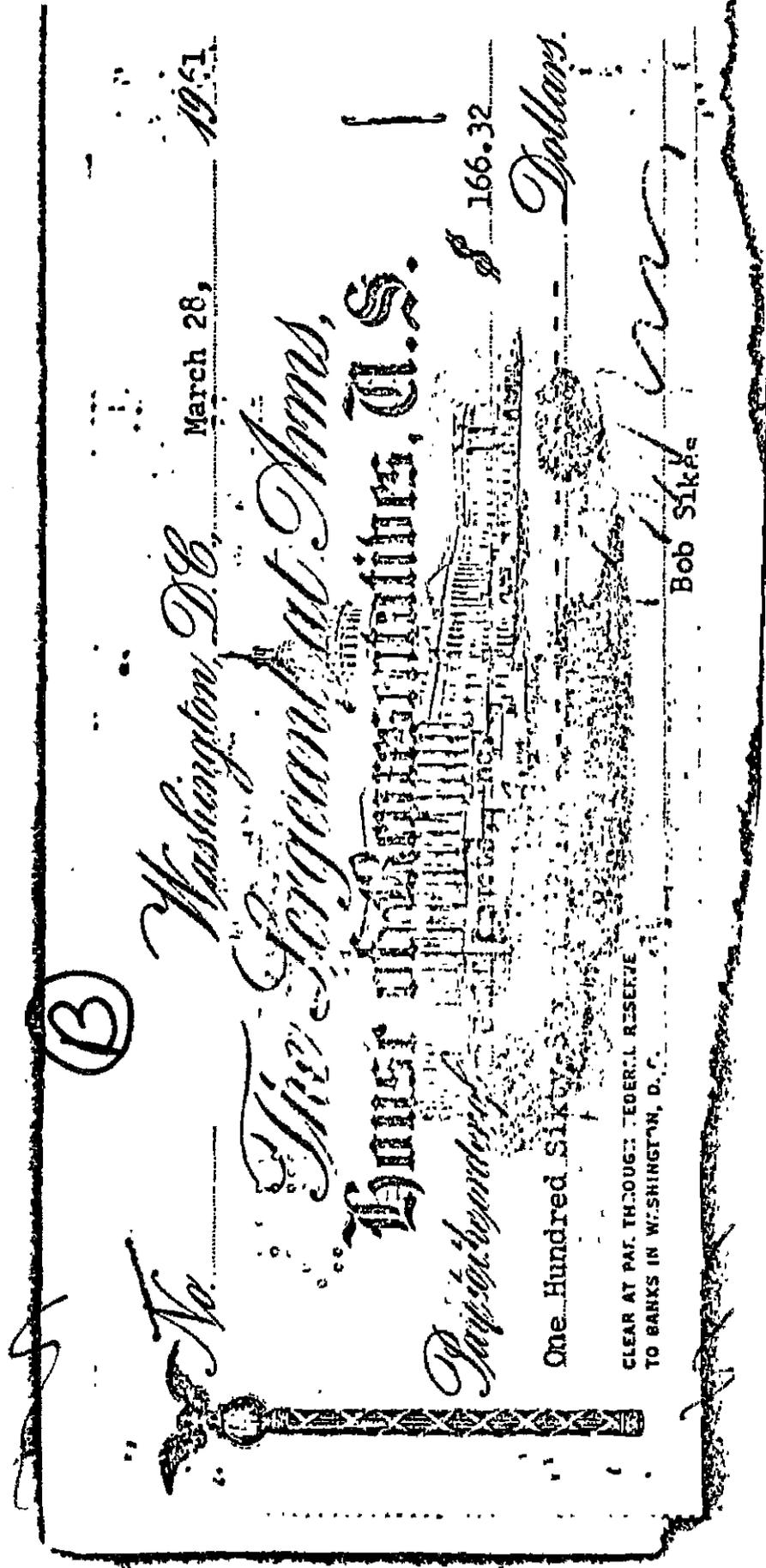
Dollars

CLEAR AT PAR THROUGH FEDERAL RESERVE  
TO BANKS IN WASHINGTON, D. C.

Bob Sikes







(B)

No. *Washington, D.C.* March 28, 1951

*The Sergeant at Arms,*  
**HOUSE OF REPRESENTATIVES, U.S.**

*Pay to the order of* \$ 166.32

One Hundred Sixty Six and 32/100 Dollars.

CLEAR AT PAY THROUGH FEDERAL RESERVE TO BANKS IN WASHINGTON, D.C.

Bob Sikas



397



CHARTER NO. 14778

**SOUTHERN NATIONAL BANK**  
OF FORT WALTON BEACH

**FORT WALTON BEACH, FLORIDA**

**ELBERT R. DAVIS**  
VICE PRESIDENT

**April 2, 1961**

**The Honorable Robert F. Sikes**  
**House of Representatives**  
**Congress of the United States**  
**Washington, D. C.**

**Dear Bob:**

Thank you so much for your letter of March 28 enclosing \$500.00 of which we are opening an account known as the Gulf Tracts, Inc. with checks honored countersigned by any two of the three names in your letter. I am asking our cashier, Mr. O. R. Houston, Jr., to personally handle this account.

Thank you so much for the promotion to president but I have not yet had the honor. Mr. O. B. Wilson is president. If we can be of any further service to you please feel free to call on us and let me thank you sincerely for the account.

Very truly yours,

**Elbert R. Davis**  
**Vice President**

ERD/rb

**P. S. Have you heard anything else of interest to us about Field 9?**

**Elbert**



For deposit only  
Asst. of Chief of Staff  
Rt. Hon. J. Edgar Hoover

10 15 1951  
CLEARING HOUSE

JUL 25 51

THE HANOVER BANK

PAY TO THE ORDER OF ANY  
15-3 THE HANOVER BANK 15-1  
OF WASHINGTON

NYC  
X X  
15-3





CHARTER NO. 14778

**SOUTHERN NATIONAL BANK**  
OF FORT WALTON BEACH

FORT WALTON BEACH, FLORIDA

**ELBERT R. DAVIS**  
VICE PRESIDENT

July 24, 1961

**The Honorable Robert F. Sikes**  
Congress of the United States  
House of Representatives  
Washington 25, D. C.

Dear Bob:

Thank you very much for your note of July 20 enclosing your check in the amount of \$500.00 to be deposited to the account of Gulf Tracts, Inc. We have deposited this amount and enclose herewith for your records duplicate deposit receipt.

If we may be of any service to you at any time please do not hesitate to call upon us.

With warmest personal regards , I remain

Very truly yours,

**Elbert R. Davis**  
Vice President

ERD/rb  
Enclosure

(G)

Washington, D.C., August 22, 19 61 No. 249

House of Representatives U.S.  
The Sergeant at Arms

Pay to the order of FULL TRACTS, INC. \$ 300.00

THREE HUNDRED AND NO/100 Dollars

*[Handwritten Signature]*

Bob Sikes

ORO 16-527-1

CLEAR AT PAR THROUGH FEDERAL RESERVE TO BANKS IN WASHINGTON, D.C.





(1)

Washington, D.C., September 20, 19 61 No. 291

The Sergeant at Arms  
House of Representatives U.S.

Pay to the order of GULF TRACTS, INC. \$ 300.00

Three Hundred and no/100 ----- Dollars

CLEAR AT PAR THROUGH FEDERAL RESERVE  
TO BANKS IN WASHINGTON, D. C.

*[Handwritten Signature]*  
Geo Sikes

GPO 16-839-1

405

For deposit to the account  
of GULF TRACTS, INC.



1-3-5. SEC. OF FIN. & COMM. WASH. D.C. 20540  
 THE FEDERAL RESERVE BANK OF WASHINGTON  
 FEDERAL RESERVE BANK OF WASHINGTON  
 WASHINGTON, D.C. 20540

PAID TO ORDER OF THE FEDERAL RESERVE BANK OF WASHINGTON

SEP 23 1953

SEP 23 1953

SEP 23 1953

SEP 23 1953

①

OKALOOSA ISLAND AUTHORITY  
BOARD MEETING  
OCTOBER 26, 1961

CERTIFIED A TRUE  
AND CORRECT COPY  
CLERK CIRCUIT COURT  
CECIL L. ANCHORS, SR.  
BY Pat D. Smith  
DEPUTY CLERK

1. The regular meeting of the Okaloosa Island Authority was held in the Administration Building of the Authority on October 26, 1961. Members present were Chairman J. D. Wingard, Hilary Stewart, James Lee, Malcolm Morrison, W. O. Swann, and W. L. Marler. Also present were Executive Manager Jack Smith, Attorney Joseph Anderson, Engineer S. P. McKenzie and Realtor Elbert Davis.
2. Visitors were Mr. Pritchard, Mr. Bryant, Mr. Tolton of the Playground News and Mr. Broderick of the Okaloosa News-Journal and Mr. Jones.
3. The meeting was called to order at 2:00 P.M. and the visitors were welcomed by Chairman Wingard.
4. Mr. Smith read the minutes of the last meeting and they were approve as read.
5. Mr. Smith presented the financial reports and they were accepted as presented.
6. Mr. Davis gave the advertising report.
7. Mr. McKenzie gave the construction report and reported that the new well was under way now and also that the County Offices were nearing completion.
8. Mr. Stewart on behalf of the Committee investigating the New Beach Patrolman reported that the Sheriff had recommended Mr. Thomas G. Sweat and they had accepted his recommendation and asked Mr. Smith to read the application and recommendation of the Sheriff. Mr. Swann made a motion to accept the applicant and hire Mr. Thomas G. Sweat as the new Beach Patrolman. Mr. Marler seconded the motion and the vote was aye unanimous. Mr. Lee made a motion for the letter from Sheriff Wilson to be made a part of the minutes. Mr. Swann seconded the motion and the vote was aye unanimous. The letter is made a part of these minutes. See attachment #1.
9. Chairman Wingard asked Mr. Smith to give a report on the property of Congressman Bob Sikes and Mr. W. A. Jernigan and Mr. Smith told the board that he had received a letter from Congressman Sikes which requested that he be allowed to turn in to the Island Authority Lot 196, Block 4 at a fair market value and that the amount be applied to the B-3 property belonging to Gulf Tracts Inc. as future monthly payments on this property. Mr. Lee made a motion to allow 2/3rds current market value on Lot 196 to be applied toward advance monthly payments on the B-3 property belonging to Gulf Tracts Inc. The

CERTIFIED A TRUE  
AND CORRECT COPY  
CLERK OKALOOSA ISLAND  
CECIL L. ANCHORS, SR.

necessary papers affecting the return of Lot 196 to the Okaloosa Island Authority shall be prepared by Attorney Anderson and the Executive Manager will effect the necessary changes in the records of the Okaloosa Island Authority provided this proposal is acceptable to Congressman Sikes. Mr. Marler seconded the motion and the vote was aye unanimous.

10. Mr. McKenzie told the board that he would have to make extensive repairs on the old P. & H. dragline which belongs to the Authority and stated that although it had paid for itself many times that it was now in need of between two and three thousand dollars in repairs, depending upon what is found wrong at the time the machine is disassembled. Mr. McKenzie further explained that the dragline was almost hemmed in by the fact that it has cleat tracks and cannot be run upon paved roadways. He stated a low-boy trailer and a truck tractor would be necessary in order to make the machine usable even after it was repaired. Mr. Smith suggested that he might be able to secure a six wheel drive truck from Eglin and mount the present dozier on the truck chassis. Mr. Stewart made a motion to defer action and let Mr. Smith investigate the possibility of obtaining a six wheel drive truck from Eglin and give a report on the cost of conversion at the next meeting. Mr. Marler seconded the motion and the vote was aye unanimous.
11. Mr. Smith told the board that Mrs. Frances Luther had requested that she be allowed to turn in two of her B-2 Lots and use the monies paid in on her residential B-1 Lot 292 so that she may acquire a loan and start her building on said lot. After discussion Mr. Stewart made a motion to make the transfer less all expenses paid or to be paid by the Okaloosa Island Authority and that this transfer not be made until Mrs. Luther receives her building permit on Lot 292, meanwhile she is to continue making payments on all three lots. Mr. Swann seconded the motion and the vote was aye unanimous.
12. Mr. Marler asked Mr. Smith if everyone has started construction that had been notified to build? Mr. Smith said the he hadn't checked recently but he believed that they had. Mr. B. F. Anderson's building was brought up in that he had started to build the foundation but had apparently stopped construction. Attorney Anderson stated that he did not believe partial construction would comply with the terms of the lease. Chairman Wingard asked Mr. Smith to check all the leaseholders who had been notified and give a report at the next meeting.
13. Mr. Smith read a letter of request from Mr. Harry N. Bryant asking that three new street lights be installed at Lots 435, 436, and 437 in Block 7, he explained that Mr. Bryant was not getting any tourist trade at night because of lack of lighting in the area. Mr. Stewart made a motion to have the lights installed and Mr. Marler seconded the motion and the vote was aye unanimous.

-3-

REVIEWED AND  
 AND CORRECT COPY  
 CLERK CIRCUIT COURT  
 CECIL L. ANCHORS, SR.

4. Attorney Anderson suggested to the board that a committee be appointed to work with Messers. Bass, Clary, and Duncan on the Spa and see if maybe something could be worked out so that this Spa could be developed as it would certainly be a valuable addition to this area. Chairman Wingard appointed Mr. Stewart, Marler, and Lee as a committee to work on the Spa project. Mr. Wingard also instructed Mr. Smith to get in touch with Leedy, Wheeler & Alleman and get them to advise their engineer to begin work on the preparation of a feasibility report and to also have their engineer give consideration to the development of the Spa along with the other improvements contemplated by the Okaloosa Island Authority.
5. Mr. Herbert Jones came before the board to say that he had written a letter to Sheriff Wilson complaining of an incident involving Mr. Tom Sweat the new applicant for Okaloosa Island Beaches and read the letter to the board. The letter alledged that Mr. Sweat had allowed an airman to drive his new patrol car and that the airman had run Mr. Jones off the road two different times and that when he accused Mr. Sweat of dereliction in his duties Mr. Sweat had told him that he had better shut up or Mr. Sweat would physically throw him out of the office and Mr. Sweat had used obscene language at the time he threatened to evict Mr. Jones from the building. Chairman Wingard thanked Mr. Jones for his comments but also explained that the board had already hired Mr. Sweat for the position and suggested that Mr. Jones contact the Sheriff and he was sure this misunderstanding could be worked out in that Mr. Sweat had not yet been deputized.
6. There being no further business the meeting adjourned at 3:05 P.M. upon motion of Mr. Marler.

Respectfully Submitted

---

James E. Miller  
 Secretary

---

J. D. Wingard, Chairman

(K)

220-449

STATE OF FLORIDA  
OKALOOSA COUNTY

KNOW ALL MEN BY THESE PRESENTS: That we, Bob Sikes and wife, Inez T. Sikes, for and in consideration of the sum of Ten Dollars and other valuable considerations, the receipt whereof is hereby acknowledged, do grant, bargain, sell, transfer, set over and assign unto W. A. Jernigan and wife, Claire G. Jernigan, and their heirs, administrators and assigns, the following described property, viz:

An undivided one-half interest in and to that certain lease from Okaloosa Island Authority to Bob Sikes dated November 3, 1955, and Recorded in Deed Book 120 at page 512, Public Records of Okaloosa County, Florida, which lease covers Lot 353, Block 6, Residential Subdivision on Santa Rosa Island, Okaloosa County, Florida, according to plat recorded in Plat Book 2, page 04-C, Public Records of Okaloosa County, Florida.

And it is expressly agreed and understood that this assignment is made subject to all the terms and conditions contained in said lease.

IN WITNESS WHEREOF the said Bob Sikes and Inez T. Sikes have signed and sealed these presents on this the 19th day of December, 1961.

Signed, sealed and delivered in presence of

Alvin O. Butler  
Judith L. Sander

State of Florida,  
Okaloosa County

Bob Sikes (SEAL)  
Inez T. Sikes (SEAL)

I hereby certify that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments personally appeared Bob Sikes and wife, Inez T. Sikes, to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same.

Witness my hand and official seal in the State and County last aforesaid, this the 19th day of December, 1961.

W. A. Jernigan  
Notary Public

My Commission expires:

June 21, 1966  
Bonded by American Surety Co. of N. Y.

FILED

BOOK 220 PAGE 450

JAN-3 1969  
CECIL L. ANCHORS  
CLERK CIRCUIT COURT  
DALLAS COUNTY, TEXAS

STATE OF FLORIDA  
 GALLUSA COUNTY  
 I hereby certify that this instrument was filed for  
 record this 2 day of Feb. A.D. 1968  
 at 2:30 P.M. and duly recorded in Book 220  
 of 442 on page 442 and record verified.  
 CECIL L. ANCHORS, CLERK CIRCUIT COURT.  
 BY L. D. ... DEPUTY CLERK.  
 FEE \$ \_\_\_\_\_

CERTIFIED A TRUE  
AND CORRECT COPY

CECIL L. ANCHORS,  
CLERK CIRCUIT COURT

L. D. ...  
DEPUTY CLERK

(L)

THIS INSTRUMENT W/ REPAIRED BY I  
JAMES E. MOORE  
ATTORNEY AT LAW  
P O BOX 746  
DECEYVILLE FLORIDA 32578

483

Page 300

STATE OF FLORIDA  
COUNTY OF OKALOOSA

ASSIGNMENT OF LEASE

KNOW ALL MEN BY THESE PRESENTS, THAT We,  
BOB SIKES and his wife, INEZ T. SIKES, and W. A. JERNIGAN and  
his wife, CLAIRE C. JERNIGAN, in and for consideration of Ten and  
no/100 DOLLARS (\$10.00) and other good and valuable consideration, the  
receipt of which is hereby acknowledged, do hereby assign, transfer  
and set over unto JACK W. MANNING and his wife, DOROTHY R. MANNING,  
of Valparaiso, Okaloosa County, Florida, all out rights, title and interest in  
and to that certain lease dated November 3, 1955, between BOB SIKES and  
the OKALOOSA ISLAND AUTHORITY, leasing Lot 353, Block 6, in  
Residential Subdivision on Santa Rosa Island in Okaloosa County, State of  
Florida, according to plat recorded in Plat Book 2, page 84C, in public  
records of said County and State, with all and singular the premises therein  
mentioned and described, said Lease being recorded in OR Book 120,  
page 512, public records of Okaloosa County, Fla.

TO HAVE AND TO HOLD THE SAME throughout the entire  
term of the above mentioned Lease, the same being for a period of 99  
years, subject to the covenants, restrictions and conditions contained  
in said Lease. It is agreed and understood that JACK W. MANNING and  
wife, DOROTHY R. MANNING shall assume said Lease payments and pay  
the same according to the terms of the original lease as recorded in  
Official Record Book 120, page 512, Okaloosa County, Fla.

The assignors warrant that the property described herein is  
free and clear of all encumbrances except as set out herein and will  
warrant and defend the same.

IN WITNESS WHEREOF, We have hereunto set out hands and  
seals this the 6th day of May, 1968.

Witnesses:

Alma D. Butler

[Signature]

Alma D. Butler

[Signature]

Doris Di Palo

Arthur Cool

Doris Di Palo

Arthur Cool

[Signature]  
Bob Sikes

Inez T. Sikes  
Inez T. Sikes

W. A. Jernigan  
W. A. Jernigan

Claire C. Jernigan  
Claire C. Jernigan

City  
STATE OF Washington  
District  
COUNTY OF Columbia

THIS INSTRUMENT WAS PREPARED BY  
JAMES E. MOORE  
ATTORNEY AT LAW  
P O BOX 746  
NICEVILLE FLORIDA 32578

Before me, the undersigned authority, personally appeared Bob Sikes, known to me to be the individual described in the foregoing lease assignment and he acknowledged before me that he executed the same.

WITNESS my hand and official seal this the 6<sup>th</sup> day of

May, 1968.

Thurman Ward  
Notary Public

Notary Public, Washington, D. C.  
My Commission Expires January 19, 1971

City  
STATE OF Washington  
District  
COUNTY OF Columbia

Before me, the undersigned authority, personally appeared Inez T. Sikes, known to me to be the individual described in the foregoing lease assignment and she acknowledged before me that she executed the same.

WITNESS my hand and official seal this the 6<sup>th</sup> day of May 1968.

Thurman Ward  
Notary Public

Notary Public, Washington, D. C.  
My Commission Expires January 19, 1971

STATE OF Florida  
COUNTY OF Alachua

Before me, the undersigned authority, personally appeared W. A. Jernigan, known to me to be the individual described in the foregoing lease assignment and he acknowledged before me that he executed the same.

WITNESS My hand and official seal this the 1<sup>st</sup> day of May, 1968.

Louis D. Park  
Notary Public

Notary Public, State of Florida at large  
My Commission Expires May 19, 1969  
Issued by American Fur & Canvas Co.

STATE OF FLORIDA  
COUNTY OF Alachua

Before me, the undersigned authority, personally appeared Claire C. Jernigan, known to me to be the individual described in the foregoing lease assignment and she acknowledged before me that she executed the same.

WITNESS my hand and official seal this the 1st day of May, 1965

Doris A. Palo  
Notary public  
Notary Public, State of Florida at Large  
My Commission Expires Dec. 13, 1969  
Issued By American Fire & Casualty Co.

Approved as to form  
Joseph R. Anderson  
Attorney for Okaloosa Island  
Authority

~~ES~~  
OKALOOSA ISLAND AUTHORITY  
Approved:

(M)  
 CECIL L. ANDREWS, SR.  
 CLERK CRIMINAL COURT  
 COUNTY HOUSE  
 CRESTVIEW, FLORIDA  
 BRANCH OFFICE  
 FORT WALTON BEACH  
 FLORIDA



**OKALOOSA COUNTY**

**CRESTVIEW, FLORIDA**

32556

June 22, 1976

DEPARTMENT  
 RECORDS  
 TAX REDEMPTION  
 LAW  
 AUDITING  
 PURCHASING  
 BOOKKEEPING

Lawrence J. Hogan, Esquire  
 Hogan & Hogan  
 1730 K. Street Suite 308  
 Washington, D.C. 20006

Dear Mr. Hogan:

Pursuant to your request I have made an examination of all payments made to the Okaloosa Island Authority by Gulf Tracts, Inc. during the time that corporation was owned by W.A. Jernigan, Thomas E. Brooks and Robert L.F. Sikes. The official authority records show that a total of \$19,511.20 was paid during the period of May 10, 1961 through August 1962 as follows:

\$7,000 on May 10, 1961, paid by check representing down payment on the lease.

\$3,511.20 paid by check representing four lease payments of \$877.80 for the months of July through September, 1961 (Two payments were made in July).

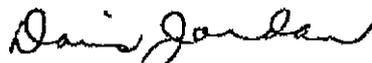
\$9,000 paid by the assignment of Island Authority Lot 196 back to the Authority. The \$9,000 was applied to monthly lease payments for November, 1961 through August, 1962.

Lawrence J. Hogan, Esquire  
June 22, 1976  
Page 2

The \$1,000 annual minimum rental was not required during the time Jernigan, Brooks and Sikes owned the lease because the Authority required these payments from all leaseholders after the property had been occupied which meant that construction of a house on business property had to be completed and occupied.

I hope that this information proves helpful and if I can be of further assistance, please feel free to call on me.

Respectfully submitted,



DORIS JORDAN  
Past Executive Director,  
Okaloosa Island Authority

(N)

7500 No. 1961 - 1991

RATING 140,000.00

CREDIT LIMIT 7,000.00

TERMS 2/10 Net 30

NAME Walter, One  
ADDRESS 723.87 per m.

ACCOUNT NO. 110

Sullivan, Servon  
+ Hilton

DATE	ITEMS	DEBITS	CREDITS	BALANCE	DATE	ITEMS	DEBITS	CREDITS	BALANCE
1961			190,000.00		May-12	Aug.	520.20		367.50 124,299.88
May 10		7000.00	123,000.00	153,000.00	Sept. 11	Sept.	518.71		318.99 123,950.09
July 3		54.17	323.63	132,676.57	Dec. 2	Oct. 1961	1032.94		792.680 123,197.43
July 22		55.23	324.98	132,351.39					
Aug 27		551.46	326.38	132,025.05					
Sept 30		530.10	327.70	131,677.35	Nov. 5	Nov. 5			15500.00 109,687.90
Nov 30		548.74	329.06	131,368.29	Dec. 14				
Dec 31		545.77	330.42	131,037.66					
Jan 31		544.61	333.19	130,704.67	1962				24079 / 097222
Feb 28		545.79	331.81	130,372.86					
Mar 31		543.22	334.58	130,038.25	Jan. 4	Jan.	457.03		266.86 109,159.78
Apr 30		541.83	335.97	129,702.57	Feb 4	Feb.	457.92		367.97 108,891.81
May 31		540.93	337.77	129,364.98	Mar 4	Mar.	458.80		269.09 108,622.72
June 30		539.52	338.78	129,026.15	Apr 18	Apr.	453.68		270.21 108,362.51
July 31		537.61	340.19	128,685.97	May 29	May	452.56		271.33 108,081.18
Aug.		536.19	341.61	128,344.36	June 1	June	451.42		272.47 107,808.75
Sept.		534.77	343.03	128,001.35	July 6	July	450.29		273.60 107,535.11
Nov. 2		533.35	344.45	127,656.88	Aug 1	Aug.	449.15		274.74 107,266.37
Dec 6		531.90	355.92	127,306.95	Sept 1	Sept.	448.00		275.89 106,994.98
1963					Oct	Oct.	446.88		277.03 106,707.45
Jan 8		530.42	357.28	126,943.70	Nov 28	Nov.	445.70		278.19 106,439.26
Feb 7		529.02	358.78	126,589.92	Dec 31	Dec.	444.54		279.35 111,149.91
Mar 7		527.56	360.19	126,224.98	Jan 31	Jan.	443.38		281.52 105,868.37
Apr 15		526.10	361.60	125,853.18	Mar 5	Mar.	440.00		283.30 105,585.19
May 1		524.64	363.06	125,500.18	Apr 30	Apr.	438.07		285.15 105,301.63
June 20		117.20	102.50	125,372.24	May 31	May	438.67		285.15 104,756.28

RECEIPTS



0

Fort Walton Beach, Florida

June 22

1960

(ADDRESS OF BANK AND DATE)

SOUTHERN NATIONAL BANK

(NAME OF BANK)

PAY TO THE ORDER OF OKALOOSA ISLAND AUTHORITY

\$877.00

EIGHT HUNDRED SEVENTY-SEVEN AND 80/100

DOLLARS

*[Handwritten signature]*

Robert L. S. Dineen  
Vice President

*[Handwritten signature]*  
GULF TRUSTS, INC.

BY W. A. JOHNSON, President

U.S. GOVERNMENT PRINTING OFFICE 9-23321

419

(P)

Ft. Walton Beach, Fla., August 1, 1961

(ADDRESS OF BANK AND DATE)

SOUTHERN NATIONAL BANK

(NAME OF BANK)

PAY TO THE ORDER OF OKALOOSA ISLAND AUTHORITY \$ 877.80

Eight Hundred Seventy-Seven and 80/100 ----- DOLLARS

Countersigned By:

*Robert L. Sikes*  
Robert L. Sikes, Vice President

GULF TRACTS, INC.

BY: *W. J. Morrison*, President

Q

Southern National Bank, Fort Walton Beach, Florida

(ADDRESS OF BANK AND DATE)

August 22, 1961

Southern National Bank

(NAME OF BANK)

PAY TO THE ORDER OF -----OKALOOSA ISLAND AUTHORITY----- \$877.80

EIGHT HUNDRED SEVENTY-SEVEN AND 80/100 ----- DOLLARS

GULF TRACTS, INC.

Robert L. F. Sikes, Vice President

President, G. A. Johnson

(R)

LA

Fort Walton Beach, Florida, September 22, 1951

(ADDRESS OF BANK AND DATE)

SOUTHERN NATIONAL BANK

(NAME OF BANK)

PAY TO THE ORDER OF OKALOOSA ISLAND AUTHORITY

\$ 370.00

Three Hundred Seventy-Dollars and 00/100

DOLLARS

GIVEN IN FULL PAYMENT OF

370

422

AFFIDAVIT

STATE OF MINNESOTA  
COUNTY OF LINCOLN

Fayette Dennison, being duly sworn hereby deposes and states:

I, Fayette Dennison, hereby certify that the attached copies are true and complete copies of the original documents of the accounting and business records of Gulf Tracts, Inc., and/or of John S. P. Ham, maintained by me in the general course of business.

The original documents have been kept in my files having been received periodically from 1967 and throughout the succeeding years.

These documents are as follows:

- A. Agreement providing for the sale of Gulf Tracts, Inc., stock, dated July 20, 1962.
- B. Promissory Note for \$50,000.00 at 5% interest due on or before July 20, 1963, dated July, 1962.
- C. Collateral Security Agreement providing for the payment of the Promissory Note by pledging Gulf Tracts, Inc., stock.
- D. Cancelled Checks or other records available showing principal and interest payments on Promissory Note and down payment made pursuant to the Agreement of Sales as follows:

1. Check #2129	July 20, 1962	\$ 7,200.00
2. Check #360	July 31, 1963	2,500.00
3. Check #133	July 21, 1964	15,000.00
4. Check #168	December 9, 1964	260.40
5. Check stub #154	December 24, 1964	12,500.00
6. Check #464	July 15, 1965	10,000.00
7. Check #465	July 15, 1965	2,500.00

- E. Gulf Tracts, Inc., Stock Certificates totalling 243 shares endorsed to John S. P. Ham.

Witness:

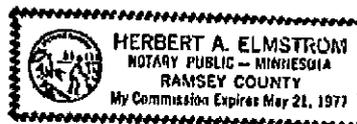
Donald H. Arnsack

Fayette Dennison  
FAYETTE DENNISON

SWORN TO AND SUBSCRIBED before me on this the 25<sup>th</sup> day of June, A.D. 1976.

Herbert A. Elmstrom  
NOTARY PUBLIC

(SEAL)  
My Commission Expires:

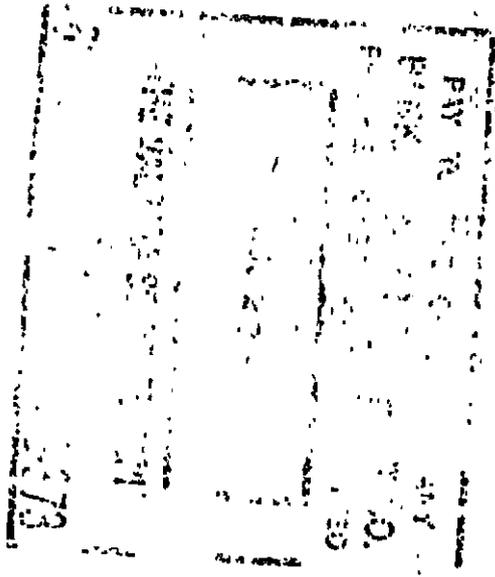




FOR DEPOSIT TO THE  
ACCOUNT OF  
GALDOGA ISLAND AUTHORITY  
Fort Walton Beach, Fla.

PAY TO THE CREDIT OF ANY BANK, BANKER OR TRUST CO. FOR DEPOSIT TO THE ACCOUNT OF	
SEC 4	
THE WILFPA ASSOCIATION	
WALTON BEACH, FLA.	
60	10/27/73

FOR DEPOSIT TO THE  
ACCOUNT OF  
OKALOOSA ISLAND AUTHORITY  
Fort Walton Beach, Fla.



427

FOR DEPOSIT TO THE  
ACCOUNT OF  
**OKALOOSA ISLAND AUTHORITY**  
Fort Walton Beach, Fla.

A G R E E M E N T

THIS AGREEMENT, made and entered into this 7 day of July, 1962, by and between John S. P. Ham, Robert L. F. Silva and W. A. Jennings, parties of the first part, and John S. P. Ham, and \_\_\_\_\_, parties of the second part,

W I T N E S S E T H:

THAT WHEREAS the said parties of the first part own two hundred forty-three (243) shares of the capital stock of Gulf Tracts, Inc., a Florida Corporation, being all of the issued and outstanding stock of said Corporation; and

WHEREAS, the parties of the second part desire to purchase, and the parties of the first part desire to sell, all of the said capital stock, for the price and upon the terms hereafter set forth, it is hereby agreed as follows:

1. The parties of the first part shall sell and the parties of the second part shall purchase the said two hundred forty-three (243) shares of capital stock of Gulf Tracts, Inc., for the sum of \$ 57,200<sup>00</sup>/<sub>100</sub>

2. The purchase price shall be payable as follows:

(a) \$ 7,200<sup>00</sup>/<sub>100</sub>, by check, subject to collection, upon the execution and delivery of this agreement, receipt whereof is hereby acknowledged.

(b) \$ NONE at the time of closing by certified check or checks drawn to the order of the parties of the first part.

(c) The balance of \$ 50,000<sup>00</sup>/<sub>100</sub> (Fifty thousand) <sup>00/100</sup> Dollars by a promissory note due and payable on or before July 20, 1963, with interest at the rate of 5 % per annum.

*Handwritten notes and signatures in the left margin:*  
- Top: "New part"  
- Middle: Signature of W. A. Jennings  
- Bottom: Signature of John S. P. Ham

- 2 -

3. To secure the payment of the promissory note hereinabove referred to, the parties of the second part shall, at the closing, deposit with the parties of the first part, all of the stock of Gulf Tract, Inc., purchased by the parties of the second part, duly indorsed in blank for transfer, and the parties of the first part shall hold such stock as security for the payment of the promissory note, in accordance with its terms, and for the performance by the purchasers of the provisions of the accompanying collateral agreement.

4. If, on the date set for the closing, or on any adjourned date mutually agreed to, the parties of the first part are ready, willing and able to carry out and perform this agreement, and the parties of the second part shall fail, refuse or are unwilling to perform their obligations, then, in such event, the amount paid on account of the purchase price shall be retained by the parties of the first part, as liquidated damages and this agreement shall thereupon become void and neither party shall have any further rights against the other.

5. The closing of this transaction shall take place at NATIONAL BANK OF WASH. on July 20, 1962, at 10:00 A.M., and time is hereby expressly made of the essence.

6. This agreement shall inure to the benefit of and shall bind the parties, their legal representatives and assigns.

IN WITNESS WHEREOF, the parties have signed and sealed  
this agreement this 20 day of July, 1962.

John S. P. [Signature] (SEAL)  
[Signature] (SEAL)  
[Signature] (SEAL)

Witnesses:

x Margaret B. Bailey  
Name  
4443 - Psk. N.W.  
Address

\_\_\_\_\_  
Name  
\_\_\_\_\_  
Address

July \_\_\_\_\_, 1962

PROMISSORY NOTE

We, the undersigned, jointly and severally, promise to pay to \_\_\_\_\_

and \_\_\_\_\_

or order, on or before July 20, 1963, \$50,000.00 (Fifty thousand and 00/100) together with interest at the rate of 5% per annum, having deposited with this obligation as general collateral security for the payment of this promissory note, the following property, namely, two hundred forty-three (243) shares of the Capital stock of Gulf Tracts, Inc., a Florida Corporation, with power, on the non-payment of this note, to sell and transfer said property or any property added to or substituted for the same, or any part thereof, at public or private sale, without notice, and the said holders hereof may become purchasers at any such sale.

John S. P. Horn (SEAL)  
\_\_\_\_\_  
(SEAL)  
\_\_\_\_\_  
(SEAL)

WITNESSES:

B. Quincy Moore  
Name  
102 1/2 Conn Ave Wash. D.C.  
Address

Margaret B. Bondy  
Name  
4443 - P St. N.W.  
Address

COLLATERAL SECURITY AGREEMENT

This collateral agreement, made and entered into the 20th day of July, 1962 between John S. P. Han, hereinafter called the Purchaser, and Robert L. F. Sikes and W. A. Jernigan, hereinafter called the Sellers.

## WITNESSETH:

WHEREAS, pursuant to an agreement of sale and purchase made between the parties on July 20, 1962, the Purchasers have simultaneously herewith made and delivered their promissory note to the Sellers, dated July 20, 1962, evidencing the balance of the purchase price of two hundred forty-three (243) shares of Capital stock of Gulf Tracts, Inc., hereinafter called the Company, and

WHEREAS, the Purchasers, by the terms of the agreement dated July 20, 1962, have agreed to secure the payment of their promissory note in the manner hereinafter set forth,

## IT IS THEREFORE AGREED:

1. The Purchasers hereby deposit with the Sellers certificates for two hundred forty-three (243) shares of Capital stock of the Company, duly indorsed for transfer. Such certificates of stock shall be held by the Sellers, subject to the terms and conditions of this agreement; and, upon the payment in full of the promissory note, such certificates of stock shall be returned by the Sellers to the Purchasers.

2. The Purchasers hereby deposit with the Sellers the undated resignations of W. A. Jernigan and Robert L. F. Sikes, and John S. P. Han, as officers and directors of the Company, which resignations, however, are not to be used or acted upon except in the event of a sale of the Capital Stock of the Company at public or private sale, by reason of a default on the part of the Purchasers in failing or refusing to carry out their obligations made under this agreement, the promissory note, or the related sale agreement.

3. All voting rights incident to such stock shall be vested in the Sellers except that the Purchasers or their nominees, so long as the Purchasers are not in default in the performance of any of the terms of the promissory note or of this collateral agreement, are hereby irrevocably authorized to vote the stock for the election of such directors as the Purchasers may designate. All other voting rights incident to the stock shall remain vested absolutely in the Sellers.

4. In the event of the dissolution of the Company the Purchasers shall promptly cause to be transferred to the Sellers that certain 99-year lease dated \_\_\_\_\_, 1961, from Okaloosa Island Authority to Gulf Tracts, Inc.

5. The Purchasers covenant that while this collateral agreement is in force:

- (a) The Company shall not execute or deliver to anyone other than the Sellers, a mortgage, or other lien or encumbrance upon any of its real property or a chattel mortgage, or other lien or encumbrance, on any of its personal property.
- (b) The Company shall not, in any manner, dispose of, whether by sale, mortgage, sub-lease or otherwise, that certain lease dated \_\_\_\_\_, 1961, between Okaloosa Island Authority and Gulf Tracts, Inc.
- (c) The Company and its officers will not permit any lien or encumbrance, whether for taxes, or otherwise, to become effective against the property set forth in the lease described in par. 4 above.

6. Notice to the Purchasers shall be sent by Registered Mail and addressed to them at 1025 Connecticut Avenue, Washington, D. C. Notice to the Sellers shall be sent by Registered Mail c/o Congressman Robert L. F. Sikes, House Office Building, Washington, D. C.

7. This agreement inures to the benefit of and shall bind the parties, their legal representatives and assigns,

8. We, H. A. Jernigan and Robert L. F. Sikes, as officers and majority stockholders of Gulf Tracts, Inc., do hereby covenant that a correct statement of the financial condition of Gulf Tracts, Inc. will reflect a financial position not inconsistent with assets, \$140,208.00, and liabilities could be expressed as a payment beginning October 1, 1962, at the rate of \$271.00 per month for the continuation of a twenty-year payment as expressed in a lease between the Okaloosa Island Authority and Gulf Tracts, Inc., unless paid earlier. In Book 196, page 208, of the County Land Records of Okaloosa County.

IN WITNESS WHEREOF, THE parties have signed and sealed this agreement  
this 20th day of July, 1962.

WITNESSES:

Margaret B. Bondy /s/  
Name  
4443 P St., N.W.

/s/ John S. P. Ham (SEAL)

/s/ W. A. Jernigan (SEAL)

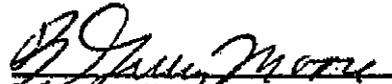
/s/ Robert L. F. Sikes (SEAL)

It is further agreed that no new stock certificates shall be issued  
without the written consent of Robert L. F. Sikes and W. A. Jernigan.

By: /s/ John S. P. Ham

WITNESS: /s/ Margaret B. Bondy

I certify that this is a true copy of agreement entered into by parties  
on July 20, 1962.

  
W. Gueffry Moore

WISH TO OBTAIN ORIGINAL  
PLEASE SIGN ON REVERSE  
THIS VOUCHER AND RETURN  
TO BANK FOR EXCHANGE

*July 20/62*

CHARGE INDIVIDUAL

CERTIFICATION

*191*

ACCOUNT OF John Stockbridge Patten

NO. D 2129  
Ck 200.00

**ENTERED**

FOR CERTIFIED CHECK  
TO ORDER OF Estate of Thomas

181-0

CHECK NO. 1864

DATED 7/20/62

DATE CERTIFIED 7/20/62

NATIONAL BANK OF WASHINGTON  
WASHINGTON, D.C.

7200.00

*PBM*

TELLER

BY

*W. O. ...*

AUTHORIZED SIGNATURE

TO THE ORDER OF THE BANKERS OF TRUST CO. OF  
THE NATIONAL BANK OF WASHINGTON  
15-7 WASHINGTON, D. C. 15-7

JUL 20 1962 66 2 1140 4

RECEIVED PAYMENT THROUGH THE  
WASHINGTON, D. C. CLEARING HOUSE  
OR FROM THE TREASURY, U. S.  
ORDER ENDORSEMENTS REQUIRED  
THE NATIONAL BANK OF WASHINGTON  
15-7 WASHINGTON, D. C. 15-7

1962 JUL 20 2 11 40 PM '62

MEMORANDUM IN PAYMENT OF FOLLOWING ITEMS	
DATE	AMOUNT
TOTAL	
MINUS	
DISCOUNT	
LESS	
VBRIGHT	
NET	
TOTAL	

**JOHN STOCKBRIDGE PATTEN** **HAMRE** **NO. 350**  
 BUSINESS ACCT. *159*

JULY 31, 1963 *15-7 511*  
 TO THE ORDER OF **ROBERT SIKES** *ct* \$2500.00 *19*

**PAID**  
 SEP 6 1963

TWENTY FIVE HUNDRED and *no/100* DOLLARS

CORRECT ENDORSEMENT IS RECEIPT

**THE NATIONAL BANK of WASHINGTON**  
 WASHINGTON, D.C.  
 Interest on Fort Walton loan.

**ENTERED** :05110007: 3 56 63 71 "0000250000"

*Interest*  
*John Stockbridge Patten*  
*Robert Sikes*

437

For deposit only  
Account of  
*[Signature]*

DEPOSITED BY

CREDITED TO THE ACCOUNT OF  
The Within Named Payee

In Accordance With Payor's Instructions  
Absence of Endorsement Guaranteed

BANK OF CRESTVIEW  
CRESTVIEW, FLORIDA

15 ST  
BANKER OF  
CRESTVIEW, FLORIDA

CRESTVIEW, FLORIDA  
7-36-60

PAY ANY BANK, P.E.S.

SEP 4 1963  
6051 E. 9. 9 339  
THE ATLANTIC N. H. U. BANK  
OF JACKSONVILLE

GULF BEACH DEVELOPMENT, INC.

1025 CONN. AVE., N. W., SUITE 405

WASHINGTON, D. C. 20004

ENTERED

No. 133

ENTERED

JULY 21, 1964

15-7  
511

PAY TO THE  
ORDER OF

BOB SIKES

\$15,000.00

FIFTEEN THOUSAND and

no/100 DOLLARS

THE NATIONAL BANK of WASHINGTON

WASHINGTON, D.C.

Payment as per your letter of 5-25-64.

GULF BEACH DEVELOPMENT, INC.

By: B. Guerry Moore, V-President &

⑆0511⑉0007⑆

3⑉689 70 0⑉

⑆000150000⑆





deposit only

*[Handwritten signature]*

20  
DE

ANY BANK, P.E.G. 3 B B 91  
FRB RICHMOND

PAY TO THE ORDER OF	63-2
PAY ANY BANK, P.E.G.	ATLANTIC NATIONAL BANK
	JACKSONVILLE, FLORIDA
	DEC 24 1963
	OF CRESTVIEW
	63-2

63-322

ANY BANK, P.E.G. 3 B B 91  
FRB RICHMOND

	157179
	12,307.00
	91,677.77

BROOKLYN  
 DEPOSIT BANK  
 BALANCE  
 ANTI-THEFT CHECK  
 CASH FUND

154 DATE MAR 24 1967 AMOUNT 12,307.00  
 TO Robert L. F. Lipey  
 FOR Payment due 12/1/64 re. Lipey

156

JOHN STOCKBRIDGE PATTEN HAM - SPECIAL  
 1025 CONNECTICUT AVENUE, SUITE 405  
 WASHINGTON, D. C.

15-68  
 811

DATE 19

\$

PAY TO THE  
 ORDER  
 OF

DOLLARS

BANK OF COMMERCE  
 WASHINGTON, D. C.

⑆0511⑆0058⑆ 017 352⑆2⑆

CHECKS IN PAYMENT OF FOLLOWING ITEMS		
DATE	AMOUNT	
	<i>Auto. Checks</i>	
	<i>Payment</i>	
TOTAL INVOICES		
LESS DISCOUNT		
LESS FREIGHT		
NET TOTAL		

**ENTERED**

JOHN STOCKBRIDGE PATTEN HAM *NO 465*

BUSINESS AGENT

July 15 19 65

PAY TO THE ORDER OF **PAID** Robert Sikes

\$ 2,500.00

--- Two Thousand Five Hundred and no/100 --- DOLLARS

THE NATIONAL BANK of WASHINGTON  
WASHINGTON, D.C.

**ENTERED**

15-7

*John Stockbridge Patten*

\*051100070 30665 63 70\*

\*0000250000\*

444



*[Handwritten signature]*  
EMILY RED

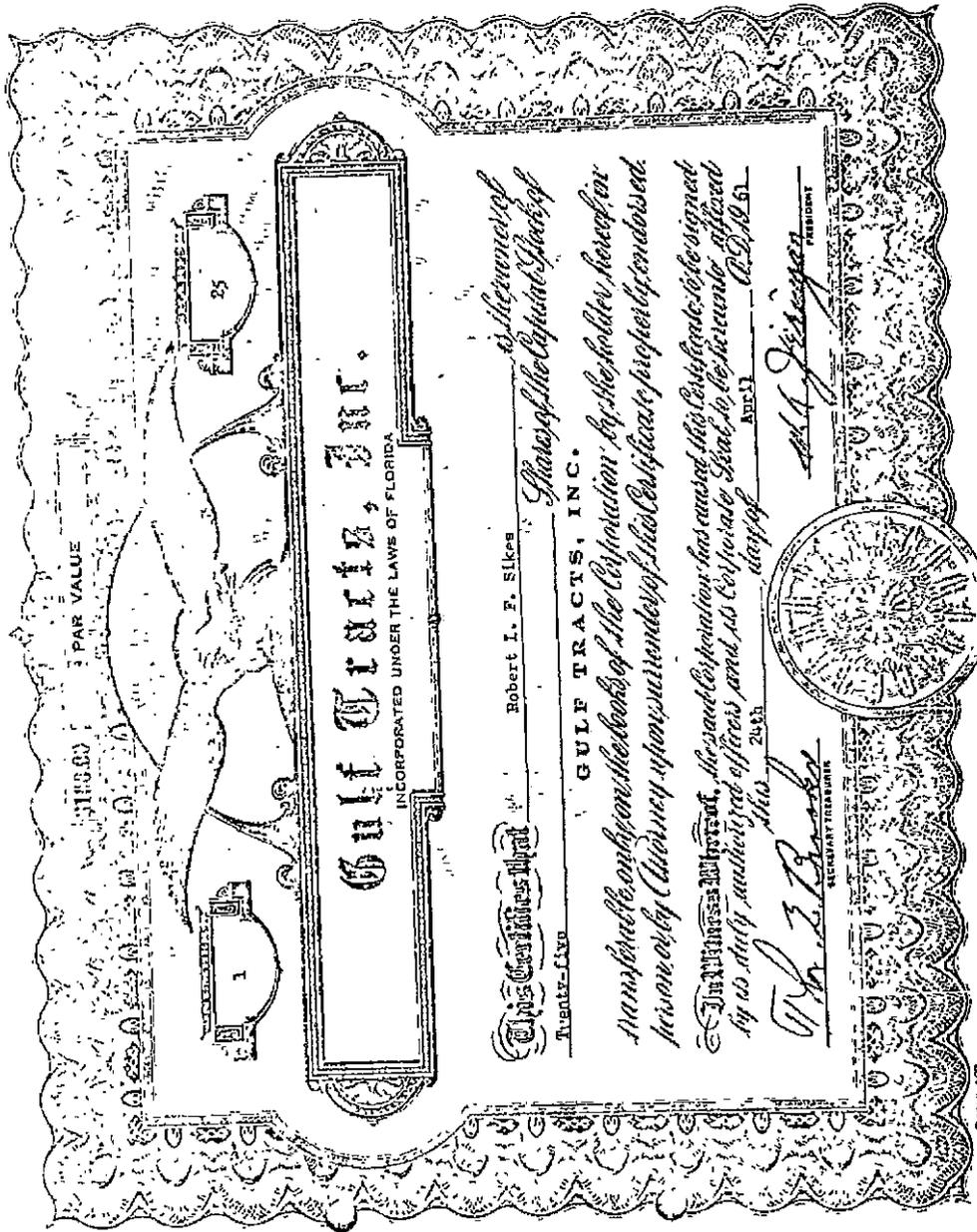
12-1623

15-7  
BANK P.E.G.

ALL PRIOR ENDORSEMENTS  
CVA ALL  
JUL 51 1985  
2010 NOLAN BLVD  
HOUSTON TX 77055  
15-7  
15-7

66666





1 PAR VALUE

THIRTY

25

# Gulf Tracts, Inc.

INCORPORATED UNDER THE LAWS OF FLORIDA

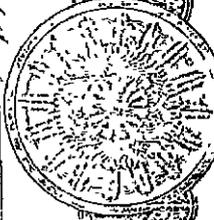
*This Certificate that* Robert L. F. Sikes *is the owner of*  
*Shares of the Capital Stock of*

*THIRTY-FIVE* **GULF TRACTS, INC.**

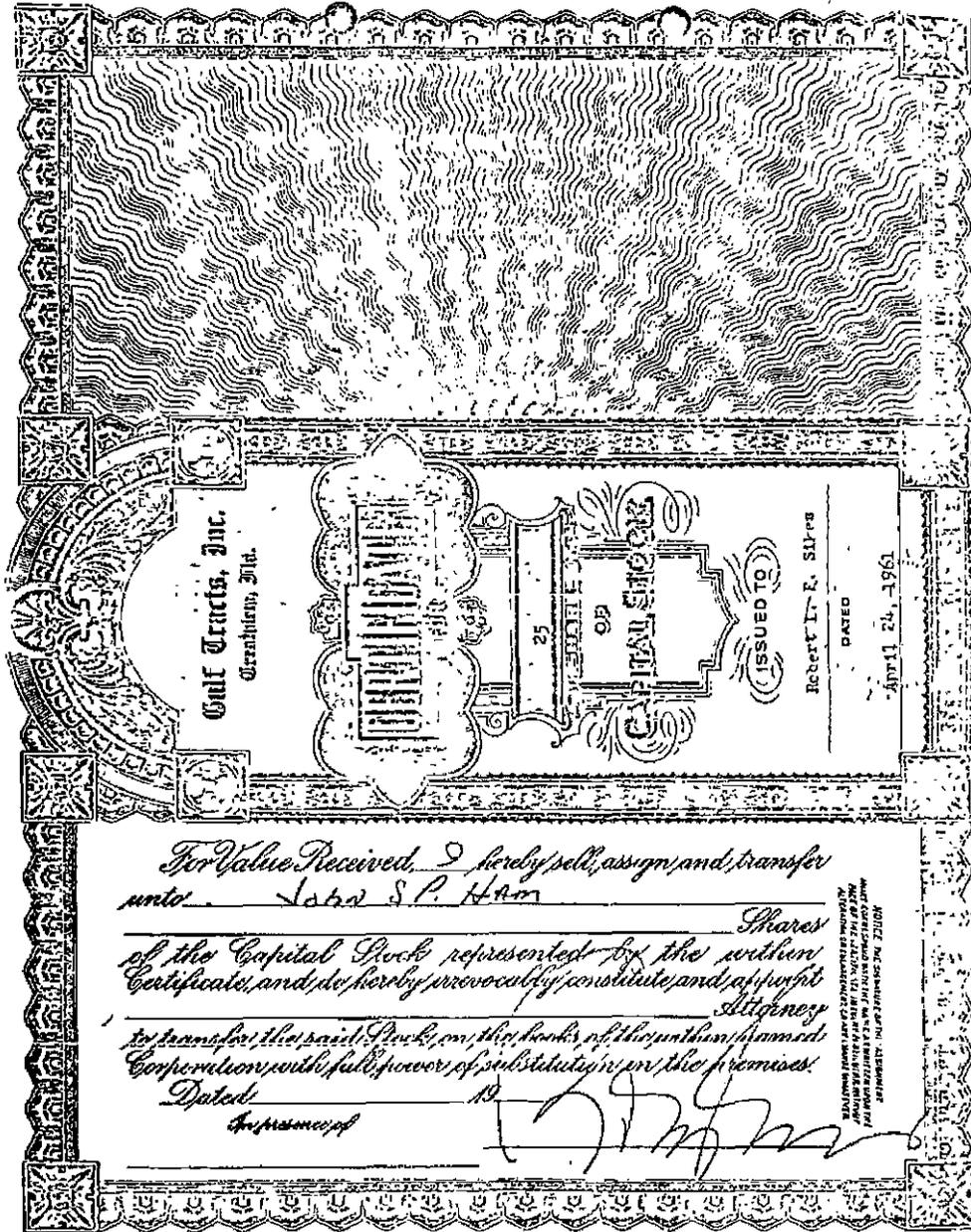
*transmittable only on the books of the Corporation, by the holder, hereof, or  
person or by Attorney upon surrender of this Certificate properly endorsed.*

*This Certificate was issued by said Corporation and is hereby certified to be correct  
by its duly authorized officers and is corporate seal to be hereunto affixed*

*W. H. Sikes* *Secretary* *W. H. Sikes* *President*



64817-107



Gulf Tracts, Inc.  
Greenville, S.C.

**CERTIFICATE**  
No. 25  
OF  
**CAPITAL STOCK**

(ISSUED TO)

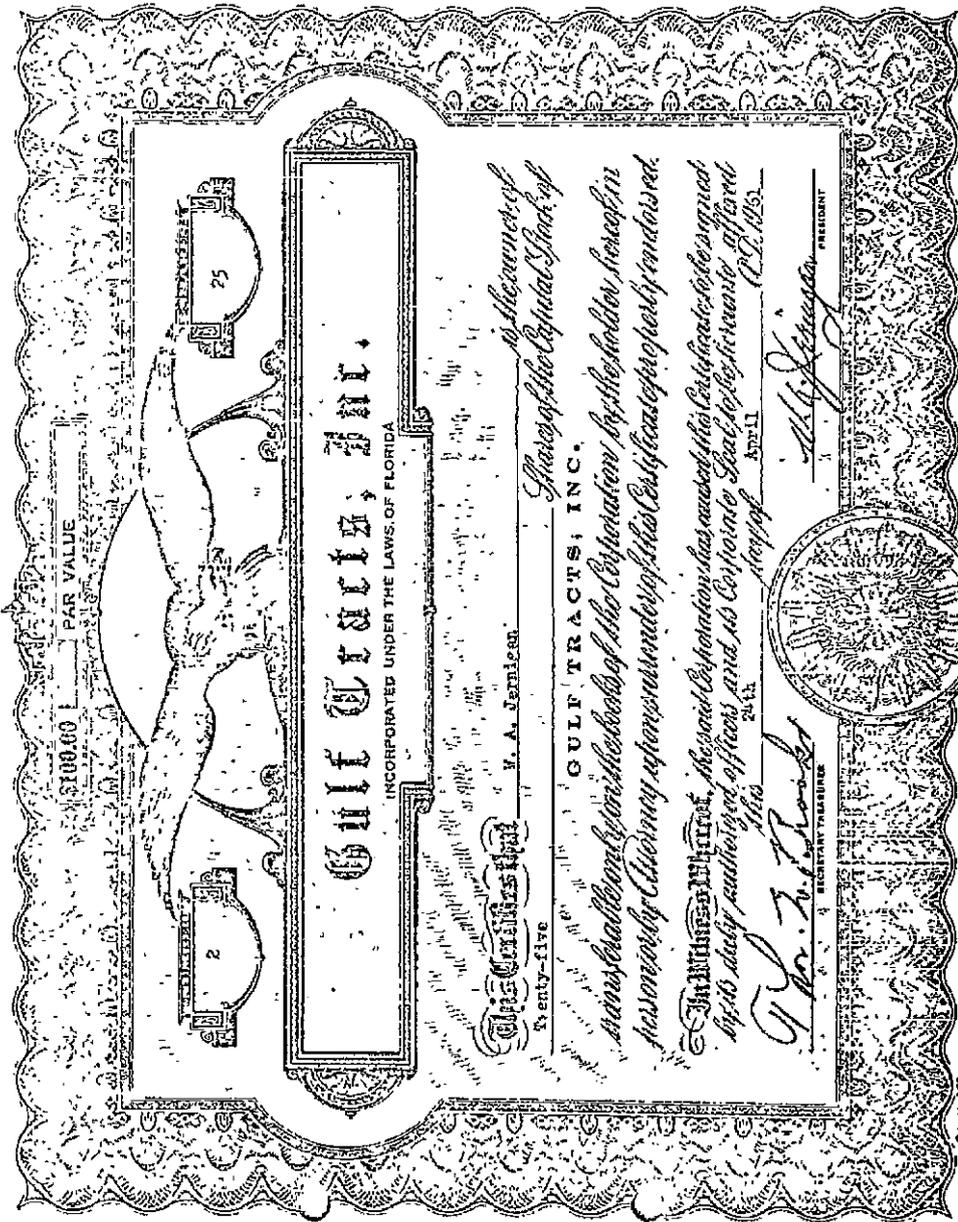
Robert T. E. Sires

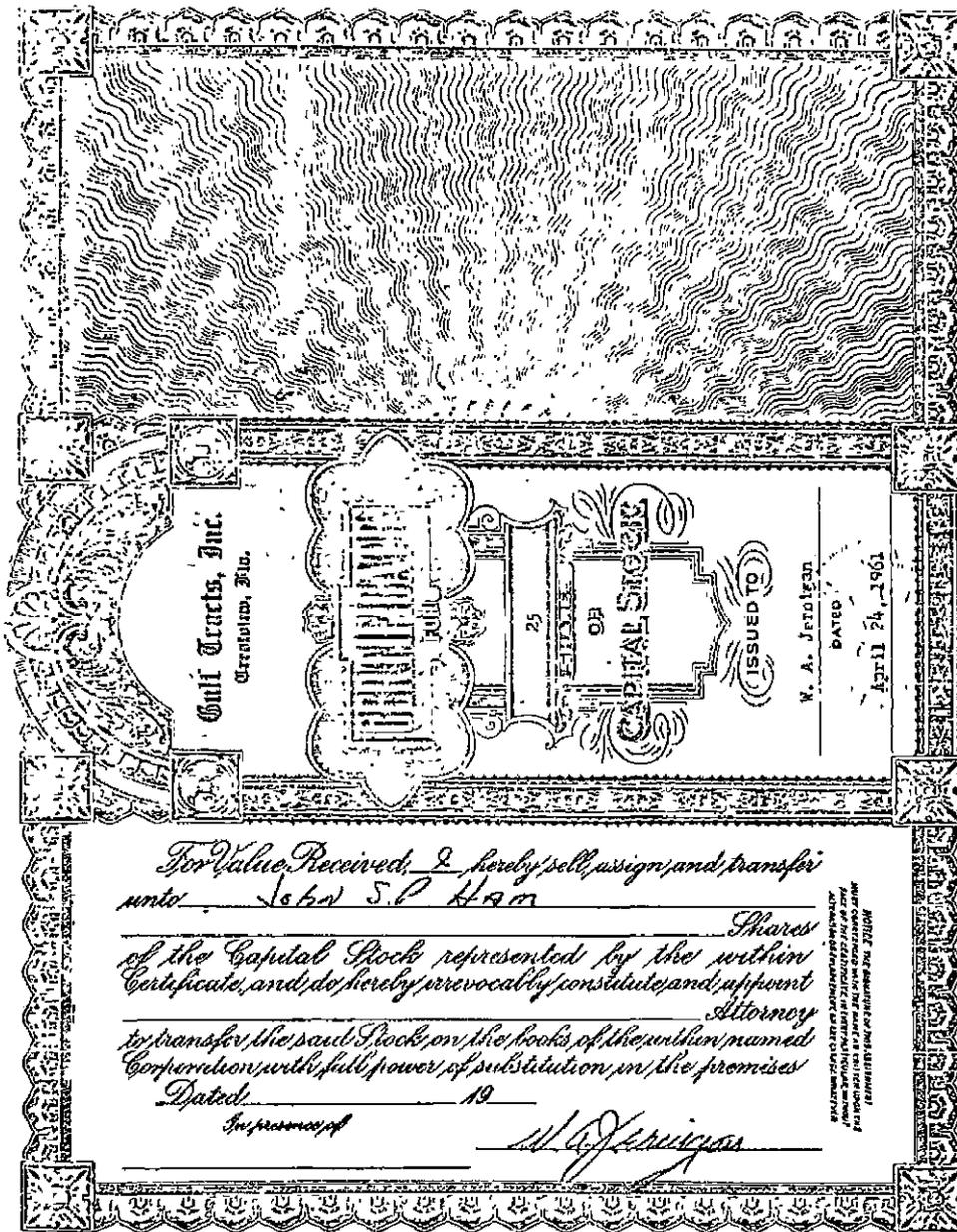
DATED

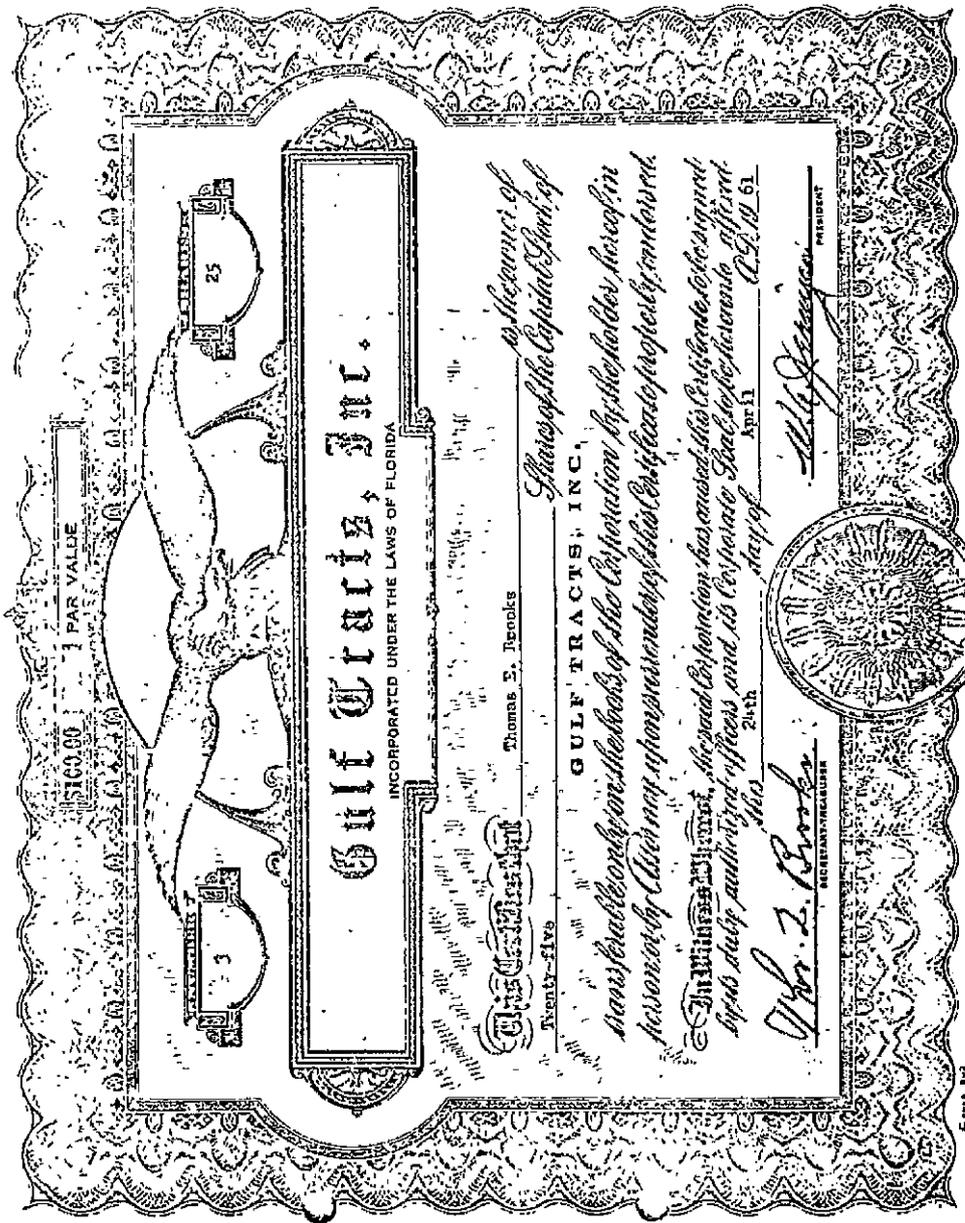
April 24, 1961

For Value Received, I hereby sell, assign, and transfer  
unto: Loton S. P. Ham  
Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and of full  
authority  
to transfer the said Stock on the books of this within named  
Corporation with full power of substitution in the premises.  
Dated: 12  
In presence of [Signature]

THIS FORM IS NOT VALID UNLESS IT IS REGISTERED WITH THE SECRETARY OF STATE, IN ACCORDANCE WITH SECTION 33-101 OF THE STATUTES OF SOUTH CAROLINA.







\$100.00 1 PAR VALUE

25

# Gulf Tracts, Inc.

INCORPORATED UNDER THE LAWS OF FLORIDA

**Twenty-five**

Thomas S. Brooks

to the owner of  
Shares of the Capital Stock of

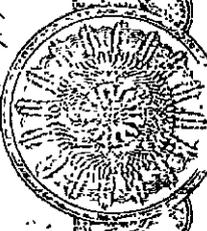
**GULF TRACTS, INC.**

transferable only in the books of the Corporation by the holder, or in person or by their duly authorized officers and its corporate

*In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its corporate Secretary on this 25th day of April A.D. 19 61*

*John Z. Brooks*  
SECRETARY

*W. G. ...*  
PRESIDENT



**WARRANTY**

25

OF

**CAPITAL STOCK**

(ISSUED TO)

Thomas E. Jacobs  
DATED  
April 24, 1961

**Gulf Tractor, Inc.**  
Clydeburn, W. Va.

*For Value Received, we hereby sell, assign, and transfer unto John S. P. Ham*

*Twenty-five (25) Shares*

*of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint Attorney*

*to transfer the said Stock on the books of the within named Corporation, with full power of substitution, on the premises*

*Dated* 19

*in presence of*

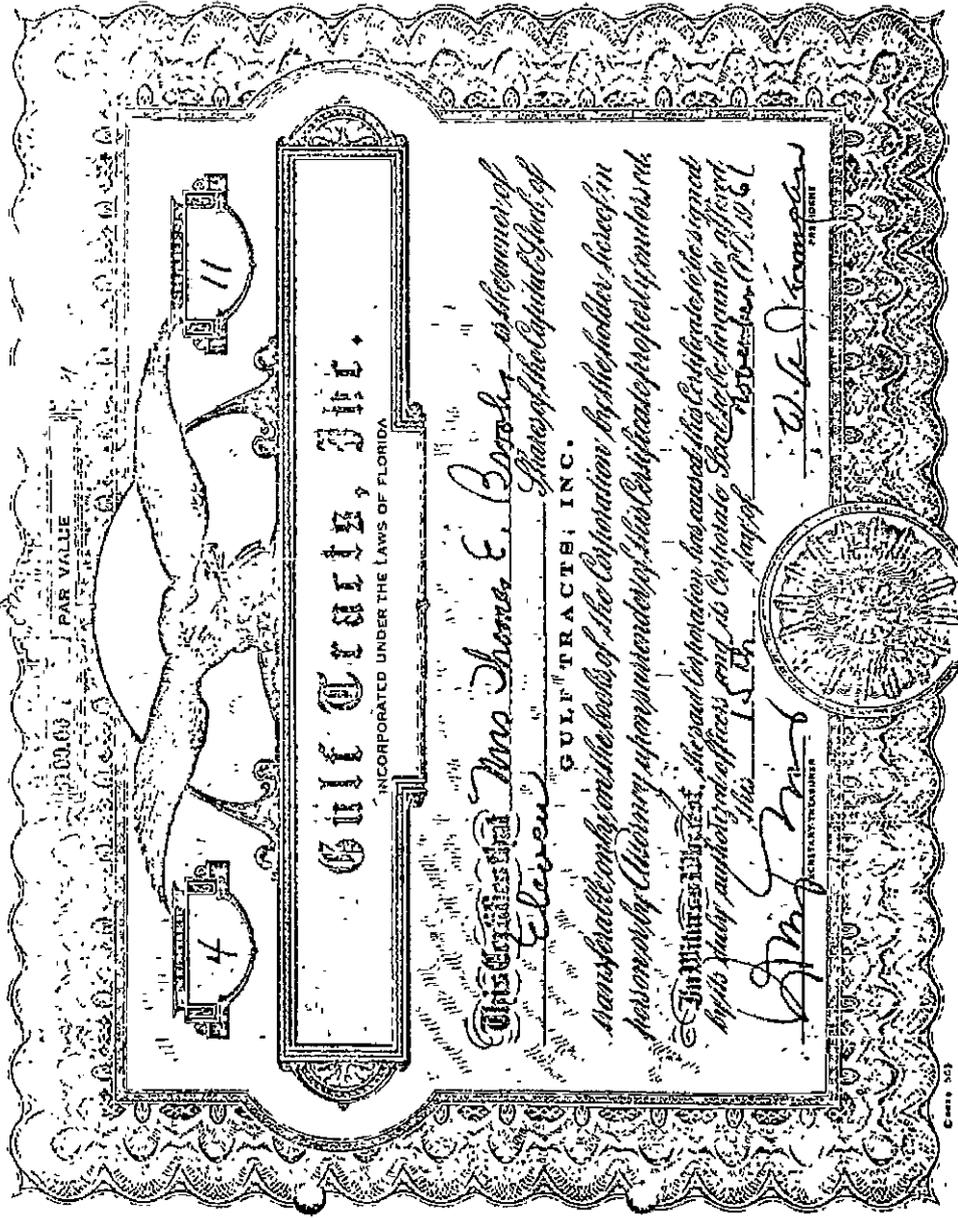
*Foriss Smith, Be...*

*...*

*...*

THIS CERTIFICATE IS VALID ONLY WHEN REGISTERED IN THE OFFICE OF THE SECRETARY OF STATE OF WEST VIRGINIA. THE STATE OF WEST VIRGINIA HAS ADOPTED THE UNIFORM TRANSFERABLE SECURITIES ACT. THE UNIFORM TRANSFERABLE SECURITIES ACT IS A PUBLIC LAW OF THE UNITED STATES OF AMERICA, CHAPTER 381, 1944.

AS executrices of will of Thomas E. Jacobs deceased



PAR VALUE

11

4

**Gulf Tracts, Inc.**  
 INCORPORATED UNDER THE LAWS OF FLORIDA

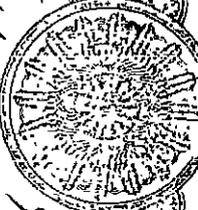
*The Registered* Mrs. Thores E. Borch *of the name of*  
*Share of the Capital Stock of*  
 Eleven

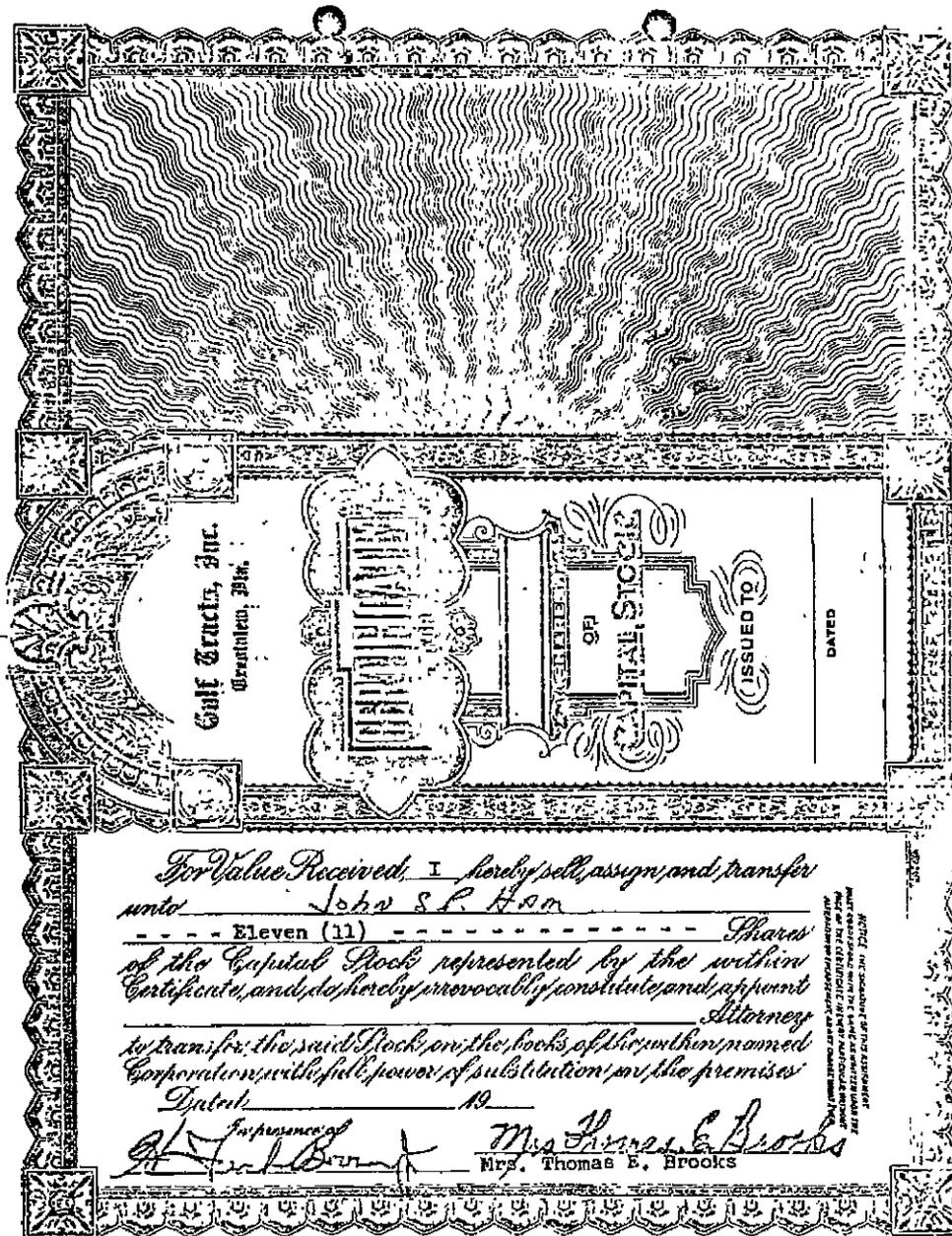
GULF TRACTS, INC.

*transferred only on the books of the Corporation by the holder hereof in*  
*possession of the same and subject to the provisions of the Certificate of Incorporation and*

*Articles of Incorporation of this Corporation, and subject to the provisions of the*  
*Certificate of Incorporation and Articles of Incorporation of this Corporation, and subject to the*  
*provisions of the Certificate of Incorporation and Articles of Incorporation of this Corporation,*

*W. L. Thompson*  
 SECRETARY





\$100.00

PAR VALUE

5

56

# Gulf Tracts, Inc.

INCORPORATED UNDER THE LAWS OF FLORIDA

*This Certificate*

Robert L. P. Sikes

is the owner of

Fifty six

Shares of the Capital Stock of

**GULF TRACTS, INC.**

*transferable only on the books of the Corporation by the holder thereof in person or by attorney upon surrender of this Certificate properly endorsed.*

*In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed*

This 16th day of November A.D. 1951

*[Signature]*  
SECRETARY-TREASURER

*[Signature]*  
PRESIDENT



**WARRANTY**

**OF**

**CAPITAL STOCK**

(ISSUED TO)

DATED

**Cole Tracts, Inc.**  
Greenville, S.C.

For Value Received, I hereby sell, assign, and transfer unto John S. Ham \_\_\_\_\_ Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises Dated 19 \_\_\_\_\_ In presence of \_\_\_\_\_

This form is printed on a standard size paper and is not to be used for any other purpose. All amounts in figures on this form must be in black ink. No other ink should be used.



10000 PAR VALUE

6

56

# Gulf Tracts, Inc.

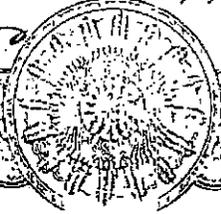
INCORPORATED UNDER THE LAWS OF FLORIDA

This Certificate that W. A. Jernigan is the owner of Fifty six Shares of the Capital Stock of **GULF TRACTS, INC.**

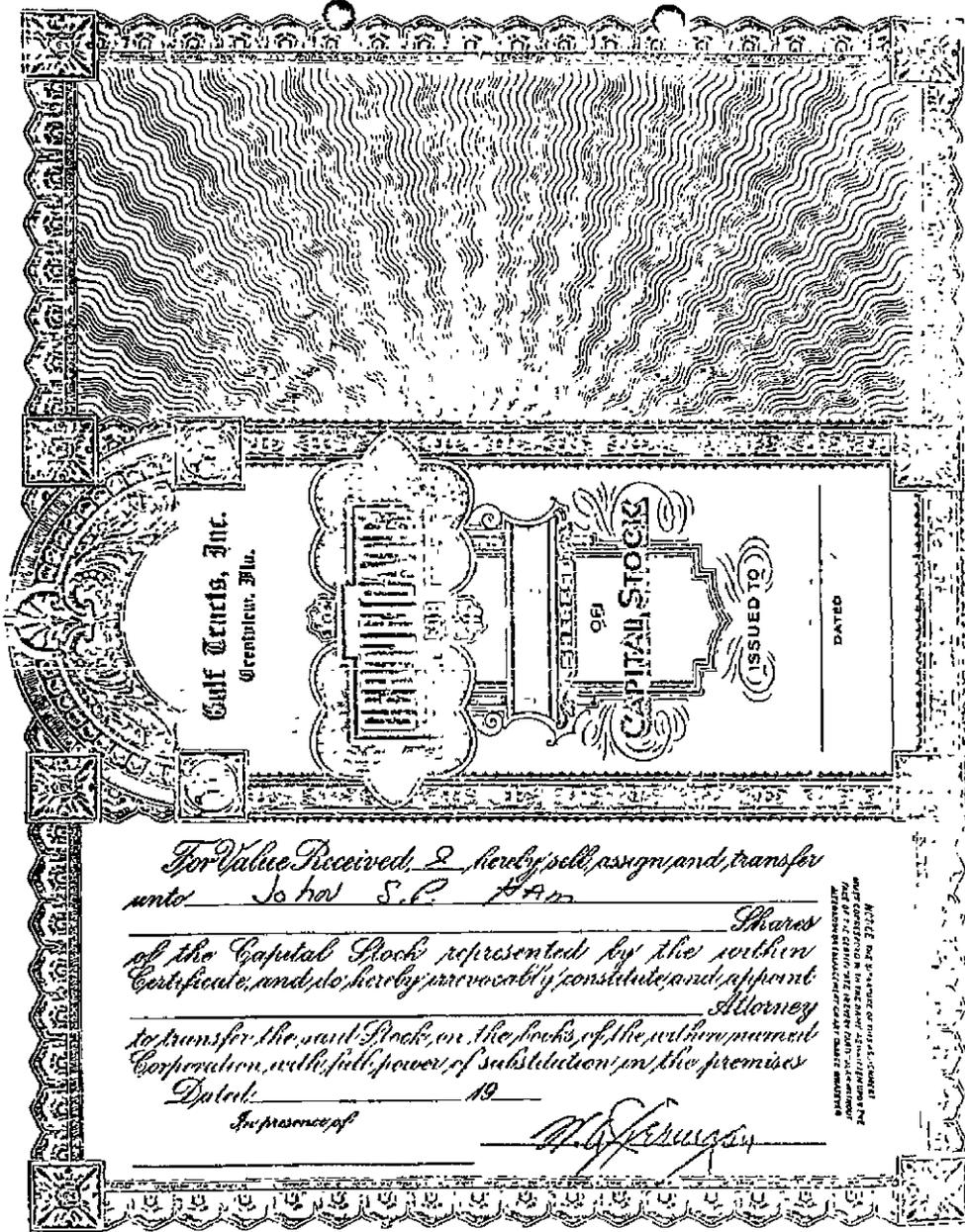
transferable only on the books of the Corporation by the holder hereof in person or by attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be hereunto affixed this 16th day of November A.D. 1961

*[Signature]*  
SECRETARY TREASURER



*[Signature]*  
PRESIDENT



Gulf Credits, Inc.  
Gretna, Mo.

GULF CREDITS, INC.  
CAPITAL STOCK  
(ISSUED TO)

DATED

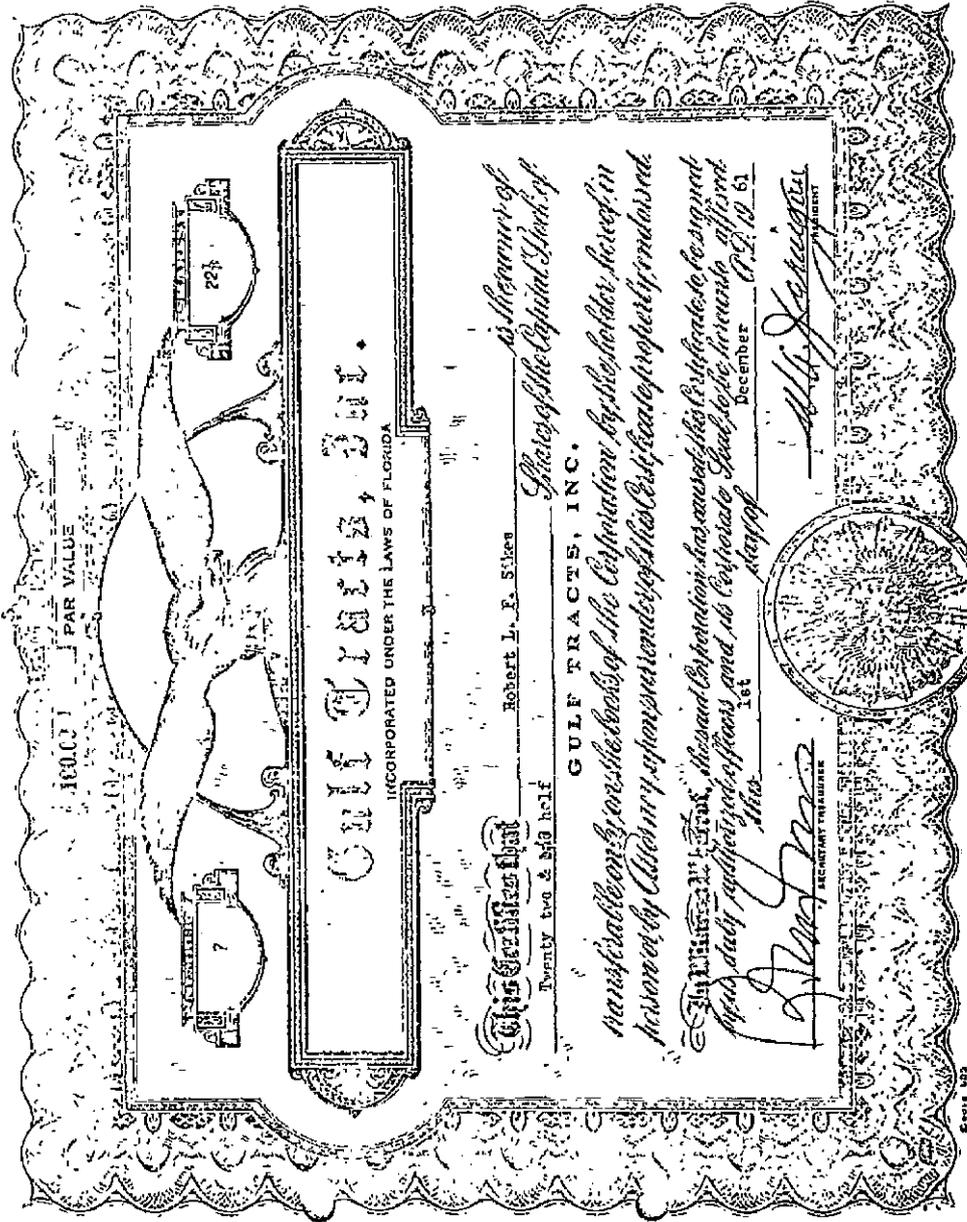
For Value Received, I hereby sell, assign, and transfer  
unto John S.P. Ham

2 Shares  
of the Capital Stock represented by the within  
Certificate, and do hereby irrevocably constitute and appoint  
Attorney  
to transfer the said Stock, or the stocks of the within named  
Corporation, with full power of substitution, in the premises

Dated 19  
In presence of

[Signature]

THIS DOCUMENT IS NOT VALID UNLESS IT IS SIGNED BY THE ISSUING OFFICE  
AND THE SIGNATURE IS VERIFIED BY THE ISSUING OFFICE  
BY THE SIGNATURE VERIFICATION SERVICE



**Gulf Tuna, Inc.**  
Crestview, Fla.

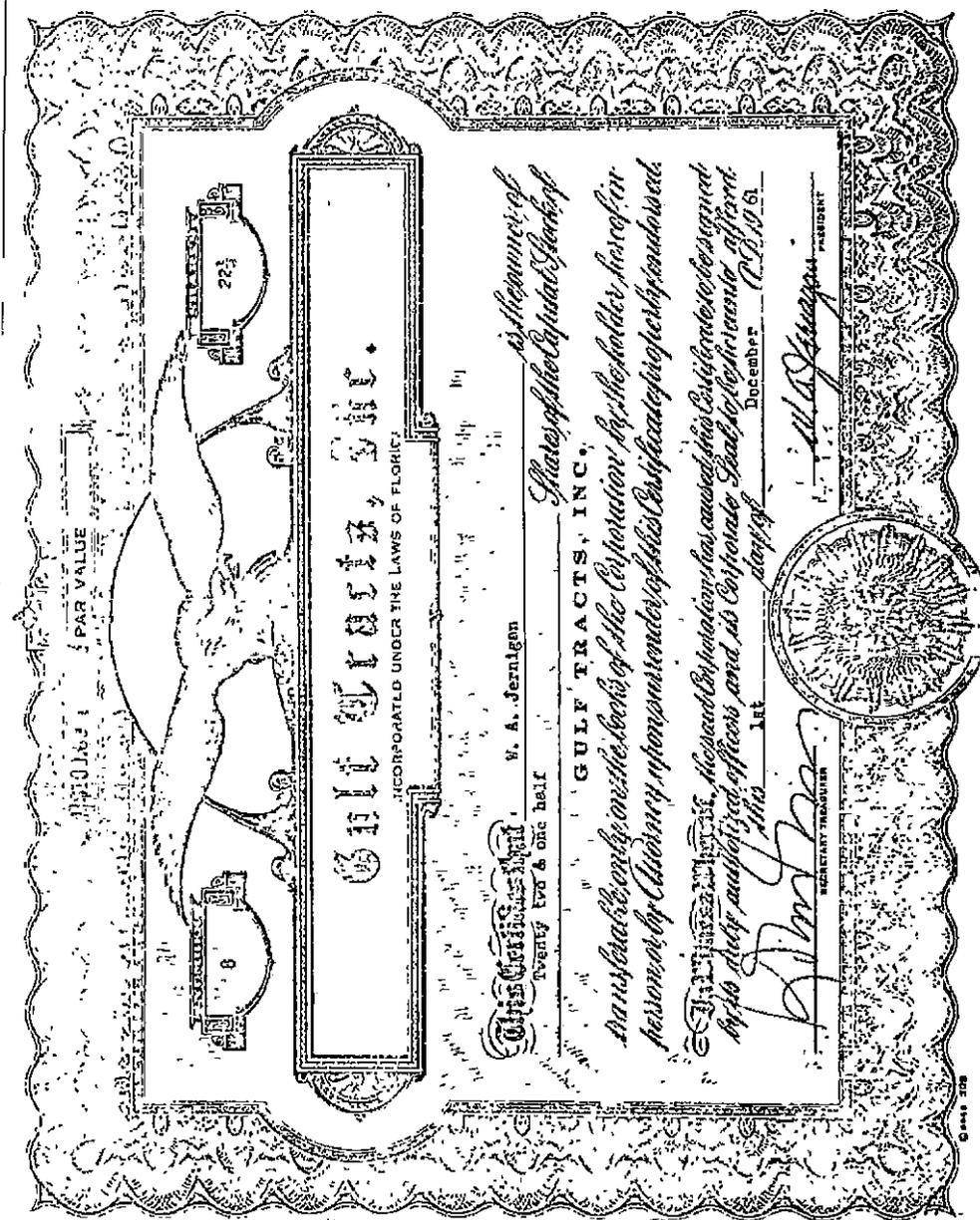
**SHARES OF CAPITAL STOCK**

ISSUED TO \_\_\_\_\_  
DATED \_\_\_\_\_

For Value Received, I hereby sell, assign, and transfer unto John S. P. HAM \_\_\_\_\_ Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises

Dated \_\_\_\_\_ 19\_\_\_\_  
In presence of \_\_\_\_\_ *[Signature]*

SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PROVISIONS OF THE CHARTER OF THE CORPORATION AND TO THE BY-LAWS THEREOF. THIS CERTIFICATE IS VALID ONLY IF THE SAME IS REGISTERED IN THE OFFICE OF THE SECRETARY OF THE CORPORATION.



PAR VALUE

# GULF TRACTS, INC.

INCORPORATED UNDER THE LAWS OF FLORIDA

*W. A. Jernigan*  
Twenty two & one half

W. A. Jernigan

GULF TRACTS, INC.

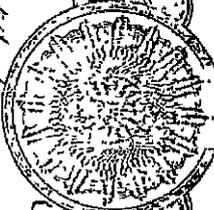
*is the owner of*  
*Shares of the Capital Stock of*  
*Gulf Tracts, Inc. on the books of the Corporation, by the holder, her or of, or*  
*person or by attorney, whom the holder of this Certificate hereby authorized.*

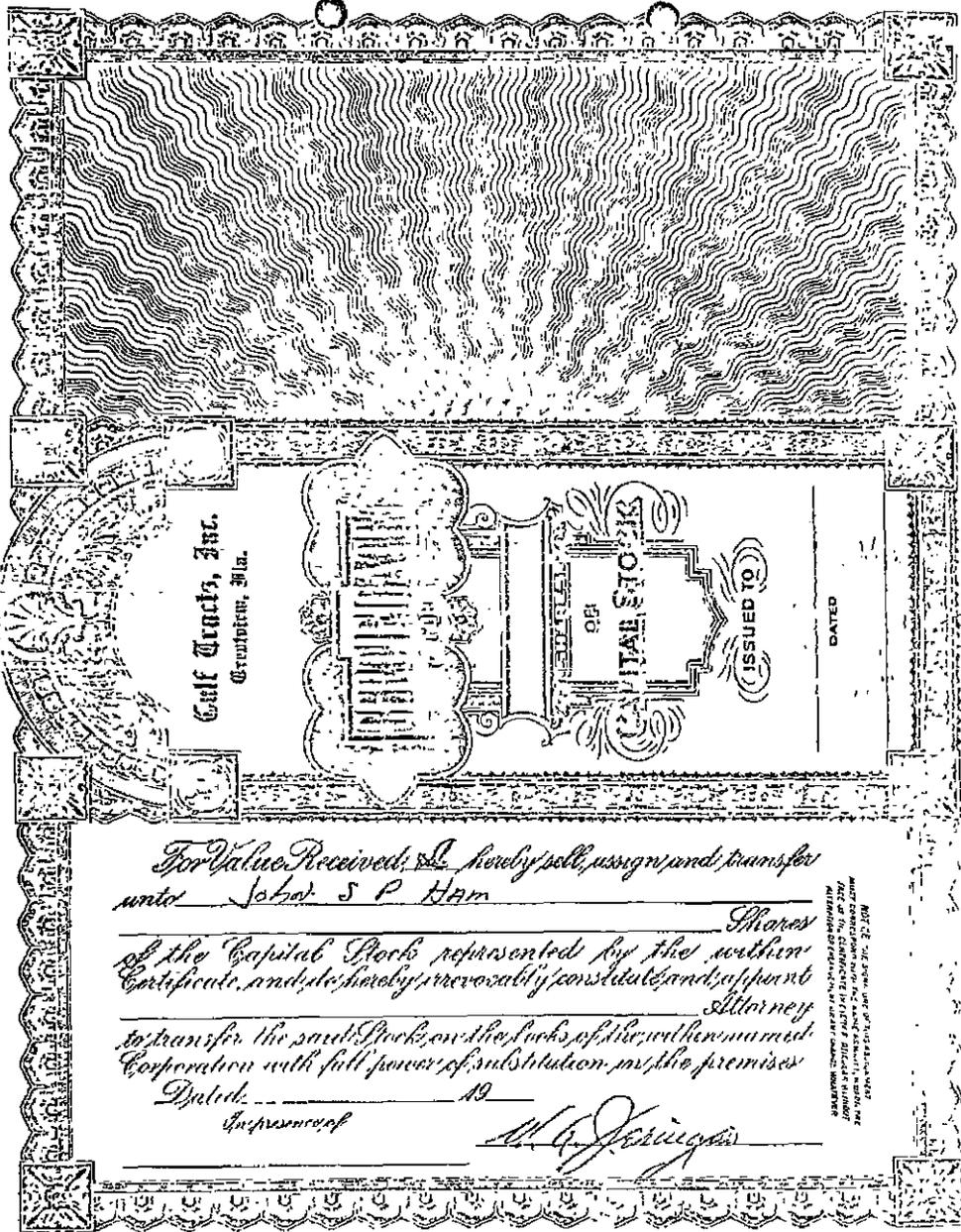
*This Certificate is void if the said Corporation has caused this Certificate to be signed*  
*by its duly authorized officers, and its Corporate Seal, or its records, afford*  
*any proof to the contrary.*

December 1919

*W. A. Jernigan*  
SECRETARY

*W. A. Jernigan*  
PRESIDENT





Gulf Tracks, Inc.  
Grand Prix

GULF TRACKS, INC.  
GRAND PRIX  
CAPITAL STOCK

ISSUED TO

DATED

For Value Received, I hereby sell, assign and transfer  
unto John S P HAM

Shares  
of the Capital Stock represented by this within  
Certificate, and do hereby irrevocably constitute and appoint  
attorney  
to transfer the said Stock on the books of the within named  
Corporation with full power of substitution, in the premises

Dated \_\_\_\_\_ 19\_\_

In presence of

W. G. Jennings

NOTED

①

AFFIDAVITSTATE OF MINNESOTACOUNTY OF RAMSEY

Fayette Dennison, being duly sworn hereby deposes and states:

1. My name is Fayette Dennison. I live at 1921 Seville Drive, Pensacola, Florida.
2. I am a licensed Certified Public Accountant in the State of Florida. I have been actively engaged in the practice of public accounting for twenty-three (23) years. I am a partner in the firm of Dennison and Sanson with offices located at 211 North Palafox Street, Pensacola, Florida.
3. In early 1967 or thereabouts, Creel and Dennison, the accounting firm in which I was then a partner, was engaged by Gulf Tracts, Inc., a Florida corporation, then involved in a real estate development.
4. From early 1967, until the present, I have personally performed corporate accounting services for Gulf Tracts, Inc., including preparation of corporate income tax returns.
5. In late July, 1962, the sole owner of Gulf Tracts, Inc., stock was J.S. Patten Ham. Mr. Hamm purchased 100% of Gulf Tracts, Inc., stock on July 20, 1962, from W.A. Jernigan, Robert L.F. Sikes, and the Estate of Thomas E. Brooks for \$57,200.00.
6. Recently, I reviewed the books and records of Gulf Tracts, Inc., that are retained by my office including copies of the U.S. tax returns that I prepared for the corporation for 1962 through 1972. All such corporate files and records show 100% ownership of Gulf Tracts, Inc., by J.S. Patten Ham from July 20, 1962.

7. The books and records of the corporation also show that the stock of Mr. Jernigan, Mr. Sikes, and the estate of Mr. Brooks (who had died prior to the time of the sale) in Gulf Tracts, Inc., was transferred on July 20, 1962, and their stock certificates were endorsed to Mr. Ham and later delivered to me to be used in connection with accounting and tax services. These documents are presently in my files.

8. The purchase price of \$57,200.00 was paid in full by Mr. Ham to the previous owners of Gulf Tracts, Inc.

9. I know of no other payments of any kind made to Mr. Jernigan, Mr. Sikes, or to the Estate of Mr. Brooks for their Gulf Tracts, Inc., stock by Gulf Tracts, Inc., or Mr. Ham.

Witness:

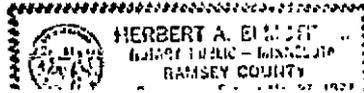
Sandra M. Cermak      Fayette Dennison  
FAYETTE DENNISON

SWORN TO AND SUBSCRIBED before me on this the 25<sup>th</sup>  
day of June, A.D. 1976.

(SEAL)

Herbert A. Egan  
NOTARY PUBLIC

My Commission Expires:



CHERRY, BEKAERT & HOLLAND  
CERTIFIED PUBLIC ACCOUNTANTS  
P. O. BOX 12724  
PENSACOLA, FLORIDA 32575



*Certified Public Accountant*

June 18, 1976

Lawrence J. Hogan, Esq.  
Hogan and Hogan  
1730 K Street, Suite 308  
Washington, D.C. 20006

Dear Mr. Hogan:

Pursuant to your request and following the appropriate authorization I have recently received from my client, W. A. Jernigan, I have made an examination of Mr. Jernigan's U.S. Individual Income Tax Returns from 1962 to date in order to determine the total sales receipts and interest income he received from stock which he owned in Gulf Tracts, Inc.

My examination shows that Mr. Jernigan received a total of \$25,000 for his Gulf Tracts, Inc., stock; \$12,500 was received in 1964 and another \$12,500 was received in 1965. Interest payments totaling \$1,734.90 were received from Gulf Tracts, Inc., in 1964 and 1965.

I have been Mr. Jernigan's accountant for 14 years and have prepared his U.S. Individual Income Tax Returns for each year since 1962. I can say without reservation that I know of no other income Mr. Jernigan received from the sale of his Gulf Tracts, Inc., stock other than as stated herein.

Respectfully submitted,

  
James R. Crabtree  
Certified Public Accountant

V  
September 5, 1962

Honorable Bob Sikes  
House of Representative  
New House Office Building  
Washington, D. C.

Re: Gulf Tracts, Inc.

Dear Mr. Sikes:

The Gulf Tracts Developers have their preliminary plans for the property on Okaloosa Island. In checking with the Air Force at Eglin they advise that the term "mean low water level" means sea level and not ground level. Therefore, the restrictions on constructing a building more than 75 feet limits construction greatly. The Gulf Tracts property is some 10 feet above sea level; therefore, the maximum height of a building on the property can be only 65 feet. I will appreciate very much your cooperation in obtaining an official written ruling on this from the headquarters.

We are still awaiting action on HR 7932 and have contacted the Senators as you suggested.

We appreciate your interest in the Island development and hope you will let us know when we can be of further assistance.

With best wishes, I am

Sincerely,

Jerry Melvin  
Executive Manager

JM/E

cc: Mr. Robert Willgoose

BOB SIKES  
FIRST DISTRICT  
FLORIDA



MISS ALMA D. BUTLER  
ADMINISTRATIVE ASSISTANT

Congress of the United States  
House of Representatives

Washington, D. C.

May 26, 1965

COMMITTEE ON  
APPROPRIATIONS

SECRETARIES  
MISS PELLA L. ROANE  
MISS BARRY FRANCES WALSH  
MISS SANDY HALLUM  
MISS PELLA RIDGEMAN

Mr. J. S. Patten Ham, President  
Gulfvue Apartments, Inc.  
P. O. Box 868  
Fort Walton Beach, Florida

My dear Friend:

I have the copy of your letter addressed to Mr. J. D. Wingard, Chairman, Okaloosa Island Authority, relative to the possible location of a concrete company on Okaloosa Island directly across from the Gulfvue Apartments project. I realize the possible damage which could be done to your facility by such construction, and I shall ask that this be given full consideration.

With good wishes, I am

Sincerely,

Bob Sikes

S/fv

November 24, 1955.



The Honorable U.S. Congressman,  
 Robert Sikes  
 First District,  
 City Hall  
 Crestview, Florida

Dear Congressman Sikes:

Please find enclosed a copy of a letter written to Mr. Edward  
 Tompkins and a copy of his reply.

As you can see both, are self-explanatory.

If there is anything that you could do to prevent such fence,  
 which will obstruct the Gulf view, it will be greatly appreciated  
 also for the satisfaction of all the tenants of the Gulfview Apartmen

Sincerely,

Gulf Beach Development Corp.

J. S. Patten Esq: President

cc. B. G. Moore  
 A.C. Humphreys  
 C. Conrad  
 Office

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**BOB SIKES**  
FOURTH DISTRICT  
FLORIDA  
MISS ALMA D. DUTLER  
LEGISLATIVE ASSISTANT

(Y)

**Congress of the United States**  
**House of Representatives**

Washington, D.C.  
August 5, 1966

**CLERK OF THE HOUSE**  
**SECRETARIES**  
MISS MILLA L. ADAMS  
MISS JUDITH GALLOWAY  
MISS VENICE COLBY  
MR. JAMES W. BULLER  
LEGISLATIVE ASSISTANT

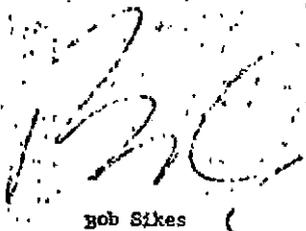
Mr. W. A. Jernigan  
Crestview,  
Florida

Dear Jake:

My files show that I gave to you \$6,250.00 principal and \$1,250.00 interest in 1963 on the Gulf Tracts account. In July and December of 1964 I sent you two payments of \$6,250.00 each. My records of payments on interest are confused, but I find one accounting of \$260.40 paid you on interest. In July 1965 I sent you \$6,250.00, and again my records on interest are not clear. I doubt that I can come up with the specific amounts on interest payments until I have time to go back through cancelled checks, and frankly, I don't know when that will be. If it is a matter of major importance I will get to it as soon as possible.

With all good wishes, I am

Sincerely,



Bob Sikes

B/ga

*Registered*  
*paid by check*  
*7/20/65*  
*10/15/64*  
*12/15/64*  
*7/15/65*

②

January 28, 1969

Honorable Robert L. F. Sikes  
House Office Building  
Washington, D. C.

Dear Mr. Sikes:

We have been engaged to handle certain accounting and tax matters on behalf of Mr. John S. P. Ham, who, in mid-1962, acquired from you, Mr. W. A. Jernigan, and the late Mr. Thomas E. Brooks, all of the capital stock of Gulf Tracts, Inc.

We have been unable to locate any financial records pertaining to Gulf Tracts, Inc. other than the stock certificate book itself. Information from the Gulf Tracts, Inc. stock certificate book indicates that a total of 243 shares of the common stock of Gulf Tracts, Inc. was issued as follows:

<u>1961</u>	<u>Name</u>	<u>Certificate No.</u>	<u>Number of Shares</u>
4/24	Robert L. F. Sikes	1	25 -
4/24	W. A. Jernigan	2	25
4/24	Thomas E. Brooks	3	25
11/15	Mrs. Thomas E. Brooks	4	11
11/16	Robert L. F. Sikes	5	56 -
11/16	W. A. Jernigan	6	56
12/01	Robert L. F. Sikes	7	22 1/2 -
12/01	W. A. Jernigan	8	22 1/2
	<b>Total</b>		<u>243</u>

Other information available to us pertaining to Gulf Tracts, Inc. includes the origin of the lease from the Okaloosa Island Authority of certain lands at a principal lease sum of \$140,000.00. Available information indicates that a \$7,000.00 down payment was made and that monthly payments, including principal and interest, of \$877.80 was due on this lease. Apparently these payments were made in cash for the July, August, September and October, 1961 payments. We have established the fact that the sum of \$9,000.00 was credited to principal and interest on the lease because of the transfer back to the Okaloosa Island Authority by Mr. W. A. Jernigan of Lot 196, Block 4, which had been owned by Mr. Jernigan. This \$9,000.00 credit covered ten and a fraction payment on the lease.

Page 2  
January 28, 1969

Honorable Robert F. L. Sikes

Our involvement in the accounting affairs of Mr. Ham has developed a need to accomplish an accounting for Gulf Tracts, Inc. including the preparation of federal income tax returns from the incorporation date, April 13, 1961, through the end of the current accounting period. It appears that no tax returns have been filed for Gulf Tracts, Inc., either during the period of stock ownership by you or the subsequent stock ownership by Mr. Ham.

The matter of preparing these returns will not be an extremely difficult matter but certain information is required in order for us to make an adequate presentation in the returns which are in the process of being prepared.

Based upon the number of shares issued, it would appear that the sum of \$24,300.00 cash would have been paid into the corporation. However, if the \$9,000.00 credit allowed on the Jernigan lot is taken into account, the cash figure would reduce to \$15,300.00. Presumably, of this amount, \$7,000.00 would have been used as part of the down payment on the lease and four payments at \$877.80 each would have been made for a total of \$3,511.20. It appears from a copy of the purchase agreement that perhaps \$209.00 was expended in the organization of the corporation, thus leaving a cash variance of \$4,579.80, again assuming the 243 shares were fully paid.

I regret the rather lengthy nature of this letter, but it appears that such is necessary in order to give you a fair basis upon which to attempt a recollection of matters now almost 8 years old.

It will be appreciated if you could advise, according to your best recollection, whether all 243 shares were fully paid and, if the shares were fully paid, what the likely disposition of the \$4,579.80, as referred to above, would have been.

Very truly yours,

CREEL & DENNISON

Fayette Dennison

FD:ves

cc: Mr. Ronald Klimchak

**BON SIKES**  
First District  
FLORIDA

**MISS ALAN D. BUTLER**  
ADMINISTRATIVE ASSISTANT

**LEGISLATIVE ASSISTANTS**  
**MR. JOHN HARRIS**  
**MR. HARVEY JEROMEAN**

AA

**Congress of the United States**  
**House of Representatives**

Washington, D. C.

January 31, 1969

**COMMITTEE ON**  
**APPROPRIATIONS**

**SECRETARIES**  
**MISS HELEN L. ADAMS**  
**MRS. JUDITH CALLEWAY**  
**MRS. BETTY LANG**  
**MISS BETTY SPANGLER**

Mr. Fayette Dennison  
Creel & Dennison  
Suite 410 First Bank Bldg.  
Pensacola, Florida 32501

RECEIVED  
FEB 5 1969  
CREEL & DENNISON

Dear Fayette:

I will undertake to be as helpful as I can to you in clearing up the Gulf Tracts matter. I'm not sure that I can be of much help as my recollection of the matter is somewhat hazy and I have not had an opportunity to make a minute search of my files. First, on the matter of credit for the Jernigan lot in the amount of \$9,000. This does apply in lieu of cash and was used as part of the payments on the lease. I traded Jernigan half of an equivalent lot for half of his lot as a part of the transaction so that each of us were credited with \$4,500 in the records of Gulf Tracts.

The lot was credited to the Gulf Tracts account as of October 26, 1961. In a letter to me of November 5, 1962 from Jerry Melvin, Executive Manager of the Okaloosa Island Authority, I was advised that from the \$9,000 credit for the lot, ten (10) monthly payments at \$877.80 were credited to the account for the months of November, December, January, February, March, April, May, June, July, and August for a total of \$8,778, leaving a balance of \$222 to be applied toward the September payment. This left a balance due for the month of September 1962 of \$655.80. This amount, I believe, was subsequently paid by the present owners who acquired the Sikes-Jernigan-Brooks stock in July or early August 1962.

Four (4) payments of \$877.80 each were made in June, July, August, and September.

There were, in addition, two (2) payments to the Secretary of State of \$18.75 each and one (1) payment of \$209.

Checks for \$2,333.34 were paid individually by Sikes, Jernigan and Brooks to the Okaloosa Island Authority in March of 1961 as a down payment on the property lease. This would account for the \$7,000 down payment.

This is approximately the amount which you show as having been paid in and would indicate that the shares were not fully paid. On the other hand, I recall very definitely that no stock certificates were issued except when funds actually were received by the company and issued then in the exact amounts for which funds had been paid.

It is possible that the records which I have been able to locate in a hurried search are not sufficiently complete to show the entire fiscal picture on the funds paid into and expended by the corporation during the Sikes-Jernigan-Brooks ownership. I do not want to make this a final statement until I have an opportunity to search further and to inquire of W. A. Jernigan if his information is any more complete than mine.

With all good wishes, I am

Sincerely,



Bob Sikes

s/bl

BB

CERTIFIED A TRUE  
AND CORRECT COPY  
CLERK CIRCUIT COURT  
CECIL L. ANCHORS, SR.

BY *[Signature]*  
DEPUTY CLERK

OKALOOSA ISLAND AUTHORITY  
BOARD MEETING  
MARCH 7, 1963

1. The regular meeting of the Okaloosa Island Authority was called to order at 2:00 P.M. at the Administration Building on March 7, 1963 by Chairman Stewart.

Present Were:

Hilary T. Stewart, Chairman  
James W. Lee, Vice-Chairman  
J.D. Wingard  
W.L. Marler  
Walter O. Swann

Also Present Were:

Jerry Melvin, Executive Manager  
Joseph R. Anderson, Attorney  
E.P. McKenzie, Engineer  
Eibert Davis, Realtor  
Fayette Dennison, Auditor  
Jim Kendrick, Architect.

Absent Were:

Malcolm Morrison  
James E. Miller

2. Visitors included Mr. Walter Spence, Mr. Wallace Spence, Mr. Howard Fritchard, Mr. Jerry Armstrong of the Bayou Gazette, Mr. Ed Broderick of the Okaloosa News-Journal, Mr. Joe Stewart of the Playground News, Mr. Douglas Archer, Island Patrolman.
3. Mr. Melvin read the minutes of the meeting held February 14 and they were approved as read.
4. Chairman Stewart then welcomed the visitors.
5. Mr. Dennison gave the auditor's report along with the February financial statement. These are made a part of the permanent files.
6. In the Attorney's Report, Mr. Anderson explained the following:
1. On the correspondence to Mrs. John Zimmerman, W 200' of Lot 24, Block 3, he had received a reply similar to the other correspondence and it will be necessary to file suit against Mrs. Zimmerman to clarify the recorded plats.
  2. On Homestead Property, a decree has been entered and the Authority now has Lots 21 through 27, Block 12 for resale.
  3. Mrs. Leo C. Dottle, Lot 24D, Block 5, has written and agreed to pay monthly until her account has been satisfied.
  4. Mr. Dewie Barrow, Charles Toole and R.M. Roberts, Lot 399, Block 7, have signed a Quit-Claim deed and it is on file in the Authority office.
  5. Mr. Anderson acknowledged Quit-Claim deeds from Mr. Louis Luther, Lots 51 and 52, Block 3, and Mr. Jack L. Smith, Lots 63 and 64, Block 3.
  6. Mr. Anderson offered the following resolution:  
RESOLVED, that assignment of mortgage to Southern National Bank by Relco Enterprises, Incorporated on Lot 112 in Block 3 be approved.
- Mr. Lee made a motion to adopt the resolution and Mr. Wingard seconded the motion with the vote unanimous.
7. Elizabeth O. Ryland, Lot 294, Block 6 is still in court and a counter claim has been filed.
8. Mr. Davis gave the Advertising and Real Estate report. This report is made a part of the permanent files. He explained that a full time sales person would be in the Authority building at the beginning of the summer season. Also, he is planning an all out sales program to attract people to stop for information on leases on the Island.
9. In the Engineer's report, Mr. McKenzie stated that the pipe for the sewer extension to Lot 302 Block 6 has been ordered, and should be received in the immediate future.
10. Mr. McKenzie stated that the new garbage truck had arrived and Mr. Dabney Manning of Atlantic Engineering Company in Atlanta came by to check out the personnel on the operation of the truck. Mr. McKenzie said it was certainly an improvement and everyone had favorable comments on the improved service.
11. Mr. Wingard asked if the new truck was covered with insurance. Mr. Melvin assured Mr. Wingard that arrangements are being made for coverage.
12. Finance Committee had no report.
13. Administrative Committee gave no report.
14. Plans and Development Committee Chairman, Mr. Marler, said that the committee had met February 14 and asked Mr. Melvin to read the minutes of that meeting. Mr. Melvin read the following minutes:

PLANS AND DEVELOPMENT

15. A meeting of the Plans and Development Committee was held Monday Evening, February 18 at the office of Consultant Architect, Roy Ricks. Present were: W.L. Marler, Chairman; Walter Swann, Jerry Melvin, Executive Manager and Mr. Ricks.
16. Mr. Marler opened the meeting and asked Mr. Ricks to discuss the proposed over-all plan for development of Okaloosa Island Beaches Park. Ricks showed his preliminary drawing and the group discussed the many phases for development. Mr. Ricks said he had several suggestions as to the type of development:
  1. Amphitheatre, tiered.
  2. Children's Playground.
  3. Tennis Court, Shuffle Board.
  4. Caretaker's Quarters.
  5. Overhead water tank as entrance sign.
  6. Additional toilet facilities.
  7. Space Museum.
  8. Swimming Pool.
17. He said that probably the Authority would want to lease for one to five years with some three month leases for rides, etc.
18. With reference to the paved section and the entrance to the park, the committee agreed to request that the Board go ahead with the development of the entrance and to pave 250 feet on either side of the entrance as a beginning. This section would accommodate some 220 parking automobiles. Also do pave some 600 feet of the boardwalk.
19. The Committee further recommends that each application for lease be accepted on an individual basis with negotiations as to terms and amount of assessment.
20. The Committee also suggested that tenants must supply their own buildings but that the construction must conform to the over-all plans as will be suggested by the Architect.
21. Mr. Melvin was instructed to inspect the small zoo at Jacksonville, Florida while he was there on business for the FMA and the fiscal agents.
22. Mr. Ricks was instructed to have the proper specification for calling for bids ready by the Board meeting March 7 in order that the Board may take definite action.
23. Mr. Stewart showed the picture of a sketch of the proposed park and explained it to the board. Mr. Kendrick of Ricks and Kendrick also explained the drawing.
24. Mr. Marler was enthusiastic about the plans and said that he felt this park would be a great asset to Okaloosa County and the Island. He said he felt it would attract more tourists and would help to hold their interest while in the area.
25. Mr. Melvin stated that the committee felt it would take approximately \$25,000.00 to begin to develop the park and that \$21,000.00 was presently earmarked for this purpose.
26. After a lengthy discussion as to set back lines etc. and the location of a new bridge to be built, along with the four laning of Highway 98, Mr. Stewart suggested that the committee, along with the manager, set a meeting with Mr. George Dickinson of the State Road Department. Purpose of the meeting will be to discuss plans with the Road Department and to request assistance from the Department. Mr. Melvin said he would contact Mr. Dickinson and set a meeting and would then notify the members. The members said they would attend the meeting.
27. Mr. Stewart suggested that this meeting not be delayed as he would like to see the work started on the park as soon as possible. Mr. Marler moved to go ahead with this program subject to confirming the highway location, and that the manager be authorized to advertise for bids on the project. Mr. Lee seconded the motion and the vote unanimous.
28. A motion was made to formally dedicate Okaloosa Island Beaches Park as a public park. However, at the request of the Attorney it was agreed to withhold the formal dedication until such time as a proper resolution is drawn and the resolution is reviewed by Bonding and Fiscal Agents.
29. Under Old Business, Mr. Melvin stated that Mr. Spiller had been paid for the well with the ten percent retained by the office until such time as the advertisement has been placed in the paper and cleared. Mr. Spiller is to have the well advertised and furnish the office with proof of the advertisement. Mr. Wingard asked Mr. McKenzie if the well was successful and Mr. McKenzie said that it was and is now tied to the present lines.
30. Mr. Melvin gave a report on his trip to Jacksonville and stated that he had met with Mr. Tompkins of FMA and felt that the Island would be receiving very favorable consideration from FMA.
31. Mr. Melvin said he also met with Mr. Leedy (Leedy, Wheeler & Alliman) and Mr. Lee (Smith and Gillespie Engineers). He said Mr. Lee and Mr. Leedy would be ready to come before the board at the April meeting with a prepared schedule of what could be done and what financing was available to the Authority at the time.
32. Mr. Melvin also stated that he had contacted the zoo in Jacksonville but that the manager was out and he was unable to secure the proper information.
33. Mr. Melvin explained that the chairs in the Conference Room and lobby was in bad need of repair and he had received a bid for this work in the amount of \$172.00. Mr. Stewart asked if money was available in the Building Fund and Mr. Melvin said that it was. Mr. Wingard made a motion to go ahead and do the work but to not take more bids and accept the low bid. Mr. Swann seconded the motion and the vote was unanimous.

OKALOOSA ISLAND AUTHORITY  
BOARD MEETING  
MARCH 7, 1963, continued.

34. Mr. Anderson, the attorney, was requested by Mr. James Lee, Vice-Chairman, to give a report to the Board as to the actions taken by him in obtaining Federal Legislation for passage of the law by Congress Authorizing the Authority to purchase property under its jurisdiction. Mr. Anderson gave an extensive report covering the correspondence and contacts which he had made and which had been made by the firm of Cheapan & Cutler in Chicago, bond attorneys, with Congressman Sikes. After the discussion the following resolution was proposed by Mr. W.L. Marlex:
35. WHEREAS, the attorney for the Authority has presented to the Board a chronological report as to his activities and the activities of the Board in its efforts to obtain Federal Legislation to cure defects in the Federal Act in order to comply with the Bond Attorneys' requirements for approval of proposed Revenue Certificates; and it appearing that the Authority through its attorney first contacted Hon. Bob Sikes in March of 1961 requesting such legislation which eventually brought about the passage of present Federal Legislation authorizing the purchase of the property; and
36. WHEREAS, the property interest owned by Congressman Sikes is unaffected by the sale of Improvement Bonds since this parcel is according to the Lease of CBS, not be improved by the Authority but by lessee and any improvements made by the Authority will be good five miles from the property in which Congressman Sikes is interested.
37. NOW, THEREFORE, BE IT RESOLVED that the Authority go on record in order to publish the aforementioned facts and to further commend the cooperation of Bob Sikes as well as Senators Holland and Smathers, for obtaining this legislation for the Authority.

The foregoing Resolution was seconded by James Lee and unanimously adopted.

38. Mr. Melvin explained on the Board that the Authority owned an old P & H dragline that was in need of repair and was not used now. Mr. Wingard moved to contact the people from whom the dragline was purchased to see if they would repurchase it. If not, to advertise for bids and take the best offer. Mr. Marlex seconded the motion and the vote was aye unanimous.
39. Mr. Stewart explained to the visitors and the newspaper reporters that some criticism had been made with regard to the board members having lunch before the meeting and discussing business prior to the meeting. Mr. Stewart said that since the board serves without compensation, they are provided lunch and at times various business is discussed; however, no business is settled without its coming before the board, and that all action is accounted for in the minutes of the meetings. Mr. Stewart further explained that this luncheon was a friendly hour for the board members and it was not scheduled for business purposes and asked the indulgence of the paper in this matter.
40. Mr. Melvin stated that he had been in touch with the Soil Stabilization people and that a representative was scheduled to be in the area soon.
41. Mr. Deanison asked that the next meeting be held April 11, 1963.
42. Mr. Swann made a motion to approve the accounts payable on approval of the finance committee. Mr. Lee seconded the motion with the vote unanimous.
43. There being no further business the meeting adjourned at 3:50 P.M. upon motion of Mr. Lee.

OKALOOSA ISLAND AUTHORITY

By Henry P. Stewart  
Chairman

ATTEST:

By James Lee  
Secretary & Treasurer

Okaloosa Island Authority

(CC)

March 20, 1970

Honorable Bob Sikes  
House of Representatives  
Washington, D. C.

Dear Mr. Sikes:

As requested, I have researched the history and files of the Okaloosa Island Authority and it is definitely my opinion that the 875 acres deeded by the Federal Government to Okaloosa County does not include that portion lying south of Destin.

In the original document transferring the property from the United States (through the Department of the Army) dated May 22, 1950, the description of the property to be deeded is as follows:

"All those tracts or parcels of land aggregating a net total of 875 acres more or less lying and being on Santa Rosa Island, Okaloosa County, Florida, and more particularly described as follows:"

The document then describes those properties lying on Santa Rosa Island by meets and bounds. Nothing within that description refers to any property other than that comprising the three mile section lying south of Fort Walton Beach.

In a completely new paragraph, the document states:

"And all that portion of land which formerly comprised a part of Santa Rosa Island that lies east of the New East Pass Channel."

This same wording and description is contained in the document dated September 25, 1963 when the County purchased the reverter clauses from the Federal Government.

I have read all instruments, all documents, and have also researched old files attempting to find anything which would change my opinion relative to the determination I have made.

6-1-7  
1970  
2-2-70

2

Honorable Bob SikesMarch 20, 1970Page 2

I might add also, that this is the assumption which has been handed down from other Administrators of the Authority who held the position prior to my tenure which began May 15, 1962.

In the first quote above, it is clear to me that the acreage and the description pertains only to that part of Santa Rosa Island; otherwise, I am confident some form of mention would have been made of other properties.

In the second quote, I feel completely safe in my assumption because of the following words appearing in the paragraph And, formerly. To me, the word "and" means in addition to, and the word "formerly" definitely separates the small islands from any connection with the description of properties "on Santa Rosa Island."

I have discussed this at length with my engineer and also with others and can see no flaws in my determination.

I sincerely hope that if I may be of further assistance to you that you will feel free to let me know.

With best wishes, I am

Sincerely,

  
Jerry Melvin  
Executive Manager

JM/s  
L

## EXHIBIT [11]

SPECIAL ACT, CHAPTER 29336  
 OF THE  
 1953 FLORIDA LEGISLATURE  
 A BILL

## TO BE ENTITLED

AN ACT AUTHORIZING THE COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA, ON BEHALF OF OKALOOSA COUNTY, TO USE OR LEASE PORTIONS OF SANTA ROSA ISLAND AS MAY BE OWNED BY OKALOOSA COUNTY OR IN WHICH IT MAY HAVE A PROPRIETARY INTEREST FOR PURPOSES AS THE COUNTY COMMISSIONERS SHALL DEEM TO BE IN THE PUBLIC INTEREST: AUTHORIZING OKALOOSA COUNTY TO PURCHASE, CONSTRUCT, EXTEND, OWN, MAINTAIN, INSURE AND OPERATE, EITHER ITSELF OR BY CONTRACT WITH OTHERS, BRIDGES, BOATS, CAR FERRIES, PORTS, HARBORS, AIRPORTS, BOARD WALKS, SEA WALLS, BREAKWATERS, BULKHEADS, CAUSEWAYS, WHARVES, DOCKS, PIERS, YACHT BASINS, JETTIES, UTILITIES OF ALL KINDS, PUBLIC WAYS, BUILDINGS AND PLACES OF ALL KINDS FOR ASSEMBLY, ENTERTAINMENT, HEALTH, WELFARE AND RECREATION OF THE PUBLIC LODGING AND EATING PLACES OF ALL KINDS, TRANSPORTATION SYSTEMS, OFFICE AND STORE BUILDINGS, WAREHOUSES, DEPOTS, STATIONS AND ALL OTHER KINDS OF BUSINESS OR COMMERCIAL PROPERTIES: AUTHORIZING THE COUNTY COMMISSIONERS TO ACQUIRE, OWN, LEASE AND DISPOSE OF REAL AND PERSONAL PROPERTY, TO BORROW MONEY AND ISSUE NEGOTIABLE REVENUE BONDS OR CERTIFICATES, TO CHARGE TOLLS, RENTALS AND OTHER CHARGES, TO ADVERTISE, TO ADOPT AND ENFORCE BUILDING CODES, RULES AND REGULATIONS TO PROMOTE HEALTH AND SAFETY AND FOR THE REGULATIONS OF THE USE OF THE SAID ISLAND AND ALL IMPROVEMENTS, PROJECTS AND THINGS THEREON, TO CONTRACT WITH THE FEDERAL GOVERNMENT OR THE STATE OF FLORIDA OR THEIR AGENCIES OR POLITICAL SUBDIVISIONS, TO EXECUTE CONTRACTS AND LEASES: AUTHORIZING AND REQUIRING THE COUNTY COMMISSIONERS TO DELEGATE AND VEST ALL THE POWER AND AUTHORITY THEREIN GRANTED TO THE COUNTY COMMISSIONERS OF OKALOOSA COUNTY IN A BOARD TO BE KNOWN AS OKALOOSA ISLAND AUTHORITY, EXCEPT SUCH POWER AND AUTHORITY AS CANNOT BE LAWFULLY DELEGATED AND THE POWER AND AUTHORITY TO ISSUE REVENUE BONDS OR CERTIFICATES AND TO ACQUIRE PROPERTY BY CONDEMNATION: PROVIDING FOR THE CREATION, ORGANIZATION, POWERS, AUTHORITY AND DUTIES OF THE OKALOOSA ISLAND AUTHORITY: AUTHORIZING THE COUNTY COMMISSIONERS TO APPROPRIATE, AND TO CAUSE TO BE RAISED BY TAXATION OR OTHERWISE, MONIES SUFFICIENT TO CARRY OUT THE PURPOSE OF THIS ACT: AUTHORIZING THE COUNTY COMMISSIONERS TO DELEGATE AND VEST THE SAME POWERS AND AUTHORITY IN THE OKALOOSA ISLAND AUTHORITY WITH RESPECT TO ANY PARKS, PLAYGROUNDS, BEACHES, RECREATIONAL AREAS OR OTHER LAND, WHETHER NOW OWNED OR HEREAFTER ACQUIRED, AS IS AUTHORIZED TO BE DELEGATED OR VESTED WITH RESPECT TO SANTA ROSA ISLAND: GRANTING RIGHTS TO USE LANDS TO STATE OF FLORIDA: DECLARING BONDS OR REVENUE CERTIFICATES OF OKALOOSA COUNTY ISSUED PURSUANT TO THIS ACT TO BE LEGAL INVESTMENTS FOR FIDUCIARIES: PRESCRIBING MANNERS AND LIMIT-

TATIONS FOR FILING NOTICE OF CLAIMS AND SUITS THEREON AGAINST THE AUTHORITY OF OKALOOSA COUNTY: REQUIRING THE AUTHORITY TO FILE ANNUAL STATEMENTS AND TO PAY SURPLUS FUNDS TO GENERAL FUND OF OKALOOSA COUNTY, EXEMPTING THE PROPERTY FROM AD VALOREM TAXES: APPROPRIATING CERTAIN RACE TRACK FUNDS ACCRUING TO OKALOOSA COUNTY, FOR USE IN SAID OKALOOSA ISLAND: MAKING THE COUNTY ATTORNEY THE ATTORNEY FOR THE OKALOOSA ISLAND AUTHORITY: AND PROVIDING THE EFFECTIVE DATE OF THIS ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF FLORIDA:

Section 1. The following terms wherever used in this act shall have the following meaning unless a different meaning clearly appears from the context:

- (1) "Authority" shall mean the Okaloosa Island Authority, as hereinafter provided.
- (2) "County" shall mean Okaloosa County, Florida.
- (3) "County Commissioners" shall mean county commissioners of Okaloosa County, Florida.
- (4) "Island" shall mean such portions or portions of Santa Rosa Island as may be owned by Okaloosa County, Florida, or in which said county may have a proprietary interest, from time to time.

Section 2. The county commissioners shall have the power:

(1) For and on behalf of the county, to sue the Island for such purposes as it shall deem to be in the public interest, or from time to time to lease the island in part or parts to such person or persons and for such purposes as it shall deem to be in the public interest and upon such terms and conditions and for such periods of time as it shall fix, but the whole of the island; boats and car ferries to and from the island; ports, harbors, airports for land and seaplanes, and shipping and airport facilities on the island or elsewhere in connection with service to and from the island; board walks, sea walls, breakwaters, bulkheads, causeways, wharves, docks, piers, yacht basins and jetties, sewerage systems, water systems, fire fighting systems and equipment, power lines and cables, gas systems and any other utilities desirable or convenient for the development and service of the island and persons, businesses and improvements thereon; streets, roads, alley-ways, sidewalks and other public ways; parks, playgrounds, recreation and amusement buildings and centers, bathing beaches, bath houses, swimming pools, auditoriums, theaters, churches, houses of worship, pavilions, athletic fields, golf courses, and other buildings and places of all kinds for the assembly, entertainment, health, welfare and recreation of the public; hotels, restaurants, eating places, cottages, home dwellings, tourist camps and other places of lodging and eating places of all kinds, taxi cabs, busses and transportation systems; office and store buildings, warehouses, depots, stations, and all other kind of business or commercial properties; administration buildings and offices for use of the authority.

(3) To acquire by grant, purchase, gift, devise, condemnation, lease or release, exchange or any other manner all property, real or personal, or any estate or interest therein, necessary, desirable or convenient for the purpose of this act, including any improvements now held by the lessee of any existing lease from the Federal Government on any property now owned on Santa Rosa Island by Okaloosa County, and to sell, convey, lease or rent or assign, all or any part thereof and to exercise all of its powers and authority with respect thereto.

(4) To borrow money and issue negotiable revenue bonds or certificates in not to exceed the aggregate principal amount of Three Million Dollars (\$3,000,000.00) for the purpose of defraying the cost of purchasing, or otherwise acquiring, constructing, extending or improving any or all of the improvements, projects and things of every kind and descriptions mentioned

or listed in paragraph (3) above or otherwise authorized, including the purchase or condemnation of necessary real and personal property. Such bonds shall be authorized by resolution of the county commissioners, and shall bear such date or dates, mature at such time or times, not exceeding forty years from their respective dates, bear interest payable at such time and at such rate or rates, not exceeding five per centum per annum, be in such denominations, be in such form, be executed in such manner; be payable at such place or places; and be subject to such terms or redemption, if any as such resolution or resolutions may provide.

The bonds may be sold, at public or private sale, for such price or prices as the county commissioners shall determine, provided, however, that in no event shall such bonds be sold at a price which will make the interest cost to the issuer exceed six per centum per annum, computed to maturity according to standard bond value tables. All such bonds and coupons appertaining thereto, evidencing interest whereon, shall have and are hereby declared to have, in the hands of bona fide holders, all of the qualities of negotiable instruments under the law merchant, and to the extent legally permitted shall not be subject to taxation. Before the issuance of any such bonds the county commissioners shall, by resolution, pledge and order set aside out of the revenue derived from the operation of the said improvements, projects and things, or one or more of them, a sum sufficient to provide for the payment of interest upon all such bonds, and to create a sinking fund for the retirement thereof at maturity. Said bonds shall not be construed to be a debt of the county or state of Florida within the meaning of any constitutional or statutory provision, but shall be payable solely and only from the revenues derived from the operation of the said improvements, projects and things, or one or more of them, which shall have been pledged as above provided. All such bonds or certificates may be validated in the manner and to the extent provided in Chapter 75, Florida Statutes, and acts amendatory thereof or supplementary thereto. Tolls, rentals or other charges shall be fixed, charged and collected from any and or all of said improvements, projects and things in such amounts or at such rates as the county commissioners shall deem sufficient to pay operating expenses thereof and of the authority and to provide for the payment of interest on all bonds or certificates issued by the county commissioners under the authority of this act, and to create a sinking fund for the requirement thereof at or before maturity, and to raise funds for additional improvements and projects, and to provide revenue generally.

(5) To advertise the island or any and all of the improvements, projects or things thereon or connected therewith in such manner as the county commissioners deem advisable.

(6) To adopt and enforce building code regulating and restricting the height, size, type of construction, location and use of buildings and other structures.

(7) To promote health and safety by adopting and enforcing rules and regulations relating to health, sanitation and safety generally, and to sources of water supply; sewage, garbage, trash and waste disposal; and prohibiting or regulating the keeping of pets, animals, fowls and the like; and to provide for any or all of the foregoing and to require the use and facilities provided by the county commissioners or the authority for any of the foregoing and to require the use and facilities provided by the county commissioners or the authority for any

of the foregoing at such reasonable charges as the county commissioners or the authority may fix and to prohibit and prevent the use of private or other such services and facilities. The violation of such rules and regulations is hereby declared a nuisance and a menace to health and safety and may be suppressed or abated by any legal method.

(8) To adopt and enforce rules for the regulation of the use of the island and all improvements, projects and things thereon.

(9) To enforce all reasonable rules, regulations, building codes, and the like by injunction or any other appropriate legal or equitable remedy.

(10) To enter into any agreement or contract with the Federal Government or the State of Florida, or any agency or political subdivision of either, for the purpose of carrying out, the powers herein granted, or any of them.

(11) To make all contracts, enter into all leases, execute all instruments, and do all things necessary, desirable or convenient to carry out the powers, duties and purposes herein granted.

(12) To appropriate, and to cause to be raised by taxation or otherwise, monies sufficient to carry out the purposes of this act.

Section 3. (a) the county commissioners are authorized and mandatorially required to delegate to and vest power and authority in a board hereinafter provided for, to be known as Okaloosa Island Authority, to exercise, do and perform all of the authority powers, duties, acts and things herein granted to, vested in, or authorized to be exercised by the county or county commissioners, which shall include power and authority herein granted to or vested in said county commissioners to lease the island from time to time, in part or parts; to purchase, construct, extend, improve, own, maintain, insure and operate, either itself or by contract with individuals, firms or corporations, all of the bridges, buildings, structures, facilities, projects, developments, streets, playgrounds installations, utilities, properties, establishments and things mentioned in this act; to acquire, sell and dispose of property; to fix and collect tolls, rents, revenues and profits, to advertise the island; to adopt and enforce building codes and health, sanitation and safety rules and regulations generally; and to enter into leases and contracts. The foregoing enumeration of specific powers and authority shall not be held to limit or restrict in any manner the delegation to and vesting in said county or county commissioners by this act. Provided that any power or authority that cannot be lawfully delegated to and vested in said authority by the county commissioners, and the powers and authority to issue revenue bonds or certificates and to acquire property by condemnation shall remain exclusively in the county commissioners and the county commiss-

ioners are authorized and empowered to exercise all such powers and authority.

(b) The Okaloosa Island Authority shall be composed of five members who shall be residents of Okaloosa County. The first members shall be James E. Miller, Fort Walton Beach, Florida, Major General F.C. Sibert, Destin, Florida, U.A. Jernigan, Crestview, Florida, Dr. E. E. Stephens, Laurel Hill, Florida and Clifford Meigs, Valparaiso, Florida, who shall hold

office until the first Tuesday after the first Monday in January, 1957 or until their successors are duly appointed and qualified. The governor shall thereafter appoint the members of the said authority for a term of four years. Any vacancy in membership on authority to be filled by appointment by the governor.

(c) Upon the effective date of this act, or as soon thereafter as practical, and annually thereafter between January 15 and February 1, the members of the authority shall meet and organize and shall select from their number a chairman, a vice-chairman, a secretary and treasurer, and shall adopt rules governing the calling and conducting of meetings of the authority. The offices of secretary and treasurer may be held by the same officer. The powers granted to the authority shall be exercised by a majority of all its members acting at a regular or special meeting.

(d) The members of the authority shall receive no compensation for their services but shall be entitled to receive the necessary expenses incurred in the discharge of their duties, including travel expense, to be paid from any funds of the authority. Three members shall constitute a quorum of the authority for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the authority upon the affirmative vote of three of the members.

(e) The authority is empowered to employ its own secretaries, technical experts and other employees, permanent and temporary, as it may require, and shall determine the qualifications, duties and compensation of such employees and may require fidelity bonds in such amounts and upon such terms from any or all of them as the authority shall determine.

(f) The County Attorney of Okaloosa County shall be the attorney for said Island Authority and shall serve without additional compensation for the performance of the duties as such Island Authority attorney provided, however, the Island Authority may employ special counsel when in the discretion of the members thereof, such employment is deemed necessary.

(g) The authority shall annually on or before March 1st file with the county commissioners, a statement of its receipts and disbursements for the year ending December 31st. The books and records of the authority shall be open for inspection by the county commissioners at all reasonable times. The funds of the authority from whatever source derived shall be used for the payment of all expenses, revenue bonds or certificates issued under authority of this act, indebtedness and obligation of the authority and for reserves and sinking funds for payment of revenue bonds or certificates and indebtedness and for future improvements and repairs, maintenance and obligations, all without budgetary restrictions of any kind. Any surplus funds that the authority shall determine are not required for any such

purpose shall from time to time be paid over to the general fund of the county.

(b) Leases, contracts and instruments of all kinds shall be executed for the authority by the chairman or vice-chairman attested by the secretary. The authority may adopt a seal which shall be placed in the custody of the secretary and shall be affixed to all instruments executed for the authority. All leases, contracts and instruments entered into by the authority, for and on behalf of the county, shall be executed by the authority, in its own name.

Section 4. The county commissioners are further authorized to delegate to and vest the same powers and authority in the authority with respect to parks, playgrounds, recreational areas or other land, whether now owned or hereafter acquired by Okaloosa County, as is authorized to be delegated or vested in the authority with respect to the island.

Section 5. The State of Florida does hereby consent and agree to the use by the county and the authority of any lands in Okaloosa County that may be necessary, desirable or convenient in the carrying out of the purpose of this act in which the State has any right, title or interest.

Section 6. There is hereby appropriated for a period of two years to said Island Authority, the sum of Twelve Thousand (\$12,000.00) Dollars annually from the race track funds accruing and allocated to Okaloosa County, Florida, which shall be expended for the construction of a fence required by the deed from the Federal Government to Okaloosa County; any balance remaining after the construction of said fence, shall be expended for the purpose expressed in this act. After the two year appropriation provided above, there is hereby appropriated the sum of Five Thousand Dollars (\$5,000.00) annually from said race track funds to the authority to be expended as the members of the commission shall deem proper in accord with the provisions of this act.

Section 7. Any revenue bonds or certificates that may be issued under the provisions of this act are hereby made securities in which funds belonging to or under the control of the state, municipalities, counties, insurance companies and association, savings banks and banking institutions, including savings and loan associations, administrators, guardians, executors, trustees, and other fiduciaries, may be legally vested.

Section 8. No suit, action or proceeding shall be instituted or maintained in any court against the county or the authority for upon any claim right or demand of any kind or nature, other than those arising out of contract, unless within 30 days after the alleged accrual of such claim, right or demand, a notice in writing is filed with the county or the authority, as the case may be signed by the claimant or his agent, setting forth the nature of such claim, right or demand, the amount thereof and the place and manner in which such claim, demand or right accrued, all with sufficient detail to enable the county or the authority to make a full investigation thereof; and no such suit, action or proceeding shall be instituted within three months after such notice shall have been given.

Section 9. All the real and personal property owned, controlled or used by the county or the authority, including real and personal property rented or leased to others by the

county or authority, shall be exempt from state, county, municipal and all other ad valorem taxes of every kind.

Section 10. If any section, clause, or provision of this act be construed by any court of competent jurisdiction to be invalid or unenforceable, it shall not affect the remainder of the act, it being the intention of this legislature that the provisions of this act be separable.

Section 11. This act shall take effect July 1, 1953.

## EXHIBIT [12]

April 5, 1961

Honorable Bob Silkes  
Crestview, Florida

Dear Sir:

Upon failure to reach you by telephone the last two days I find it necessary to write you regarding the proposed Certificate of Incorporation under the name GULF TRACTS, INC.

I am in receipt of check in the amount of \$75.00 to cover filing costs. However, the cost of filing same will be \$209.00 apportioned as follows:

Charter Tax-----	\$200.00
Filing Fee-----	5.00
Certified Copy-----	3.00
Resident Agent Fee--	1.00

Since the amount due is what more than that anticipated I felt it advisable to contact you about the matter before filing the Certificate of Incorporation.

The telegram was received and the principal place of business has been changed to Crestview, Florida, as requested.

With kindest regards, I am

Sincerely,

RON DAVIS,  
Secretary of State.

By: \_\_\_\_\_  
Clerk.

EXHIBIT [13]

FLORIDA  
BOVA ALBA G. BOYLAN  
ADMINISTRATIVE ASSISTANT

ANNOUNCEMENT  
RECEIVED  
MISS BESSIE ALLEN  
MISS BESSIE ALLEN  
MISS BESSIE ALLEN  
MISS BESSIE ALLEN

Congress of the United States  
House of Representatives  
Washington, D. C.

EXHIBIT [13]

April 10, 1961

RECEIVED  
SECRETARY OF STATE  
WASHINGTON, D.C.  
APR 12 0 11 PM '61

Honorable Tom Adams  
Secretary of State  
Tallahassee, Florida  
Attn: Mr. H. Tonge, Chief Clerk

Dear Tom:

Thank you very much for the information contained in your letter of April 5 relative to the filing fee in connection with the Certificate of Incorporation of the Gulf Tracts, Inc.

I am enclosing a new check in the amount of 2209.00 to cover additional costs, as outlined in your letter, and you can just return the other check to me at your convenience.

With best wishes, I am

Sincerely,

Bob Sikes

S:fm

EXHIBIT [14]

OF THE STATE OF FLORIDA  
OF  
GREEN TRACTS, INC.

APPROVED AND FILED  
*[Signature]*

We, the undersigned, hereby associate ourselves together for the purpose of forming a corporation for profit under the laws of the State of Florida, and do hereby certify that we have become such corporation under, and by virtue of the following articles of incorporation:

ARTICLE I

The name of this corporation shall be GREEN TRACTS, INC.

ARTICLE II

The general nature of the business of the corporation and the acts and ventures proposed to be transacted, promoted or carried on by it are as follows:

(a) To take, lease, purchase or otherwise acquire, and to own, hold, hold, sell, convey, exchange, lease, mortgage, work, improve, develop, cultivate, and otherwise handle, deal in, and dispose of real estate, real property, and any interest or right therein.

(b) To take, purchase, or otherwise acquire, and to own, hold, sell, convey, exchange, lease, mortgage, and otherwise deal in and dispose of all kinds of personal property, chattels, chattels real, choses in action, notes, bonds, mortgages, and securities.

(c) To make, enter into, perform, and carry out, contracts for construction, building, altering, improving, repairing, decorating, maintaining, furnishing, and filling up buildings, tenements, and structures of every description; to advance money to, and to enter into agreements of all kinds, with builders, contractors, property owners, and others for said purposes.

(4) To collect rents, and to make repairs, and to transact, in connection or otherwise, the general business of a real estate agent, and, generally, to sell, lease, control and management of lands, buildings, and property of all kinds.

(e) To purchase, lease, construct, or otherwise acquire land and real estate for hotels, motels, apartment houses, cottages, and other buildings; and to build, rent, use, operate, lease, mortgage and convey such real estate in such manner as may appear to the best interest of the corporation.

RECEIVED  
MAY 13 9 53 AM '61  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

(f) To make, lease, purchase and otherwise acquire, and to use, operate, sell, and license to use, all manner of devices, apparatus, and constructions for the purposes of amusement, recreation, entertainment and exhibition.

(g) To purchase, lease, exchange, and otherwise acquire and to sell or convey and all rights, permits, privileges, franchises, and concessions suitable or convenient for the purpose of the Company.

(h) To own, lease, operate, manage or otherwise acquire hotels, motels, apartment houses, cottages, dwelling houses, storage, filling stations, business firms, wood, lumber and naval stores operations, casinos, restaurants, bowling, bath houses, bathing beaches, clubs, hunting and fishing preserves, and like places of business by whatever name known.

(i) To undertake and carry into effect contracts with individuals, firms, and corporations for advertising and publicity in all varieties.

(j) To print, publish, and circulate all forms of advertising and publicizing material.

(k) To borrow and lend money, the buying, selling and dealing in notes, bonds and mortgages and of every other kind of evidence of indebtedness, stock of corporation, personal property and real estate; operating and insurance companies for insurance companies of all kinds; dealing in real estate both improved and unimproved, on its own account or as agent for others; the subdividing of tracts of land into town, cities and promoting and disposing of the same, and do or cause other things necessary, incident or convenient to any of the business herein, and said corporation shall have the right to enter into contracts of partnership with other parties, either individuals or corporations and to own stock in other corporations whether organized in this State or elsewhere.

(l) To conduct and transact business in any of the states, territories, colonies, or dependencies of the United States and in any and all foreign countries; to have one or more offices therein, and therein to hold, purchase, sell, and to convey real and personal property without limit or restriction except as imposed by the local laws.

(m) To endorse, assume, insure or guarantee any contract or contract of indebtedness, bond, note, mortgage or other evidence of indebtedness.

(n) To acquire by purchase, original subscription or otherwise and to guarantee, hold, hypothecate or dispose of stock, bonds, mortgages or any other obligation of any person, firm or persons, or corporation.

(c) The corporation shall have the power to borrow money, with or without security; to execute mortgages and collateral trust indentures; to execute and issue bonds, mortgages, notes, certificates and collateral trust notes, secured by all or any of the assets of the Corporation.

ARTICLE III

The maximum number of shares of stock that the corporation is authorized to have outstanding at any time is One Thousand Shares of common stock at par value of One Hundred (\$100.00) Dollars per share.

ARTICLE IV

The amount of capital with which the corporation will begin business is Seventy-Five Hundred (\$7500.00) Dollars.

ARTICLE V

The corporation shall have perpetual existence.

ARTICLE VI

The next office address of the principal office of this corporation shall be Crasview, Florida.

ARTICLE VII

The number of directors shall be not less than three nor more than five, and the names and post office addresses of the members of the first board of directors, the president, vice-president, secretary, and treasurer, who shall hold office for the first year of existence of the corporation or until their successors are elected or appointed and have qualified are as follows:

- |                    |                     |                           |
|--------------------|---------------------|---------------------------|
| J. A. Jernigan     | President           | Crasview, Florida         |
| Robert L. P. Sikes | Vice-President      | Crasview, Florida         |
| Thomas E. Brooks   | Secretary-Treasurer | Ft. Walton Beach, Florida |

ARTICLE VIII

The name and post office address of each subscriber of these articles of incorporation and a statement of the number of shares of stock which he agrees to take are as follows:

- |                  |           |                           |
|------------------|-----------|---------------------------|
| Thomas E. Brooks | 25 Shares | Same as Article VII above |
| Robert L. Sikes  | 25 Shares | Same as Article VII above |
| J. A. Jernigan   | 25 Shares | Same as Article VII above |

*75 sh as of Mar 24, 1961*

*100 sh reported on tax return of July 1, 1961 428  
dated on Mar 5, 1962*

ARTICLE IX

The officers of the corporation shall be a president, one or more vice-presidents, a secretary and treasurer. The secretary and treasurer may be one and the same person. Each of the officers shall be chosen or elected in such manner and hold their office for such terms as may be prescribed by the by-laws. Any person may hold more than one office except that the president is hereby precluded from holding also the position of secretary or assistant secretary.

This corporation shall exercise the right to amend, alter, change, modify or repeal any provision contained in this certificate or incorporation in the manner that is prescribed by law, and all rights conferred on stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned subscribing incorporators, have hereunto set our hands and seals this the 29th day of March, A. D., 1961, for the purpose of forming this corporation under the laws of the State of Florida, and to hereby make and file in the office of the Secretary of State of the State of Florida this certificate of incorporation and hereby certify that the facts herein stated are true.

*[Handwritten signatures]*  
\_\_\_\_\_  
\_\_\_\_\_  
Thomas E. Brock

DISTRICT OF COLUMBIA

~~XXXXXXXXXXXX~~  
~~XXXXXXXXXXXX~~

I hereby certify that personally appeared before me *[Name]*, *[Name]*, *[Name]*, *[Name]*, and *[Name]*, to me well known to be the individuals described in and who executed the foregoing certificate of incorporation, and who acknowledged before me that they executed the same for the purposes therein expressed.

Witness my hand and seal at *[Location]* Washington, District of Columbia this the 29 day of March, A. D., 1961.

*[Large handwritten signature]*  
\_\_\_\_\_  
Washington, D.C.  
My Comm. Expires *[Date]* 429

## EXHIBIT [15]

Attorney Anderson explained that this could be worked out in the actual agreement with the contractor after the bid has been accepted.

Mr. Ricks gave the architectural report telling that one building permit had been issued to Mr. & Mrs. E. F. Anderson on Lot 4, Block 1.

10.

Mr. Anderson told the board that Congressman Sikes is currently working on House and Senate approval of H. R. 7932, a bill to remove restrictions placed on the Santa Rosa Island property which was deeded to Okaloosa County eleven years ago, and that the engineer for Leedy, Wheeler & Alleman would start his work for the Authority when this bill has been approved.

11.

Mr. Stewart stated that the Plans and Development committee was not ready to give a report on the request of Jack King for a miniature golf course, but they would try to give a report at the next meeting.

12.

Mr. Smith explained to the board that Mr. Cecil Anchors had advised him by telephone that four county offices would be requested by the county commissioners. He explained that the offices would consist of sub stations for the Clerk of Courts, the County Sheriff, the County Tax Assessor and the County Tax Collector. Mr. Smith said that Mr. Anchors would send a letter of confirmation of the request.

13.

A discussion was held concerning the Okaloosa Island Beach Patrol with the result that Mr. Stewart made a motion that the Island Authority retain the present patrolman provided he lived on the Island and as long as his services are satisfactorily performed in accordance with the rules and policies in effect on Okaloosa Island Beaches. Mr. Stewart said that if the patrolman's services become unsatisfactory he would be in favor of replacing him immediately. Mr. Marler seconded the motion and the vote was aye unanimous.

14.

Mr. Smith submitted a proposal from Mr. Menaquis and Mr. Rodarte for the erection of a drive-in sandwich concession, gift shop, and miniature golf course on Highway 98 in the commercial section of Okaloosa Island Park. Chairman Wingard referred the request to the Plans and Development committee for their study and recommendations.

15.

Mr. Stewart suggested that the Plans and Development committee and the Finance committee hold a special meeting in order to study some of the proposals that had come to the Authority recently. After a discussion it was decided the committee would meet 4:00 P.M., September 7th, at the Authority office.

\*↓