FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1195

Date Filmed 6/16/80 Camera No. --- 2

Cameraman GPC

FEDERAL ELECTION COMMISSION

Memo. to File from Auditor Sue Poucher

dated May 19, 1980

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
/	(5) Internal Documents		

Signed Marsha Berthel

date 6/8/80

FEC 9-21-77

FEDERAL ELECTION COMMISSION

Document relating Senator Kennedy accident & health history, attached as part of Chemical Bank response (attached to Exhibit documenting the Kennedy for President Committee's procurement of accident & health insurance on the Senator, with Bank as beneficiary)

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

____	(1) Classified Information	X	(6) Personal privacy (writing at his health history)
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
____	(5) Internal Documents		

Signed Marsha Berzon

date 6/8/80

FEC 9-21-77

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Felice M. Gelman, Treasurer
Citizens for LaRouche
Box 976, Radio City Station
New York, N.Y. 10018

Dear Ms. Gelman:

The Federal Election Commission has reviewed the allegations of your complaint dated March 24, 1980, and determined that on the basis of the information provided in your complaint (and information provided by the Respondent) that there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, ("the Act") has been committed.

Accordingly, the Commission has decided to close the file in this matter.

Should additional information come to your attention which you believe establishes a violation of the Act, please contact Marsha Gentner, the attorney assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

cc: James F. Schoener, Esquire
Jenkins, Nystrom & Sterlacci, P.C.
2033 M Street, N.W.
Washington, D.C. 20036

00010732 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John E. Nolan, Jr.
General Counsel
Kennedy for President Committee
1250 22nd Street, N.W.
Washington, D.C. 20037

RE: MUR 1195

Dear Mr. Nolan:

On March 28, 1980, the Commission notified you of a complaint alleging that the Kennedy for President Committee ("the Committee") may have violated certain sections of the of the Federal Election Campaign Act of 1971, as amended.

The Commission, on June 3, 1980, determined that on the basis of the information in the complaint and information provided by the Committee that there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission has closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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General Counsel
Kennedy for President Committee
1250 22nd Street, N.W.
Washington, D.C. 20037

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Sincerely,

Charles N. Steele
General Counsel

MUR
6/4/80

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Richard S. Simmons, Esquire
Cravath, Swaine & Moore
One Chase Manhatten Plaza
New York, New York 10005

RE: MUR 1195

Dear Mr. Simmons:

On March 28, 1980, the Commission notified your client, Chemical Bank of New York, of a complaint alleging that the bank may have violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on June 3, 1980, determined that on the basis of the information in the complaint and information provided by you on behalf of your client, that there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission has closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Richard S. Simmons, Esquire
Cravath, Swaine & Moore
One Chase Manhatten Plaza
New York, New York 10005

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Sincerely,

Charles N. Steele
General Counsel

MUR
6/4/80

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1195
Kennedy For President Committee	)	
Chemical Bank of New York	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission's executive session on June 3, 1980, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions in MUR 1195:

1. Find no reason to believe the Chemical Bank of New York violated 2 U.S.C. §441b(a) in making a $1 million loan secured by matching funds to the Kennedy for President Committee;

2. Find no reason to believe the Kennedy for President Committee violated 2 U.S.C. §441b(a) by obtaining a $1 million loan from the Chemical Bank;

3. Find no reason to believe Andy Warhol violated 2 U.S.C. §441a(a)(1)(A) by creating a portrait of Senator Kennedy and donating that work of art to the Kennedy for President Committee;

4. Find no reason to believe the Kennedy for President Committee violated 2 U.S.C. §441a(f) by accepting a work of art created and donated by Andy Warhol, which the Committee used to make 1500 art prints subsequently pledged as collateral to secure a loan from the Chemical Bank;

5. Close the file in this matter; and

6. Send the letter attached to the General Counsel's May 27, 1980 report on MUR 1195.

Commissioners Friedersdorf, Harris, McGarry, and Tiernan voted affirmatively for this decision; Commissioner Reiche dissented. Commissioner Aikens was not present at the time of the vote.

Attest:

6/4/80
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE MWE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY mc

DATE: MAY 29, 1980

SUBJECT: OBJECTION - MUR 1195 - First General Counsel's Report dated 5-27-80; Received in OCS 5-27-80, 10:51

The above-named document was circulated on a 48 hour vote basis at 4:00, May 27, 1980.

Commissioner Reiche submitted an objection at 2:23, May 29, 1980, thereby placing MUR 1195 on the Executive Session Agenda for Tuesday, June 3, 1980.

A copy of Commissioner Reiche's vote sheet is attached with his comment.

ATTACHMENT:
Copy of Vote Sheet

00010331

May 27, 1980

MEMORANDUM TO: Marjorie W. Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1195

Please have the attached First GC Report distributed to the Commission on a 48 hour tally basis. Thank you.

80040193332

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

80 MAY 27 A10: 51

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION MAY 27 1980

MUR # 1195
DATE COMPLAINT RECEIVED
BY OCG 3/25/80

STAFF MEMBER
Marsha Gentner

COMPLAINANT'S NAME: Citizens for LaRouche

RESPONDENT'S NAME: Kennedy for President Committee; Chemical Bank of New York

RELEVANT STATUTE: 2 U.S.C. §§ 431(8)(B)(vii); 441b(a); 11 C.F.R. § 100.7(b)(11)

INTERNAL REPORTS CHECKED: Reports of Kennedy for President Committee, and of other committees receiving presidential primary mactching funds

FEDERAL AGENCIES CHECKED: None

0040193337

SUMMARY OF ALLEGATIONS

The complaint filed by the Citizens for LaRouche alleges that a loan of $800,000 to the Kennedy for President Committee by the Chemical Bank was not made "in the ordinary course of business" resulting in an unlawful corporate contribution pursuant to 2 U.S.C. §§ 431(8)(B)(vii) and 441b(a). Complainant also alleges that another loan for $100,000 by the Chemical Bank to the Kennedy for President Committee was obtained through use of collateral donated by Andy Warhol and thereby resulted either in an excessive contribution by Warhol or an improper loan by the bank due to insufficient collateral.

FACTUAL AND LEGAL ANALYSIS

INTRODUCTION

This matter stems from a complaint filed by the Citizens for LaRouche, the principal campaign committee for presidential candidate Lyndon LaRouche. The complaint concerns the circumstances under which the Kennedy for President Committee ("the Committee") obtained $900,000 in loans from the Chemical Bank of New York. Preliminary responses to the allegations of the complainant and documentation of the loans in question have been submitted by counsel for the Committee and by counsel for Chemical Bank. Review of these responses, and Committee reports, as well as the complaint reveal the following.

FACTS

On November 15, 1979, the Chemical Bank ("Bank") and the Committee entered into an agreement whereby the Bank would loan the Committee up to one million dollars over a period of time. See Exhibit I of Chemical Bank Response (hereinafter "Ex. I"). The terms of this agreement provided that the amounts lent would be evidenced by a promissory note payable to the Bank, that the loan would be payable on demand and bear an interest rate of 0.5% above the prime rate for commerical loans of 90 day maturities. The agreement further provided that as security for the loan, the Committee assign and transfer to the Bank those payments to which the Committee was entitled under 26 U.S.C. §§ 9033 and 9037; and that upon receipt of each matching fund payment from the Secretary of the Treasury, the Committee would pay the Bank one third of such funds received, until retirement of the loan. 1/ The agreement also provided that as a condition precedent to the loan the Committee would obtain a policy on the life and health of Senator Kennedy in the amount of $1,150,000, thereby insuring the Bank should the Senator become unable to effectively pursue the Democratic nomination for the Office of President. The Committee obtained that insurance, designating the Bank irrevocably as beneficiary. See Exhibit 3 of Chemical Bank Response (hereinafter "Ex. 3").

To fulfill a further condition to obtaining the loan, the Treasurer of the Committee submitted to the Bank an (certified) accounting of Committee contributions as of November 13, 1979, listing the amounts received from each state and the portion of that amount which would be matchable. See Exhibit 2 of Chemical Bank Response (hereinafter "Ex. 2"). Thereafter, on November 16, 1979, the Bank paid the Committee $200,000 of the principal of the loan. Additional payments of principal were made, and by December 4, 1979, the Committee had received a total of $800,000. During the month of January, 1980 the Committee made several repayments of the principal of the loan (and on the interest) reducing the debt on the loan to approximately $400,000. (A complete schedule

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1/ Under the terms of the agreement, the Committee warranted to the Bank that it had instructed the Secretary of the Treasury to make matching fund payments to the Committee's account at the National Savings and Trust Company of Washington, D.C., and that the National Savings and Trust Co. had been irrevocably instructed to transfer, by wire, 33 1/3% of each payment received in that account to the Bank. The Committee also warranted that it was a political committee established in compliance with 2 U.S.C. § 433, that it would comply with 2 U.S.C. § 434, that all contributions solicited by the Committee were obtained in compliance with 2 U.S.C. § 441a(a), and that the Committee had incurred no "unusual" or "long-term" commitments or claims "which are substantial in amount in relation to your projected receipts from contributions and from the Secretary of Treasury under 26 U.S.C. § 9037". See Ex. I at 2.

of principal paid, and repayments of principal and interest made is attached.)

On February 11, 1980, the Committee sought another payment of $100,000 of the principal of the loan from the Bank. However, the Bank required additional collateral before continuing to make payments of the loan originally secured by Committee matching funds. Therefore, the Committee entered into an agreement with the Bank which provided the Bank with a security interest in 350 art prints of Senator Kennedy. (The security agreement is attached to Exhibit 5 of the Chemical Bank Response, and will hereinafter be designated at "Ex. 5 A.") 2/ The prints were made by the Committee from a work of art created and signed by artist Andy Warhol, and had an estimated total market value of $300,000. 3/ The security agreement also provided that the Committee would obtain insurance on the prints for the duration of the agreement.

The remaining $100,000 of the principal of the $1 million loan from the Bank was lent to the Committee on March 14, 1980. At that time the outstanding balance on the loan owed to the Bank by the Committee was approximately $300,000. As of April 10, 1980, the Committee had repaid $800,926.42 of the principal of the loan.

LEGAL ANALYSIS

2 U.S.C. § 431(8)(A)(vii) provides that a loan by a bank to a political committee is not a contribution so long as the loan is made in accordance with applicable law and in the "ordinary course of business". Under 11 C.F.R. § 100.7(b)(11), a loan is considered to be made "in the ordinary course of business" if it bears the usual interest rate of the bank for that type of loan, is made on a basis that assures repayment, is evidenced by a written instrument, and is subject to a due date or amortization schedule. Complainant alleges that it was denied a loan by the Bank, indicating it was not the Bank's practice to grant loans to political committees; that the interest rate charged by the Bank for the loan to the Committee was not high enough; and that the Committee loan was secured by matching fund payments at a time when the Committee had not yet been certified to receive such funds. Therefore, the Complainant asserts, the Bank loan to the Committee was not made "in the ordinary course of business," and resulted in a violation of 2 U.S.C. § 441b(a) by the Bank and the Committee.

2/ Under the agreement the Committee warranted that it was the sole lawful owner of the collateral. See Ex. 5A.

3/ The Bank obtained an appraisal of the market value of the prints from Sylvan Cole, Jr., President and Director of Associated American Artists. A copy of that letter of appraisal is attached to the response of the Bank and to the response of the Committee.

A. Bank refusal to provide a loan to the Citizens for LaRouche

Complainant alleges that its treasurer first approached a Bank regional manager in mid January 1980, to obtain a loan but was told that the Bank had a policy against making loans to political campaigns. On March 6, 1980, after learning of the Bank's loan to the Committee (by reviewing Committee reports), Citizens for LaRouche approached another Bank branch manager and obtained the name of the loan officer who made the loan to the Committee. 4/ The Citizens for LaRouche subsequently sought a loan from that loan officer, but the Bank declined to make that loan. Complainant alleges that federal election law requires that a bank not "favor" one candidate over another in making loans, and that the denial of a loan to Citizens for LaRouche evidences such favoritism.

Complainant, by making this allegation, essentially urges the Commission to impose a requirement that a lending institution satisfy every political committee's request for a loan, once the institution has granted a loan to a political campaign. However, no such requirement is mentioned in the Federal Election Campaign Act ("the Act"). Nor is this requirement listed in the regulatory indicia of "the ordinary course of business". 11 C.F.R. § 100.7(b)(11). It would seem that some sort of statutory or regulatory basis would be necessary before the Commission could impose the "fairness doctrine" on lending institutions that the Complainant puts forth. Even if the Commission did adopt a "fairness doctrine" for lending institutions, it would seemingly only be applicable to the loan that was subsequently refused by the bank, and not operate retroactively to make all prior loans made by the bank to other political committees unlawful corporate contributions. Therefore, it is the opinion of the Office of General Counsel that the Bank's refusal to make a loan in March 1980, to the Citizens for

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4/ The response on behalf of the Bank states that the loans to the Committee were negotiated at the Bank's metropolitan headquarters, and that the branch personnel first approached by Citizens for LaRouche in its request for a loan apparently had not been apprised of the Bank's policy to consider loans to major presidential candidates and their campaigns. See Chemical Bank Response at 2-3.

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LaRouche, did not thereby transform the prior Bank loan to the Committee into a corporate contribution. 5/

B. The interest rate on the Committee loans

2 U.S.C. § 431(8)(A)(vii)(III) requires that a bank loan to a political committee "bear the usual and customary interest rate of the lending institution." Similarly, the regulations state that a loan will not be deemed to have been made in the ordinary course of business if it does not bear the usual and customary interest rate of the lending institution for the category of loan involved. 11 C.F.R. § 100.7(b)(11). The interest rate charged by the Bank on its loan to the Committee was 0.5% in excess of the prime rate in effect for commerical loans of 90 day maturities. Complainant alleges that this interest rate was abnormally low for the Bank.

The only evidence that Complainant proffers to support its allegation is the remark of a Bank branch manager to the effect that the rate obtained by the Committee was "a real break." However, Complainant has also stated (and the Bank has concurred) that at the time, that branch manager thought that the Bank did not grant loans to political campaigns. Therefore, the manager could not have known what the Bank's "usual and customary" interest rate for that category of loan was, since he believed that the Bank did not make any loans of that type.

In the absence of any other evidence suggesting the opposite, it would be quite difficult to establish that there is a reasonable basis for a belief that an interest rate in excess of the prime rate is not usual or customary and therefore is not in compliance with the requirements of 2 U.S.C. § 431(8)(A)(vii) (III) and 11 C.F.R. § 100.7(b)(11). This is especially so in light of the fact that review of loan agreements entered into by other banks and presidential

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5/ Indeed, in declining to make a loan to the Citizens for LaRouche the Bank may very well have been following its "ordinary course of business". Complainant has not provided the details of its loan request, so it is not possible for this Office to state the reasons why the Bank refused to make the loan. However, we note that reports filed by Complainant show that it was in a substantial debt situation when the loan was requested in March, 1980, and its candidate had just received his second successive primary loss, getting less than 2% of the popular vote in those primaries. The terms of the loan agreement between the Bank and the Committee expressly required that the Committee warrant that it had, at that time, no unusual forward or long term claims which were substantial in relation to projected matching fund receipts. Perhaps the financial statement submitted by the Citizens for LaRouche to the Bank on March 17, 1980, demonstrated, in the Bank's opinion, that the Complainant could not make a similar warranty to the Bank.

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campaign committees provide examples of loan interest rates at or below the prime rate in effect at the time. 6/ Therefore, it is the opinion of the Office of General Counsel that there is no reason to believe that the interest rate charged by the Bank on the Committee loans was not the customary and usual interest rate charge of the Bank for loans to political committees.

C. Collateralization of loan with matching funds prior to Commission certification

The Act requires that a loan secured from a lending institution be "made on a basis which assures repayment". 2 U.S.C. § 431(8)(A)(vii). See also 11 C.F.R. § 100.7(b)(11). It appears that in this instance the Bank tried to assure itself of repayment by the inclusion of provisions in its loan agreement with the Committee requiring that the Committee receive matching fund payments in only one specifically designated account, and that the Committee irrevocably instruct the bank where that account is held to remit 1/3 of each matching fund payment received to the Bank until retirement of the loan. See Part I of this Report, supra. In making the loan, the Bank also relied on a document submitted by the Committee treasurer on November 15, 1980, certifying that the Committee had, at that time, $272,316 of matchable contributions (and had at least $5000 of such contributions for each of 30 states). See Ex. 2. In addition, the Committee warranted the Bank that it would not violate 2 U.S.C. §§ 434 and 441a. The Bank also required that the Committee obtain insurance coverage of $1,150,000 on Senator Kennedy's life and health -- designating the Bank as beneficiary -- as protection for the Bank in the event the Senator could not continue his campaign.

Complainant alleges, however, that the above was not sufficient security because almost $800,000 of the principal of the Bank loan was paid to the Committee before it was certified by the Commission as eligible to receive matching funds. Thus, essentially the Complainant asserts that a campaign loan must be secured by, at minimum, a future interest, and that to provide a loan secured by a future expectancy results in a loan made out of "the ordinary

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6/ One presidential principal campaign committee obtained a loan in September 1979, from the Valley Fidelity Bank of Tennessee, collateralized by matching funds with a designated interest rate at the prime rate. Riggs National Bank of Washington, D.C. granted a loan to another presidential campaign committee, also charging the prime rate as interest. Finally, the Santa Monica Bank of California made a loan to a presidential campaign committee, covering the period of October 30, 1979 to January 28, 1980, at a 15% interest rate. At that time the Committee was paying an interest rate of 15 3/4 - 16 1/4% on its Bank loan.

course of business". However, although it may not be a sound business judgment to make a loan secured by an expectancy, there is no evidence which indicates that it is not the usual custom of lending institutions to do so. Indeed, loans secured by the expectation of future earnings are commonly made; for example, banks often grant student loans and loans to amateur athletes which are secured by anticipated salaries once professional status is obtained.

Furthermore, President Carter's campaign committee obtained a bank loan in 1976 collateralized by matching fund payments at a time when that committee was not certified by the Commission to receive matching funds; and the Baker Committee obtained a $75,000 loan from a Tennessee bank on September 11, 1979, also collaterized by matching funds, although the Baker Committee was not certified as eligible to receive such funds until November 13, 1979. See Attachment IV. This is a further indication that it is within the customary practice of lending institutions to make loans to political committees secured by the expectancy of matching fund payments. In this instance the Bank took additional steps (i.e. the certificate of the Committee treasurer, the insurance policies on the Senator, the Committee warrants not to violate the Act) to protect this future expectancy, and thus make it a reasonable expectation, as well.

D. Additional Loan payments secured by Andy Warhol prints

The final allegation of the Complainant concerns the loan payments of $100,000 on February 11, 1980 and March 11, 1980 to the Committee, for which the Committee pledged the additional security of 1500 Andy Warhol art prints of Senator Kennedy. The Complainant alleges that if the value of those prints is in excess of $1000 the Committee accepted an excessive contribution from Mr. Warhol; and if the value of the prints is $1000 or less, then the loan payments of $200,000 were insufficiently collateralized.

As noted in the recitation of facts above, the 1500 prints made by the Committee from a work of art created by Mr. Warhol were valued at $300,000. See n. 3, supra. Thus, it seems clear that they were sufficient collateral for the additional $200,000 in loan payments to the Committee. 7/

Nor, as Complainant alleges, did the Committee's acceptance of a work of art created by Andy Warhol, which was used to make 1500 prints of Senator Kennedy, constitute receipt of an excessive

---

7/ A security agreement giving the Bank a lien on the prints was executed by the Bank and the Committee. See Ex. 5A. The Committee also agreed to and did obtain insurance on the prints, and warranted to the Bank that it would not sell or transfer the prints without first obtaining a release from the Bank.

contribution from Warhol. The Commission has previously stated that the donation of artistic services (and the works of art which are the product of those volunteer services) does not result in a contribution, as that term is defined in the Act, by the artist. 8/ AO 1979-35 (August 17, 1979). See also 11 C.F.R. § 100.7(b)(30). The Commission has stated that the value of the supplies used by the artist in creating a work of art for a political committee is a contribution under the Act, but there is no allegation by Complainant that Mr. Warhol was not reimbursed for those supplies and that the cost of those supplies was in excess of $1000, nor is any evidence to that effect contained in the complaint.

Recommendation

The foregoing analysis and attachments demonstrate that the $1 million loan to the Kennedy for President Committee from the Chemical Bank of New York was made in the ordinary course of business and in compliance with 2 U.S.C. §§ 431(8)(A)(vii) and 441b(a). The loan and payments thereon have been reported by the Committee. Repayments of principal and interest on the loan have been made by the Committee in accordance with the terms of the agreements executed by the Committee and the Bank. Therefore, the Office of General Counsel recommends the Commission find:

1) there is no reason to believe the Chemical Bank of New York violated 2 U.S.C. § 441b(a) in making a $1 million loan secured by matching funds to the Kennedy for President Committee;

2) there is no reason to believe the Kennedy for President Committee violated 2 U.S.C. § 441b(a) by obtaining a $1 million loan from the Chemical Bank;

3) there is no reason to believe Andy Warhol violated 2 U.S.C. § 441a(a)(1)(A) by creating a portrait of Senator Kennedy and donating that work of art to the Kennedy for President Committee;

4) there is no reason to believe the Kennedy for President Committee violated 2 U.S.C. § 441a(f) by accepting a work of art created and donated by Andy Warhol, which the Committee used to make 1500 art prints subsequently pledged as collateral to secure a loan from the Chemical Bank;

8/ Complainant appears to have now conceded this point. See Attachment V.

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5) Close the file.

6) Send the attached letter.

Attachments

Complaint
Response of Chemical Bank - I
Response of Kennedy for President Committee - II
Schedule of payments and account of Bank loan to the Committee - III
Copy of page from Baker Committee report of October 10, 1979 - IV
Letter from Complainant's Counsel to Andy Warhol - V
Letters

9010103341

Complaint
MUR 1195

Citizens for LaRouche

Box 976, Radio City Station, New York, N.Y. 10019

RECEIVED
FEDERAL ELECTION
COMMISSION

'80 MAR 24 PM 4:08

Co-chairmen
Allen Salisbury
Carol White

Treasurer
Felice Gelman

24 March 1980

'80 MAR 25 A10:44

The Honorable Robert O. Tiernan, Chairman
Federal Election Commission
1425 K Street N.W.
Washington, D.C.

C97095

Dear Chairman Tiernan:

This is a complaint under 2 U.S.C. 441b as amended. The Kennedy for President Committee, the principal campaign committee of Edward M. Kennedy, has accepted at least $800,000 and possibly as much as $900,000 in unlawful loans from Chemical Bank in New York City. According to the year end report for 1979 of the Kennedy for President Committee, filed with the Federal Election Commission, between November 16, 1979 and December 4, 1979, Chemical Bank lent the Kennedy for President Committee $800,000 at a rate of interest 1/2% over the prime rate, secured by matching funds payments for which the Kennedy for President Committee had not yet established its eligibility. (See Exhibit A). On March 14, 1980, the Washington Post and the New York Post both reported that Chemical Bank had loaned the Kennedy for President Committee $100,000 secured by the collateral of a portrait done by Andy Warhol. (See Exhibit B).

A. The $800,000 November-December loans. These loans were not made in the normal course of business, nor were they properly secured. In mid-January 1980, I, in my capacity as Treasurer of Citizens for LaRouche, approached Chemical Bank in New York City to discuss the possibility of a loan secured by presidential primary campaign matching funds -- for which Citizens for LaRouche had established its eligibility. I met with Page Skerry, a Chemical Bank regional manager and vice-president. Mr. Skerry had arranged the meeting after a telephone conversation in which I proposed Chemical Bank make a short-term loan secured by Citizens for LaRouche's matching funds. When I met with Mr. Skerry he told me that he had been surprised to discover that Chemical Bank had a strict policy against making loans to any political campaign committees. He also told me that a memorandum to that effect had been circulated to bank officers in November 1979.

Upon learning of the Chemical Bank loans to the Kennedy for President Committee, Citizens for LaRouche, through campaign volunteer Molly Kronberg, again contacted Chemical Bank. On Thursday, March 6, Mrs. Kronberg visited

Mr. Darrigan, branch manager of the Chemical Bank at Broadway and 50th Street where Citizens for LaRouche maintains an account. She showed him a xerox of the Kennedy for President Committee report showing the Chemical Bank loans, and told him that it appeared to Citizens for LaRouche that there must be some change in Chemical Bank policy. Mr. Darrigan produced an inter-office memorandum reporting on my January meeting with Mr. Skerry, and informed us that he would find out which Chemical Bank branch had provided the Kennedy for President Committee with the loans. He also told Mrs. Kronberg that the interest rate charged the Kennedy for President Committee was "a real break" and that if Chemical Bank did make a loan to Citizens for LaRouche, it would have to charge at least 2% over the prime rate. On Friday, Mr. Darrigan called Mrs. Kronberg and informed her that Robert Conway of Chemical Bank was the loan officer who made the loans to the Kennedy for President Committee.

On Tuesday, March 11, I met with Robert Conway and John Morgan of Chemical Bank. I told them I felt the federal election law required that a bank not favor one candidate over another in making loans, and therefore Citizens for LaRouche was renewing its request for the extension of a loan secured by matching funds. I asked them to tell me the conditions of the loan made to the Kennedy for President Committee or to provide me with a copy of the loan papers so that I could judge on what terms Chemical Bank was prepared to make loans to political committees. They refused to do so. I told them I was interested in a revolving line of credit of no more than $30,000 but tied to our bi-weekly matching funds submissions. They told me they would first forward loan papers to Citizens for LaRouche's counsel, James F. Schoener in Washington. I agreed to provide them with an updated financial statement from the Citizens for LaRouche, which was delivered to them March 17.

No loan papers or other materials were provided to our counsel for his opinion. On March 21, after repeated efforts, I reached Mr. Conway and he informed me that Chemical Bank would not make any loan to Citizens for LaRouche. I asked him to state the reasons for refusing to permit Citizens for LaRouche even to file an application for a loan. He refused to make any response. I asked him to notify me of Chemical Bank's rejection of our request in writing. He refused to do so.

Mr. Conway's actions with regard to Citizens for LaRouche contrasted to his actions with regard to the Kennedy for President Committee seem to indicate that the $800,000 loan was not made in the normal course of business. This seems particularly to be the case in light of Mr. Skerry's assertion that Chemical Bank had circulated an internal policy memorandum in November forbidding such loans to political committees.

0010103341

Second, Mr. Darrigan of Chemical Bank indicated that the rate of interest charged for the $800,000 loans to the Kennedy for President Committee was abnormally low for Chemical Bank.

Third, although the Kennedy for President Committee states that the $800,000 in loans were secured by federal matching funds, this could not have been the case. The last of this particular group of loans was made by Chemical Bank on December 4, 1979. The Kennedy for President Committee had not even made its threshhold submission for matching funds to the Federal Election Commission on that date. It certainly could not have been certified eligible for such funds by the Commission.

Therefore, Chemical Bank has made $800,000 in loans to the Kennedy for President Committee outside its normal business practices. These loans constitute an illegal contribution to the Kennedy for President Committee.

B. The $100,000 March loan. The Kennedy for President Committee has accepted an illegal contribution from artist Andy Warhold and anticipates accepting several more illegal contributions from other artists. The Kennedy for President Committee was provided a portrait of Mr. Kennedy by Mr. Warhol. The Committee then used that painting as collateral for a $100,000 loan. If the valuation of the painting is even remotely appropriate, Mr. Warhol has made a contribution to the Kennedy committee far in excess of the allowable $1000. Several other artists have agreed to make similar donations, similarly in violation of federal election campaign law.

If the painting ought not to be valued in excess of $1000, Chemical Bank has made a completely unsecured $100,000 loan to the Kennedy for President Committee. The loan was made during precisely the period that Chemical Bank refused even to accept a loan application from Citizens for LaRouche. Clearly, Chemical Bank has continued its policy of making loans in violation of policy guidelines to one favored candidate.

I request a full investigation of these matters and will provide any additional information I can which might assist the Commission in its efforts.

Sincerely,

Felice Merritt Gelman

Felice Merritt Gelman

cc: The Commissioners

Signed before me this 24th day of March, 1980.

Peter L. Shelley
Notary Public

my commission expires 3-15-83.

00010734

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 70 of 71 for
Line Number 13
(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full

KENNEDY FOR PRESIDENT COMMITTEE

KENNEDY FOR PRESIDENT COMMITTEE

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Chemical Bank 140 Broadway New York, New York 10015	11/16/79 11/23/79 11/27/79	$200,000 $ 100,000 100,000	$400,621.64	$ 399,378.36
NATURE OF OBLIGATION (Details of Debt):	11/30/79 12/03/79 12/04/79	200,000 100,000 100,000		

Demand note, 1/2% over prime rate, secured by payments under 26 USC Sec. 9038

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$
NATURE OF OBLIGATION (Details of Debt):				

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$
NATURE OF OBLIGATION (Details of Debt):				

SUBTOTALS This Period This Page (optional)	$	$	$
TOTAL This Period (last page this line number only)	$	$	$

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by [illegible], Form 3P-13

EXHIBIT A

Kennedy Campaign Squeezed for Media Money

Friday, March 14, 1980 THE WASHINGTON POST

Kennedy Unfunded

Underpaid Staffers Resigning

By Martin Schram
Washington Post Staff Writer

Sen. Edward Kennedy's beleaguered presidential campaign has again run short of money and is eroding from within, as a number of key staff members have resigned because they are not being fully paid. The campaign is using art works as collateral for loans to buy television ads.

The resignations and the fund shortage mean renewed problems for Kennedy as he seeks to resuscitate his campaign in the primaries of Illinois next Tuesday and New York and Connecticut the following week. In all three states, campaign media are costly.

A number of key people including finance chairman Martin Katz have resigned due to personal financial reasons, according to informed sources within the campaign. Half of the advance and scheduling staff—at least 15 persons—have been taken off the payroll. And similar cuts are being made elsewhere on the campaign staff.

Others, including Kennedy's special assistant and longtime associate, James Flug, are scaling back their involvement in the campaign to just part-time consultation, also because of the reduced salaries being paid by the Kennedy headquarters, according to a Kennedy spokesman.

"The choice comes down to meeting a payroll in full or trying to finance a media campaign for Illinois and New York," said a high campaign official. "The campaign has opted for the latter."

But even that alone will not make the media ends meet, according to campaign officials. And so, the campaign has begun obtaining loans to finance purchases of television time, using works by famous artists as collateral.

See KENNEDY, A3, Col. 2

KENNEDY, From A1

The campaign obtained a $100,000 loan from the Chemical Bank in New York by putting up as collateral a work of Kennedy done by Andy Warhol, according to one campaign official. They are also negotiating with other banks for loans that will use as collateral works that artists Jamie Wyeth and Robert Rauschenberg have done for the campaign.

Part of the financial problem delaying completion of these loans is that not all of the works are completed. The artists are faced with the aesthetic realities of having to finish their works in time to beat the primary date headlines.

As of now, the Kennedy campaign has purchased about $150,000 to $200,000 worth of media ads in Illinois, but has so far purchased no media time in New York, according to high official. Campaign spokesman Patrick Lucey said that campaign manager Stephen Smith was in New York yesterday trying to complete arrangements for the first of the media buys in that state, which is probably Kennedy's last hope of keeping his campaign alive.

For days, there was debate within the highest ranks of the campaign as to whether the payrolls of March 15 and March 31 could be met in full, according to a high-level source. Campaign manager Smith was at first unable to give some top officials assurances that the payrolls would be met, the source said.

But, according to deputy campaign manager Philip Bakes, the campaign has decided to meet its March 15 payroll, on the modified basis upon which it has met its payrolls for the last several weeks. After three payless weeks earlier this year, the campaign began paying salaries last month with no one being paid at a rate greater than $20,000 a year. That ceiling will continue through this week.

"We are living from Tuesday to Tuesday," said Kennedy spokesman Thomas Southwick.

Southwick confirmed that Katz was leaving the campaign staff for financial reasons. He reportedly will be returning to the staff of Sen. Daniel Patrick Moynihan (D-N.Y.), where he has been a legislative assistant.

Southwick also said that Flug will be scaling back his duties to "part-time" basis, also for financial reasons. Flug would not discuss the matter, except to say that he will be coordinating Kennedy's campaign in Maryland, where the primary is May 13.

Kennedy's director of scheduling, Stephen Robbins, said he has not resigned but is assessing the situation. "I'll make my decision shortly," he said.

Other campaign officials will be "dispersed" from headquarters to various states as part of the continuing effort to hold down payroll costs, Southwick said.

Kennedy officials stressed that the departures are due solely to the financial squeeze that living at a reduced salary has placed on families. "Quite frankly," said Southwick, "I'm surprised there has not been more of this."

Staff writer Edward Walsh contributed to this article.

NEW YORK POST, FRIDAY, MARCH 14, 1980

Ted takes paintings off walls to pay tab

WASHINGTON — Sen. Edward Kennedy's beleaguered presidential campaign has run so short of money that valuable art works are being used as collateral for loans to buy TV ads.

The campaign obtained a $100,000 loan from the Chemical Bank in New York by putting up as collateral a work of Kennedy done by Andy Warhol according to one campaign official.

They also are negotiating with other banks for loans that will use as collateral works that artists Jamie Wyeth and Robert Rauschenberg have done for the campaign.

Part of the financial problem delaying completion of these loans is that not all of the works are completed.

The artists are faced with the unesthetic realities of having to finish their works in time to beat the primary date deadlines.

At the same time, a number of key staff members have resigned because they are not being fully paid.

The resignations and the fund shortage mean renewed problems for Kennedy as he seeks to resuscitate his campaign in the primaries of Illinois next Tuesday and New York and Connecticut the following week.

A number of key people including finance chairman Martin Katz have resigned due to personal financial reasons, according to sources within the campaign.

EXHIBIT B

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

MAURICE T. MOORE
WILLIAM B. MARSHALL
RALPH L. McAFEE
ROYALL VICTOR
HENRY W. deKOSMIAN
ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG

JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRIC
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON
ALLEN H. MERRILL

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX 8814901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

00740?

April 16, 1980

Chemical Bank Loans to Kennedy for President Committee (MUR 1195)

Dear Sirs:

We are representing Chemical Bank in the above-captioned matter. On behalf of the Bank and Messrs. Berkeley and Darrigan, we submit copies of the following documents in accordance with the "Description of Preliminary Procedures for Processing Complaints Filed With the Federal Elections Commission":

(a) Letter Agreement dated November 15, 1979, relating to the "$800,000 November-December loans";

(b) certified list of contributions as of November 13, 1979;

(c) $1,150,000 life insurance policy on the life of Senator Kennedy with Chemical Bank designated as a beneficiary to the extent that its interest may appear;

(d) telex confirming a $1,150,000 disability insurance policy on behalf of Chemical Bank insuring Senator Kennedy;

(e) Cravath, Swaine & Moore opinion letter dated November 16, 1979 to the effect that the "$800,000 November-December loans" are the types

of loans made by Chemical Bank in the ordinary course of business and in accordance with applicable banking laws and regulations;

(f) Letter Agreement dated February 11, 1980, relating to the "$100,000 March loan";

(g) Security Agreement dated February 11, 1980, relating to the Warhol art prints;

(h) Associated American Artists appraisal letter dated February 6, 1980; and

(i) telegram dated February 11, 1980, confirming a $100,000 property floater insurance policy on the Warhol prints.

At the time that the $100,000 loan was made, we verbally advised Chemical Bank that the loan was of the type which the Bank makes in the ordinary course of business and in accordance with applicable banking laws and regulations. In addition, based on the Kennedy Committee's representation that Mr. Warhol donated his services in creating a work of art (for use in making art prints) to the Committee, we advised the Bank that such services did not constitute a "contribution" within the meaning of that term as defined in the Federal Election Campaign Financing Act of 1971. See Federal Elections Commission Advisory Opinion 1979-35, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5423 at 10,454-55. We did not, however, purport to give any advice to either the Kennedy Committee or to Mr. Warhol relating to the consequences of the donation of services by Mr. Warhol. A review of the above documents and the advice contained therein should make it clear that the Bank made the loans in the ordinary course of business in accordance with applicable banking laws and regulations. To reify this point further, a schedule is enclosed of disbursements and receipts with respect to such extension of credit which reflects the fact that at the present time the loan is fully secured by the value of the Warhol prints. Accordingly, we believe that no action in response to the complaint in MUR 1195 should be taken against the Bank.

The loans to The Kennedy for President Committee were negotiated with Chemical Bank's main office and its Metropolitan Headquarters whereas the Citizens for LaRouche approached initially a branch office which had not been

informed of the Bank's policy to consider loans to major candidates in a Presidential election campaign. Needless to say, we reject as being totally without legal basis the allegation that the federal election laws require that, if a bank makes a loan to one Presidential campaign committee, it must act favorably on requests from other committees whether of a similar or dissimilar nature.

We further acknowledge that the foregoing material as well as this letter will be kept confidential in accordance with 2 U.S.C. § 437(a)(4)(B) and § 437g(a)(12)(A).

If you have any questions or desire further information, please feel free to call me or, in my absence, David Harari of this office.

Very truly yours,

Richard Simmons

Richard S. Simmons

Federal Elections Commission,
Washington, D. C. 20463

Attention of Ms. Marsha Gentner

Encls.

T

DELIVERY BY MESSENGER

0 0 0 4 0 1 0 3 7 4 0

CHEMICAL BANK
140 Broadway
New York, NY 10015

November 15, 1979

Kennedy for President Committee
1250 22nd Street, NW
Washington, DC 20037

Attention of William C. Oldaker

Dear Sirs:

You have requested the undersigned to lend to your Committee $1,000,000 to be evidenced by your Committee's promissory note payable to the order of the undersigned and to be substantially in the form attached hereto as Exhibit A (hereinafter called "the note"). It is understood that such loan shall be payable on demand and shall bear interest at 1/2 of 1% per annum above the rate from time to time in effect of the undersigned for prime commercial loans of 90-day maturities (hereinafter called the "prime rate"), such interest rate to change as of the opening of business on any day on which the prime rate shall change. Interest shall be computed on the basis of the actual number of days elapsed.

In consideration of the undersigned's agreement to make such loan, you hereby agree, by your execution hereof, that as security for the repayment of such loan that you hereby assign, transfer and set over to the undersigned such payments as you are entitled pursuant to 26 U.S.C. §9033 to receive from the Secretary of the Treasury under 26 U.S.C. §9037 and to pay at the time of each receipt thereof an amount equal to 33-1/3% (or, if demand has been made, 100%) of such payment from the Secretary of the Treasury until payment in full of principal and interest on such loan. In connection therewith, you hereby represent and warrant to us that you have instructed the Secretary of the Treasury to make such payments directly to your account at the National Savings & Trust Company, Washington, DC, and have irrevocably instructed that Company, upon receipt of such payments to your account, to transfer out of such amount the aforesaid percentage thereof to the undersigned by wire transfer of Federal Reserve Funds, such transfer to be made to Attention of R.P. Conway, Vice President, Chemical Bank, 140 Broadway, New York, NY.

You further agree as a condition precedent to such loan that you shall obtain a policy insuring without any condition the life of Senator Edward M. Kennedy (or insuring in the event of any permanent disability which prevents Senator Edward M. Kennedy from effectively pursuing the nomination for presidential candidate) in an amount not less than $1,150,000, the undersigned to be designated as beneficiary thereof up to such amount as is required to pay in full principal of and interest on such loan. Such policy shall contain an endorsement to the effect that it may not be canceled or terminated or the beneficiary changed without the prior written consent of the undersigned, it being understood that the undersigned will consent to the cancelation thereof upon payment in full of principal and interest on such loan, and the undersigned will further agree to periodic reductions in the amount of coverage as the principal of such loan is reduced.

In order to induce the undersigned to make such loan, you hereby represent and warrant to the undersigned that (w) you are a political committee duly established and in compliance with 2 U.S.C. §433 and that you will comply with 2 U.S.C. §434 and that all contributions solicited by you shall be in compliance with 2 U.S.C. §441(a); (x) you have not and will not so long as such loan shall be outstanding have assigned, transferred or set over to any person other than the undersigned such payments as you are entitled pursuant to 26 U.S.C. §9033 to receive from the Secretary of the Treasury pursuant to 26 U.S.C. §9037; (y) no authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by you of this agreement or the note; and (z) you have incurred no unusual forward or long-term commitments or claims which are substantial in amount in relation to your projected receipts from contributions and from the Secretary of Treasury under 26 U.S.C. §9037.

This Letter Agreement shall be governed by and construed under the laws of the State of New York and is not subject to amendment, waiver or modification unless the same shall be in writing.

0010103351

If the foregoing is agreeable to you, please so indicate by signing the enclosed copy of this letter.

Very truly yours,

By Robert P. Conway
VICE PRESIDENT

Accepted and agreed to this
15 day of November 1979:

Carolyn A. Reed

0010103725

CONTRIBUTIONS AS OF NOVEMBER 13, 1979

STATE	TOTAL	MATCHABLE AMOUNT
Alabama	$ 5,345	$ 5,345
Alaska	5,800	5,800
Arizona	3,240	3,240
Arkansas	-	-
California	15,195	12,195
Colorado	6,150	5,350
Connecticut	4,550	4,550
Delaware	5,705	5,205
District of Columbia	14,995	8,955
Florida	24,829	17,070
Georgia	5,030	5,030
Hawaii	7,600	6,850
Idaho	-	-
Illinois	5,505	5,255
Indiana	13,000	11,500
Iowa	3,050	2,050
Kansas	5,000	1,250
Kentucky	50	50
Louisiana	5,500	4,750
Maine	-	-
Maryland	3,480	1,980
Massachusetts	19.260	17,010
Michigan	14,119	14,119
Minnesota	7,510	7,510

STATE	TOTAL	MATCHABLE
Mississippi	$ -	-
Missouri	5,375	$ 5,375
Montana	4,035	4,035
Nebraska	6,112	6,112
Nevada	-	-
New Hampshire	6,000	5,250
New Jersey	4,750	4,000
New Mexico	5,715	5,715
New York	61.200	20,050
North Carolina	4,900	4,650
North Dakota	625	625
Ohio	5,735	5,735
Oklahoma	500	500
Oregon	20	20
Pennsylvania	6,990	5,990
Rhode Island	1,500	1,500
South Carolina	5,060	5,060
South Dakota	6.420	6,420
Tennessee	6,250	5,250
Texas	10,385	10,385
Utah	-	-
Vermont	-	-
Virginia	6,410	5,660
Washington	7,320	7,320
West Virginia	4,100	4,100
Wisconsin	6,850	6,850
Wyoming	6,450	6,450

STATE	TOTAL	MATCHABLE
Puerto Rico	$ 200	$ 200
PAC	5,000	
	$352,815	$272,316

Total matchable funds to date $272,316

Note: The above amounts represent contributions which are eligible for federal matching funds.

I certify that the above accounts are true and correct as of November 13, 1979.

Carolyn A. Reed

Carolyn Reed
Treasurer

A Mutual Company Established 1850

National Life Insurance Company

MONTPELIER, VERMONT 05602

NUMBER	1680572	NOVEMBER 15, 1979	DATE OF ISSUE
INSURED	EDWARD M. KENNEDY	$1,150,000	SUM INSURED

NATIONAL LIFE INSURANCE COMPANY hereby insures the life of the Insured and agrees to pay the Sum Insured to the Beneficiary, subject to the provisions of this policy, upon receipt at the Home Office of due proof of the death of the Insured while this policy was in force.

The Specifications on the next page and the conditions and provisions on this and the following pages are part of this policy.

Ten Day Right to Examine Policy. This policy may, at any time within ten days after its receipt by the Owner, be returned by delivering it or mailing it to National Life Insurance Company or to the agent from whom it was purchased. Immediately upon such return, the policy shall be deemed void as of its date of issue and any premium paid on it will be refunded.

Signed for the Company at Montpelier, Vermont on the Date of Issue, by

President

Secretary

Registrar

Yearly renewable term policy with annual distribution of surplus. Premiums increase on each renewal. Proceeds payable at death. Convertible within period specified.

SPECIFICATIONS

NUMBER	1680572	NOVEMBER 15, 1979	DATE OF ISSUE
INSURED	EDWARD M. KENNEDY	$1,150,000	SUM INSURED

ISSUE AGE: 48 OWNER: KENNEDY FOR PRESIDENT COMMITTEE, A WASHINGTON, D.C. ASSOCIATION, ITS SUCCESSORS OR ASSIGNS

********** BENEFIT AND PREMIUM TABLE **********

BENEFIT	AMOUNT	ANNUAL PREMIUM	YEARS PAYABLE
RENEWABLE TERM INSURANCE	$1,150,000	$8,154.00	1

THE EXCHANGE INTEREST RATE IS 8 %, COMPOUNDED ANNUALLY.

THE INITIAL MONTHLY PREMIUM IS $691.55

THIS POLICY IS IN A STANDARD PREMIUM CLASS.

FOR EACH RENEWAL OF THIS POLICY, THE BASIC ANNUAL PREMIUM (OTHER THAN FOR WAIVER OF PREMIUMS AND ANY EXTRA PREMIUM CLASSIFICATION CHARGE) WILL BE DETERMINED BY USING AN AGE ONE YEAR YOUNGER THAN THE INSURED'S AGE NEAREST BIRTHDAY ON THE EFFECTIVE DATE OF THE RENEWED POLICY. THIS WILL NOT EXTEND THE TERM OF THE RENEWED POLICY.

GENERAL PROVISIONS

Consideration and Representations. This policy is issued in consideration of the application and the payment of premiums as herein specified. The entire contract between the parties consists of this policy and a copy of the application which is attached when issued. This policy may be modified only by an authorized officer or a registrar of the Company.

All statements made by the Insured or in Insured's behalf shall be deemed representations and not warranties and no such statement shall avoid this policy or be used in defense of a claim upon it unless such statement is contained in the application.

Payment of Benefits. All sums payable by the Company under this policy are payable at its Home Office.

Misstatement of Age or Sex. The age of the Insured shown on the Specifications page is the integral age on the birthday of the Insured nearest the date from which policy years and anniversaries are computed, based on the date of birth given in the application. The attained age at any subsequent date is such age shown on the Specifications page increased by the number of policy years and months which have elapsed.

If the age or sex of the Insured has been misstated, the amount payable under any of the provisions of this policy shall be such as the premiums paid would have purchased using the correct age and sex.

Suicide. If the death of the Insured within two years from the date of issue of this policy results from suicide, while sane or insane, the liability of the Company shall be limited to an amount equal to the premiums paid on the policy less any dividends withdrawn in cash or applied toward payment of premiums.

Incontestable Clause. After this policy has been in force during the lifetime of the Insured for a period of two years from the date of issue it shall be incontestable except for nonpayment of premiums.

Policy Years and Anniversaries. Policy months, policy years and anniversaries shall be computed from the Date of Issue, unless otherwise stated on the Specifications page.

Each policy month shall end on the calendar day of the month corresponding to the day of the month used for the computation of policy years and anniversaries, or on the last calendar day of any month having no such corresponding day.

Interest on Death Proceeds. Interest will be paid, on the proceeds paid in one sum in the event of the death of the Insured, at the rate determined by the Company but not less than 3% per annum, from the date of death to the date of payment, except that no interest will be paid for a period in excess of one year.

SEE ENDORSEMENT

of the words "while sane or insane"

Form 103-64

Secretary

POLICY OWNERSHIP

Rights and Privileges. Except as otherwise specifically provided herein and before maturity of this policy, the right to assign the policy, to release or discharge the policy, to agree with the Company to any change in or amendment of the policy, and all rights, privileges and benefits provided for by this policy may be exercised and enjoyed without the consent and against the interest of any revocable Beneficiary, by the Owner or by the Owner's assigns together with all irrevocably designated Beneficiaries or their assigns, if any.

Assignments. The Company assumes no responsibility for the validity or effect of any assignment of this policy and no assignment will be recognized until it has been duly filed at its Home Office. An assignment of this policy shall operate to the extent thereof to transfer the interest of any Beneficiary whom the assignor has the right to change, and to render proceeds to which the assignee is entitled payable in one sum, notwithstanding any settlement agreement attached hereto at the time the assignment was executed.

BENEFICIARY

General Beneficiary Provisions. The right to change the Beneficiary is reserved, unless expressly waived. Unless subsequently changed the Beneficiary shall be as designated in the application, or any amendment thereto. If any Beneficiary shall die before the Insured, the interest of such Beneficiary shall vest in the Owner unless otherwise provided in this policy.

If this policy shall provide for "lawful children" of any person, the phrase shall include only lawful children born to or legally adopted by that person.

If this policy shall provide for any Beneficiaries or payees not specified by name, the Company in determining at any time such Beneficiaries or payees is hereby authorized to rely on an affidavit or affidavits by such person or persons as the Company considers to be familiar with the facts, and the Company shall be discharged from all liability upon making settlement in accordance with such affidavit or affidavits.

Change of Beneficiary. If the right to change any Beneficiary is reserved, a new Beneficiary may be designated from time to time during the lifetime of the Insured by filing at the Home Office written notice thereof in such form as the Company may require. Such change, when received at the Home Office, shall be effective as of the date of execution of such notice whether the Insured is living at the time of receipt or not, but without prejudice to the Company on account of any payment made by it before receipt of the written notice at its Home Office.

PREMIUMS

Payment of Premiums. The initial basis of premium payment shall be as shown in the application. The first premium is payable on the date of issue. Each subsequent premium is due at the expiration of the interval of time for which the preceding premium was paid and shall be payable when or before due.

Premiums may be paid annually, semi-annually or quarterly, at the Company's rates effective on the date of issue or in any manner agreed upon with the Company. On written request by the Owner filed at the Home Office change may be made from one basis to another.

The amount charged for any additional benefit contained in any supplemental agreement attached to this policy at issue is set forth on the Specifications page. When the premium for any additional benefit is no longer payable, the amount of the premium payments for this policy shall be reduced accordingly.

All premiums are payable at the Home Office or to a duly authorized representative of the Company in exchange for a receipt signed by an authorized officer of the Company and countersigned by the representative by whom such payment is received.

Grace Period. If any premium is not paid on or before the day it is due, the premium shall be in default, but a grace period of thirty-one days from the due date, during which period the insurance will continue in force, shall be allowed for the payment of every premium except the first. If death occurs during the grace period there will be deducted from the proceeds such portion of the premium in default as covers the policy month in which such death occurs.

Lapse. On default in payment of any premium due, this policy shall immediately lapse as of the due date of such premium in default and, except as otherwise provided herein, all liability of the Company shall terminate.

Premium Refund on Death of Insured. If this policy becomes a claim by death of the Insured, proceeds shall include such portion of any premium as shall have been paid for any period after the end of the policy month in which the death occurred.

REINSTATEMENT

Reinstatement. This policy may be reinstated within five years of date of lapse. Evidence of insurability of the Insured satisfactory to the Company will be required. A reinstatement charge equal to the premium covering the period from the date of reinstatement to the next premium due date plus the lesser of (a) half of all premiums covering the period from the date of lapse to the date of reinstatement or (b) the premiums covering the one year period prior to the date of reinstatement must be paid.

DIVIDENDS

Dividends. On the expiry of this policy and upon the expiry of the term of each renewal thereof, if all premiums for the expired term have been paid, this policy shall be credited with such shares of surplus, hereinafter called dividends, as may be apportioned from the divisible surplus as ascertained by the Company. The dividends may be used under one of the dividend options below:

1. CASH. Dividends may be withdrawn in cash.

2. APPLIED. Dividends may be applied toward payment of a premium due hereon. If the premium toward which a dividend was to have been applied is not paid such dividend will be treated as a dividend deposit.

3. DIVIDEND DEPOSITS. Dividends may be deposited with the Company and increased each year during which such dividends remain on deposit for a full policy year by interest as determined annually by the Company, which in no event will be less than 3%. Such accumulated dividends and interest thereon are herein called dividend deposits. Any dividend deposits may be withdrawn at any time on the signature of the Owner alone. In the event of lapse or expiry of this policy any dividend deposits standing to the credit of the policy shall be paid in cash to the Owner, unless the policy is renewed in which event any dividend deposits will be used in accordance with the Renewal Privilege hereof.

General Provisions Applicable to Dividends. A dividend option once elected shall remain in effect until the Owner otherwise elects.

Unless election shall be made otherwise before maturity and prior to thirty-one days after any dividend is due the dividend will be treated as a dividend deposit or employed as may otherwise be required under the law of the state or other jurisdiction in which this policy is delivered.

On the maturity of this policy by death any dividends, dividend deposits, and any post mortem dividends which may be apportioned by the Company shall be included in and paid as a part of the proceeds.

BASIS OF VALUES

Basis of Values. All calculations of reserves are based upon the Commissioners 1958 Standard Ordinary Mortality Table with continuous functions and compound interest at the rate of 3½% per annum during the first twenty policy years and at the rate of 2½% per annum for any policy year thereafter.

EXCHANGE

al Date Exchange. While this policy is in force r four years from the Date of Issue it may be surered and exchanged upon written application for to the Company at its Home Office for a paring life, limited payment life, or endowment y on the life of the Insured for the same Sum red. The cost of such exchange shall be the differbetween each premium paid under this policy and premium that would have been paid under the new y had the new policy been issued on the Date of e with proper adjustment for the difference in divids together with interest thereon to the date of exnge at the Exchange Interest Rate. The new policy ll bear the same Date of Issue as this policy and shall written on the policy form in use and at the premium e in effect for the integral age of the Insured at rest birthday, as of such Date of Issue. Evidence of ntability will not be required. If this policy is in an ra premium class at the time of exchange, the new licy shall be issued in a corresponding extra premium ass.

tained Age Exchange. While this policy is in force it ay be surrendered and exchanged upon written application therefor to the Company at its Home Office for a participating life, limited payment life, or endowment olicy on the life of the Insured for the same Sum Insured. The new policy shall be written on the policy orm then in use by the Company and at the premium rate then in use for the integral age on the birthday of the Insured nearest the date of exchange. If this policy is in an extra premium class at the time of exchange, the new policy shall be issued in a corresponding extra premium class. Evidence of insurability will not be required. Any dividend deposits will be allowed in reduction of premiums for the first year on the new policy. If this policy is renewed, as hereinafter provided, a similar right of exchange shall be available during the period of each such renewal, except that there shall be no right of exchange after the anniversary of the policy nearest the Insured's sixty-fifth birthday.

Disability Provisions. If this policy contains an agreement which provides for waiver of premium disability benefits and the Insured is not totally disabled as defined in such agreement at the time an original date exchange or attained age exchange of this policy is made as provided herein and such exchange is made prior to the policy anniversary nearest the Insured's sixtieth birthday, the Company will attach to the new policy arising from such exchange an agreement for waiver of premium disability benefits on the form then in use by the Company for such benefits and at the premium rate in use for the integral age on the birthday of the Insured nearest the date of exchange. If the new policy is a limited payment life or endowment policy, the agreement will be attached only if the Insured shall submit evidence of eligibility for such disability benefits satisfactory to the Company, but if the new policy is an ordinary life policy no such evidence shall be required.

If, on or before the policy anniversary nearest the Insured's sixtieth birthday, this policy contains an agreement which provides for waiver of premium disability benefits and the Insured is totally disabled as defined in such agreement, and has been so disabled for at least two years or to such anniversary, then an attained age exchange may be made to an ordinary life policy. An agreement for waiver of premium disability benefits on the form and at the premium rate then in use by the Company will be attached to the ordinary life policy and the payment of premiums on such policy will be waived during the continuance of total and permanent disability. Evidence of insurability or eligibility for disability benefits will not be required for such exchange. Any dividend deposits standing to the credit of this policy shall be transferred to such ordinary life policy.

If this policy has waiver of premium disability benefits and the premium therefor is rated some multiple of the regular premium, the premium for any agreement for waiver of premium disability benefits attached to any new policy which may be issued will be rated the same multiple.

RENEWAL PRIVILEGE

Renewal Privilege. This policy expires on the first policy anniversary, but upon such expiry and upon the expiry of the term of any renewal hereof, if all premiums for the expired term have been paid, the policy will be renewed for a further term of one year, without evidence of insurability, upon the payment of the first premium for such renewed policy within thirty-one days of such expiry. The effective date of such renewed policy shall be the date of expiry of the preceding policy.

There shall be transferred to such renewed policy any dividend deposits standing to the credit of the preceding policy. No renewal will be allowed after the policy anniversary nearest the Insured's sixty-ninth birthday. Except as otherwise provided herein the provisions of this policy shall constitute the provisions of such renewed policy.

Premiums on each renewed policy shall be payable on the same basis and the same due dates as the preceding policy. The annual premium payable for each renewed policy shall be determined by computing the basic annual premium for the Sum Insured from the table on the next page, increasing it by any extra premium classification charge shown on the Specifications page, and further increasing it by $12.00.

If this policy contains an agreement which provides for waiver of premium disability benefits, upon renewal prior to the anniversary of the policy nearest the Insured's sixty-fifth birthday such agreement will also be renewed in like manner. The additional premiums for such renewed agreement shall be payable with and on the same basis as premiums on the renewed policy. The annual premium payable for such renewed agreement shall be determined by computing the basic annual premium for waiver of premiums for the Sum Insured from the table on the next page, increasing it by any extra premium classification charge shown in the Specifications, and further increasing it by the annual premium for waiver of premiums for any additional benefits contained in this policy.

If this policy contains any other agreement for additional benefits, upon renewal of this policy such agreement will also be renewed in like manner. The additional premiums for such renewed agreement shall be payable with and on the same basis as premiums on the renewed policy and the amount of such additional premiums shall be the same as for the original agreement.

For each $1,000 of Sum Insured for policies renewed in accordance with the Renewal Privilege, using the Insured's age nearest birthday on the effective date of the renewed policy:

Age	Basic Annual Premium		Basic Annual Premium for Waiver of Premiums	
	Male	Female	Male	Female
15	$ 2.01	$ 1.77	$ .12	$ .16
16	2.09	1.85	.12	.16
17	2.17	1.93	.12	.16
18	2.24	2.00	.13	.17
19	2.30	2.06	.13	.17
20	2.35	2.10	.13	.17
21	2.39	2.14	.13	.17
22	2.42	2.17	.14	.18
23	2.45	2.19	.14	.18
24	2.47	2.21	.15	.20
25	2.50	2.24	.15	.20
26	2.53	2.26	.15	.20
27	2.56	2.29	.16	.21
28	2.60	2.32	.16	.21
29	2.65	2.37	.16	.21
30	2.71	2.42	.17	.22
31	2.77	2.47	.17	.22
32	2.82	2.51	.18	.23
33	2.89	2.56	.18	.23
34	2.98	2.63	.19	.25
35	3.09	2.72	.20	.26
36	3.23	2.83	.21	.27
37	3.40	2.96	.22	.29
38	3.61	3.12	.23	.30
39	3.86	3.32	.25	.33
40	4.15	3.55	.27	.35
41	4.47	3.80	.30	.39
42	4.82	4.07	.32	.42
43	5.18	4.34	.35	.46
44	5.59	4.65	.38	.49
45	6.03	4.98	.42	.55
46	6.54	5.37	.48	.62
47	7.08	5.78	.55	.72
48	7.70	6.26	.64	.83
49	8.38	6.80	.73	.95
50	9.12	7.39	.83	1.08
51	9.95	8.05	1.05	1.37
52	10.83	8.75	1.31	1.70
53	11.80	9.53	1.60	2.08
54	12.86	10.39	1.93	2.51
55	14.00	11.31	2.31	3.00
56	15.27	12.34	2.86	3.72
57	16.66	13.47	3.48	4.52
58	18.19	14.73	4.20	5.46
59	19.86	16.10	5.02	6.53
60	21.71	17.65	1.30	1.69
61	23.72	19.40	1.30	1.69
62	25.90	21.37	1.21	1.57
63	28.29	23.62	.99	1.29
64	30.91	26.13	.50	.65
65	33.80	28.67		
66	36.99	31.50		
67	40.52	34.66		
68	44.43	38.19		
69	48.66	42.03		

SETTLEMENT OPTIONS 3 6 2

The Right to Elect — When and by Whom. Election may be made, subject to the conditions hereof, that all or part of the net proceeds will be retained by the Company and paid pursuant to one of the following settlement options. A certificate expressing the terms of the settlement will be issued upon surrender of this policy.

Such election may be made:

(a) By the Owner, prior to the death of the Insured.

(b) By the Beneficiary, when the proceeds of this policy become available if no settlement agreement covering such proceeds is then in force. Such election shall be made within sixty days after the proceeds become available and before the proceeds have been paid.

Election by Business Entity or Fiduciary. If the proceeds are payable to a business entity or fiduciary, such payee may elect the use of settlement options hereunder but such election shall, in addition to all other conditions and provisions hereof, be subject to the restriction that under any Option 1 settlement the shorter period mentioned under such option shall not exceed thirty years. Such business entity or fiduciary may transfer its right to receive the proceeds to a measuring life who in turn may elect the use of settlement options.

Miscellaneous Conditions. If any settlement option depends on a measuring life, such measuring life shall be that of a natural person. The Company will require acceptable proof of the age of such person and reserves the right to require satisfactory evidence that such person is alive before making any payment.

The Company will neither retain less than $2,000 for, nor make periodic payments of less than $20 to, any payee.

Assignment-Creditors. The amount applied under an option and any payment thereunder may not be assigned or encumbered and, to the extent permitted by law, shall not be subject to levy, attachment or other judicial process for the payment of the payee's debts or obligations.

Option 1 — Payment of Interest

Interest payments at annual, semiannual, quarterly or monthly intervals during the lifetime of the measuring life or for such shorter period as may be specifically provided in this policy. The first payment will be at the end of the first interval elected and the amount of the payment will be $30.00 if payable annually, $14.88 if semiannually, $7.4. if quarterly or $2.46 if monthly, per $1,000 of proceeds.

Provision may be made for withdrawal, on any anniversary of the date of the certificate, of any amount held by the Company.

There will be paid such share of divisible surplus, if any, as may be annually apportioned thereto by the Company.

Option 2 — Instalment Payments for a Specified Period

Monthly instalments for a specified number of years, as elected, first payment immediate, according to the table following.

Provision may be made for withdrawal, on any anniversary of the date of the certificate, of any unpaid instalments commuted at compound interest of 3% per annum.

There will be paid such share of divisible surplus, if any, as may be annually apportioned thereto by the Company.

Monthly Installments for Each $1000 of Proceeds

Specified No. of Yrs.	1	2	3	4	5	6	7	8	9	10
Monthly Instalments	$84.40	$42.82	$28.97	$22.04	$17.89	$15.13	$13.15	$11.67	$10.52	$ 9.61
Specified No. of Yrs.	11	12	13	14	15	16	17	18	19	20
Monthly Instalments	$ 8.86	$ 8.23	$ 7.70	$ 7.25	$ 6.86	$ 6.52	$ 6.22	$ 5.96	$ 5.72	$ 5.51
Specified No. of Yrs.	21	22	23	24	25	26	27	28	29	30
Monthly Instalments	$ 5.31	$ 5.14	$ 4.98	$ 4.84	$ 4.70	$ 4.58	$ 4.47	$ 4.37	$ 4.27	$ 4.18

SETTLEMENT OPTIONS (Continued)

Option 3 — Life Income

Monthly instalments, first instalment immediate, for the period certain elected and thereafter during the remaining lifetime of the measuring life. The period certain elected may be 10, 15 or 20 years or a refund period certain such that the sum of the instalments certain shall be equal to the proceeds settled under this option, the final payment not to exceed the unpaid balance. The amount of such instalments shall be determined according to the table following.

During the instalments certain period, there will be paid such share of divisible surplus, if any, as may be annually apportioned thereto by the Company.

Monthly Instalments for Each $1,000 of Proceeds

(Amounts shown are for the age nearest birthday of the measuring life at date of first payment)

Age Male	Age Female	Period Certain 10 Yrs.	15 Yrs.	20 Yrs.	Instalment refund	Age Male	Age Female	Period Certain 10 Yrs.	15 Yrs.	20 Yrs.	Instalment refund	Age Male	Age Female	Period Certain 10 Yrs.	15 Yrs.	20 Yrs.	Instalment refund
9 and under	11	2.85	2.84	2.84	2.83	32	37	3.38	3.37	3.36	3.35	58	63	5.19	5.00	4.73	4.90
	12	2.86	2.86	2.85	2.85	33	38	3.42	3.41	3.40	3.38	59	64	5.32	5.09	4.79	5.00
	13	2.87	2.87	2.87	2.86	34	39	3.45	3.44	3.43	3.41	60	65	5.45	5.19	4.85	5.11
	14	2.88	2.88	2.88	2.87	35	40	3.49	3.48	3.47	3.45	61	66	5.58	5.29	4.91	5.22
	15	2.90	2.90	2.89	2.88	36	41	3.53	3.52	3.50	3.49	62	67	5.72	5.39	4.97	5.34
11	16	2.91	2.91	2.91	2.90	37	42	3.57	3.56	3.54	3.52	63	68	5.87	5.49	5.03	5.46
12	17	2.93	2.92	2.92	2.91	38	43	3.62	3.60	3.58	3.56	64	69	6.01	5.59	5.08	5.60
13	18	2.94	2.94	2.93	2.93	39	44	3.67	3.65	3.63	3.61	65	70	6.17	5.68	5.13	5.73
14	19	2.96	2.95	2.95	2.94	40	45	3.71	3.70	3.67	3.65	66	71	6.32	5.78	5.18	5.87
15	20	2.97	2.97	2.97	2.96	41	46	3.77	3.75	3.72	3.70	67	72	6.48	5.87	5.23	6.02
16	21	2.99	2.99	2.98	2.97	42	47	3.82	3.80	3.77	3.74	68	73	6.65	5.97	5.27	6.18
17	22	3.01	3.01	3.00	2.99	43	48	3.88	3.85	3.82	3.80	69	74	6.81	6.06	5.30	6.35
18	23	3.03	3.02	3.02	3.01	44	49	3.94	3.91	3.87	3.85	70	75	6.98	6.14	5.34†	6.52
19	24	3.05	3.04	3.04	3.03	45	50	4.00	3.97	3.92	3.90	71	76	7.15	6.22		6.70
20	25	3.07	3.06	3.06	3.05	46	51	4.07	4.03	3.98	3.96	72	77	7.32	6.30		6.89
21	26	3.09	3.08	3.08	3.07	47	52	4.14	4.10	4.03	4.02	73	78	7.49	6.37		7.09
22	27	3.11	3.10	3.10	3.09	48	53	4.21	4.16	4.09	4.08	74	79	7.65	6.44		7.30
23	28	3.13	3.13	3.12	3.11	49	54	4.29	4.24	4.15	4.15	75	80†	7.82	6.50†		7.53
24	29	3.15	3.15	3.14	3.13	50	55	4.37	4.31	4.21	4.22	76		7.98			7.76
25	30	3.18	3.17	3.17	3.15	51	56	4.46	4.39	4.27	4.29	77		8.14			8.00
26	31	3.20	3.20	3.19	3.18	52	57	4.55	4.46	4.34	4.36	78		8.30			8.26
27	32	3.23	3.22	3.22	3.20	53	58	4.64	4.55	4.40	4.44	79		8.44			8.54
28	33	3.26	3.25	3.24	3.23	54	59	4.74	4.63	4.47	4.52	80†		8.58†			8.82†
29	34	3.29	3.28	3.27	3.26	55	60	4.85	4.72	4.53	4.61						
30	35	3.32	3.31	3.30	3.29	56	61	4.96	4.81	4.60	4.70						
31	36	3.35	3.34	3.33	3.32	57	62	5.07	4.90	4.66	4.80			† Higher ages the same			

Option 4 — Instalment Payments of a Specified Amount

Monthly instalments of such specified amounts as may be agreed upon, first payment immediate, continuing such payments until the proceeds with compound interest at 3% per annum on the unpaid balance and such share of divisible surplus, if any, as may be annually apportioned thereto by the Company, are exhausted.

Provision may be made for withdrawal, on any anniversary of the date of the certificate, of any amount held by the company.

Option 5 — Life Annuity

Monthly instalments as a guaranteed life annuity, with or without a period certain as elected. The amount of each instalment shall be 103½% of the monthly income provided at the Company's Immediate Annuity rates in effect as of the date of the first instalment, adjusted to provide for immediate payment of the first instalment.

There shall be no participation in the surplus of the Company.

0 0 4 7 1 3 6 4

Part A

Application to NATIONAL LIFE INSURANCE COMPANY

Montpelier, Vermont

Policy No: _____

Agency _____

No 41021

NEW YORK - SMILEY 60

QUESTIONS 1 to 6 REFER TO PROPOSED INSURED

1. Full Name — First: EDWARD Middle: M. Last: KENNEDY

2. Date of birth 2-22-32

3. Place of birth BOSTON MASS

4. Male X Female ☐

5. Issue Policy at Age 48

6. Single ☐ Married X Widowed ☐ Divorced ☐

7. Occupation
A Kind of business? LEGISLATOR
B Specific duties? U.S. SENATOR
C Employer? U.S. GOVERNMENT
D Any change contemplated? Yes ☐ No X
If Yes, explain under Remarks

8. Do you intend to travel or reside outside U.S.A.? Yes ☐ No X
If Yes, complete foreign travel questionnaire No. 1480

9. Have you ever applied for insurance or reinstatement which was declined, postponed or modified in any way? Yes ☐ No X
If Yes, give details under Remarks

10. Are other negotiations for insurance pending? Yes ☐ No X
If Yes, give company, amount and reason under Remarks

11. Has there been or will there be any termination or reduction of premiums, any surrender, any reduction in amount or period of coverage, or any substantial borrowing on any insurance on your life, if the insurance herein applied for is issued? Yes ☐ No X
If Yes, give company, amount and reason under Remarks

12. Have you ever been or do you have any intention of becoming a pilot or crew member of any type of aircraft? Yes ☐ No X
If Yes, complete aviation questionnaire No. 1487

13. Are you or do you have any intention of becoming a member of a military organization? Yes ☐ No X
If Yes, give details under Remarks

14. Have you within the past two years participated in or do you intend to participate in, any motor powered racing, scuba, skin or sky diving, rodeos or any other hazardous avocation? Yes ☐ No X
If Yes, submit avocation questionnaire No. 1390

15. Have you had your motor vehicle driving license suspended or revoked during the last two years? Yes ☐ No X
If Yes, give details under Remarks

16. Total insurance in force $

Company	Amount	Year Issued
U.S. Govt Group		

Total with Waiver of Premium $

Total Monthly Disability Income $

Total Accidental Death Benefit $

17. Home Office corrections or amendments
26. Beneficiary: Chemical Bank, a New York corporation, its successors or assigns, as its interest may appear; balance, if any, to Kennedy for President Committee, a Washington, D. C. association, its successors or assigns. The right to change the beneficiary is not reserved.

18. Plan of insurance: YRT-70

19. Amount of insurance: $ 1,150,000

20. Additional benefits desired
Waiver of Premium ☐ Waiver of Premium and Income ☐ Accidental Death Benefit
YRT to 70 Rider $
Level Term Rider ☐ $ for Years
Reducing Term Rider ☐ $ for Years
Family Income Rider ☐ $ per Mo. for Years
Additional Insurance Option ☐ for $
Children Protection Benefit ☐ (complete Form 1455)
Family Protection Benefits ☐ (complete Form 1440)
Cost of Living Rider ☐ No. of Units

21. Date of Issue

22. Basis of premium payment
Annual ☐ Semi-annual ☐ Quarterly ☐ Monthly X
COM ☐ 1.6 S.A. ☐

23. $ 2000 — has been paid to agent as first 2 MONTHLY premiums

24. Use of dividends: Pay in cash ☐ Apply to premiums X
Hold at interest ☐
Purchase paid-up additions ☐ with Dividend Term Option ☐

25. Is automatic payment of premium desired, if available? Yes X No ☐

26. Beneficiary AMENDED
Give full names, dates of birth and relationships to insured
CHEMICAL BANK, A NEW YORK CORPORATION, ITS SUCCESSORS OR ASSIGNS, AS THEIR INTEREST MAY APPEAR
otherwise the executors or administrators of
The right to change the beneficiary is NOT reserved.

27. Owner KENNEDY FOR PRESIDENT COMMITTEE, A WASHINGTON, D.C. ASSOCIATION, ITS SUCCESSORS OR ASSIGNS
Social Security No. of Owner
If owner is a minor, complete Form No. 1461

28. All payments to be protected by the Spendthrift Provision Yes ☐ No ☐

29. Transferability of Contract to be Restricted Yes ☐ No ☐
(Applicable for TDA and H.R. 10 business)

30. Endowment payee or Retirement payee, if applicable:
Insured, his executors or administrators ☐ Owner ☐ As per supplementary request ☐

31. To whom shall premium notices be sent? Insured ☐ Owner ☑ Other ☐
Give Street & No., City, State & Zip Code 1150 17 STREET N.W. WASHINGTON, D.C. 20037

32. Remarks and additional directions

PLEASE ISSUE NON-SMOKER RATE

(1) The foregoing statements and answers are, to the best of knowledge and belief of the proposed insured, complete and true and together with the statements and answers on part B of this application shall constitute a part of the contract of insurance if one be issued. The applicant, if someone other than the proposed insured, agrees to be bound by all statements and answers signed by the proposed insured in parts A and B of this application. (2) The agent taking this application has no authority to make, modify, alter or discharge any contract hereby applied for, nor to extend credit on behalf of the Company. No statement made to or information acquired by any representative of the Company shall bind the Company unless set out in writing in parts A or B of this application. (3) The Company shall incur no liability under any policy issued pursuant to this application unless and until such policy is delivered to the owner and the first premium is paid during the continued insurability of the insured, except as may be otherwise provided in any conditional receipt issued, which bears the same number as this application. (4) Acceptance of any policy issued on this application will be a ratification of any correction in or amendment to the application noted by the Company in the space headed "Home Office corrections or amendments," and a copy of the amended application attached to the policy will be sufficient notice of the change made, except if the laws of the state or other jurisdiction in which the application is made require written ratification, no change shall be made as to amount, classification of risk, plan of insurance or benefits unless agreed to in writing.

Executed at NEW YORK, N.Y. NOV. 15 1979

KENNEDY FOR PRESIDENT COMMITTEE

X [signature] CHAIRMAN
Signature in full

Applicant _____

X Edward M. Kennedy
Signature in full

Proposed Insured

Only one signature required when proposed insured is the applicant

Form 1818, 76

Supplemental Application To
NATIONAL LIFE INSURANCE COMPANY
Montpelier, Vermont

1680572

NON SMOKER DECLARATION

Name of Proposed Insured EDWARD M. KENNEDY

The proposed insured does not now smoke cigarettes and has not smoked any cigarettes within the last 12 months.

This statement is complete and true, to the best knowledge and belief of the proposed insured. This supplemental application for the issuance of insurance on the life of the proposed insured at a lower non-smoker premium rate shall constitute a part of the contract if one is issued.

Executed at NEW YORK N.Y. 11/15 1979

Proposed Insured X [signature]

Applicant XX KENNEDY FOR PRESIDENT COMMITTEE [signature] CHAIRMAN

Only one signature is required when the proposed insured is the applicant.

AGENT'S REPORT

To the best of my knowledge and belief, the above statement made by the proposed insured is true.

DATE 11/16/79 AGENT [signature]
Frederick J. Wertlieb, CLU, CFP

1444-78

ENDORSEMENT

3 3 6 3

e as of the Date of Issue, this policy is amended as follows:

1. The "Interest on Death Proceeds" provision has been changed to:

   Interest will be paid, on the proceeds paid in one sum in the event of the death of the Insured, at the rate determined by the Company, but not less than 3% per annum, from the date of death to the date of payment.

NATIONAL LIFE INSURANCE COMPANY

By

Registrar

120A-77 New York
Virginia

Yearly renewable term policy with annual distribution of surplus. Premiums increase on each renewal. Proceeds payable at death. Convertible within period specified.

The Owner is hereby notified that owner is a member of National Life Insurance Company while this policy is in force and that the annual meetings of the Company are held at its Home Office in Montpelier, Vermont, on the last Friday in January in each year at 9 o'clock A.M.

International Telex Western Union International, Inc.

NCCBRCC NYK
11/20/79
CORBLACKCO SFO
ATTN JOHN SMITH/DENNIS STRIE

WE ARE PLEASED TO CONFIRM WE HAVE BOUND EFFECTIVE 20 NOVEMBER 1979 SICKNESS AND ACCIDENT TOTAL DISABILITY INSURANCE IN BEHALF OF CHEMICAL BANK OF NEW YORK COVERING E. M. KENNEDY AS INSURED PERSON ON FOLLOWING BASIS WITH 100 PERCENT LLOYDS SECURITY:

QUOTE IN THE EVENT THAT THE INSURED PERSON IS TOTALLY DISABLED FOR A MINIMUM PERIOD OF FOURTEEN CONSECUTIVE DAYS SOLELY AND DIRECTLY AS A RESULT OF AN ACCIDENT OCCURRING OR AN ILLNESS FIRST MANIFESTING ITSELF DURING THE PERIOD OF THIS POLICY AND SUCH TOTAL DISABLEMENT CONTINUES UNTIL THE END OF THE POLICY PERIOD SO THAT HE IS UNABLE TO COMPLETE HIS CAMPAIGN FUND RAISING ACTIVITIES, THEN THIS INSURANCE SHALL REIMBURSE THE ASSURED FOR ANY IRRECOVERABLE SUMS DRAWN DOWN AT THE TIME OF SUCH DISABLEMENT BY THE INSURED PERSON OR HIS REPRESENTATIVES UNDER A LINE OF CREDIT AGREEMENT AND WHICH IS OUTSTANDING AS AT 31 AUGUST 1982 UP TO A MAXIMUM OF DOLLARS ONE MILLION ONE HUNDRED AND FIFTY THOUSAND UNQUOTE STOP
CONDITIONS INCLUDE - PRIOR DISABILITY EXCLUSION CLAUSE - QUOTE EXCLUDING ALL CLAIMS CAUSED OR AGGRAVATED BY ANY PHYSICAL OR MENTAL CONDITION, OF A CHRONIC OR RECURRING NATURE, FROM WHICH THE INSURED PERSON SUFFERED AND WAS KNOWN TO SUFFER AT THE INCEPTION OF THIS INSURANCE UNQUOTE
AND MEDICAL REFEREES CLAUSE - QUOTE IN THE EVENT OF ANY CLAIM UNDER THIS INSURANCE BEING DISPUTED ON MEDICAL GROUNDS IT IS UNDERSTOOD AND AGREED THAT THE ADVICE OF TWO INDEPENDENT MEDICAL REFEREES, ONE OF WHOM TO BE APPOINTED BY UNDERWRITERS, SHALL BE SOUGHT STOP SHOULD THEY FAIL TO AGREE A THIRD MEDICAL REFEREE, ACCEPTABLE TO BOTH PARTIES, SHALL BE APPOINTED AND HIS OPINION SHALL BE ACCEPTED AS FINAL UNQUOTE
DEATH IS NOT COVERED UNDER THE FOREGOING AND ASSUME YOU HAVE ARRANGED SEPARATE INSURANCE

M. R. LOEWIG
PACIFIC INTERNATIONAL PACKERS, LTD.

NCCBRCC NYK
C

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

MAURICE T. MOORE
BRUCE BROMLEY
WILLIAM B. MARSHALL
RALPH L. MCAFEE
ROYALL VICTOR
ALLEN H. MERRILL
HENRY W. DEKOSMIAN
ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA

JOHN F. YOUNG
JAMES M. EDWARDS
DAVID O. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE S. TYLER

ROSWELL L. GILPATRIC
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON

4 PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE 265-81-54
TELEX 290530

33 THROGMORTON STREET
LONDON EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX 884497

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

November 16, 1979

Dear Sirs:

You have requested our opinion as to whether the $200,000 loan which you made today and the remainder of $800,000 which you expect to disburse in the near future to the Kennedy for President Committee is and will be in compliance with § 441b(b)2 of Title 2 of the United States Code. Section 96(1) of the New York Banking Law specifically empowers Chemical Bank generally to make loans and acquire promissory notes, including by interpretation those secured by a security assignment of accounts receivable and, indeed, permits Chemical Bank to purchase outright various types of accounts receivable. Although not precisely embodied in statutory provisions of New York law, there is a general standard of prudence in connection with the making of loans generally, which standard, of course, also applies in connection with Chemical Bank's loan to the Kennedy for President Committee.

We note that Chemical Bank, as to the $200,000 loan to be made today, has received a certificate of the Treasurer of said Committee to the effect that $272,316 is the amount which said Committee is entitled as of that date to receive from the Secretary of the Treasury under 26 U.S.C. § 9037 and that as to the remaining $800,000 Chemical Bank will be fully protected by insurance in the event of the demise or incapacitation of the Senator while seeking nomination as the Democratic Candidate for President. We

also note that all amounts payable to the Kennedy for President Committee by the Secretary of the Treasury are assigned as security for the repayment of the full loan of $1,000,000. Given the fact that the total loan in question amounts to far less than the Committee or Chemical Bank could reasonably expect would be payable to the Committee by the Secretary of the Treasury under 26 U.S.C. § 9037, and given the protection of the assignment and the insurance policies, it is our opinion that such loan clearly qualifies as being the type of loan which would be made by Chemical Bank in the ordinary course of business and that it has been made in accordance with applicable banking laws and regulations.

Very truly yours,

Cravath, Swaine & Moore

Chemical Bank,
140 Broadway,
New York, N. Y. 10015

Attention of Mr. William G. Menner,
Senior Vice President.

T

O

DELIVERY

0010103370

CHEMICAL BANK
140 Broadway
New York, N. Y. 10015

February 11, 1980

Kennedy for President Committee
1250 22nd Street, N.W.
Washington, D. C. 22037

Attention of William C. Oldaker

Dear Sirs:

You have requested the undersigned to lend to your Committee $100,000 to be evidenced by your Committee's promissory note payable to the order of the undersigned and to be substantially in the form attached hereto as Exhibit A (hereinafter called "the note"). It is understood that such loan shall be payable on demand and shall bear interest at 1/2 of 1% per annum above the rate from time to time in effect of the undersigned for prime commercial loans of 90-day maturities (hereinafter called the "prime rate"), such interest rate to change as of the opening of business on any day on which the prime rate shall change. Interest shall be computed on the basis of the actual number of days elapsed. The loan is subject to prepayment, such prepayment to be applied first to accrued and unpaid interest on the loan, and then to the unpaid principal amount of the loan.

In consideration of the undersigned's agreement to make such loan, you hereby agree, by your execution hereof, to execute a Security Agreement of even date securing this loan and all prior loans made pursuant to a Letter Agreement dated November 15, 1979, between the undersigned and your Committee.

Pursuant to the Letter Agreement dated November 15, 1979, between you and the undersigned, you have obtained policies insuring without any condition the life of Senator Edward M. Kennedy and insuring in the event of any permanent disability which prevents Senator Edward M. Kennedy from effectively pursuing the nomination for presidential candidate, each in the amount of $1,150,000. The undersigned has been designated as beneficiary thereof up to such amount as

is required to pay in full the principal amount of $399,378 (hereinafter called the "old loan") and any accrued interest thereon. Such policies contain endorsements to the effect that they may not be canceled or terminated or the beneficiary changed without the prior written consent of the undersigned. You hereby agree that the undersigned's interest in such policies insuring Senator Edward M. Kennedy shall be increased to the extent of any accrued interest on and unpaid principal amount of the note and all other obligations of the Committee to the undersigned under this Letter Agreement; it being understood that the undersigned will consent to the cancelation of the policies upon payment in full of the principal of and interest on the old loan and the note, and the undersigned will further agree to periodic reductions in the amount of coverage as the principal of such loans is reduced.

In order to induce the undersigned to make this loan, you hereby represent and warrant to the undersigned that (a) you are a political committee duly established and in compliance with 2 U.S.C. § 433 and that you will comply with 2 U.S.C. § 434 and that all contributions solicited by you shall be in compliance with 2 U.S.C. § 441a; (b) no authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by you of this Letter Agreement, the note or the Security Agreement; and (c) you have incurred no unusual forward or long-term commitments or claims which are substantial in amount in relation to your projected receipts from contributions and from the Secretary of Treasury under 26 U.S.C. § 9037.

This Letter Agreement shall be governed by and construed under the laws of the State of New York and is not subject to amendment, waiver or modification unless the same shall be in writing.

You shall pay all costs and expenses in connection with this Letter Agreement and the loan.

If the foregoing is agreeable to you, please so indicate by signing the enclosed copy of this letter.

Very truly yours,

CHEMICAL BANK,

by

Accepted and agreed to this

11th day of February 1980.

Carolyn A Reed
Treasurer

0041019337 3

EXHIBIT A

$100,000

February 11, 1980
New York, N. Y.

UPON DEMAND, KENNEDY FOR PRESIDENT COMMITTEE DOES HEREBY PROMISE to pay to the order of Chemical Bank, a New York banking corporation, at its principal office at 140 Broadway, New York, N. Y. 10015, in lawful money of the United States One hundred thousand Dollars ($100,000) and to pay interest thereon at the rate of 1/2 of 1% per annum above the rate from time to time in effect at Chemical Bank for prime commercial loans of 90-day maturities (hereinafter called the "prime rate"), such interest to change as of the opening of business on the day on which the prime rate shall change. Interest shall be computed on the basis of the actual number of days elapsed.

This Note is issued pursuant to a Letter Agreement of even date between Chemical Bank and the undersigned and is subject to prepayment, such prepayment to be applied first to accrued and unpaid interest hereon, and then to the unpaid principal amount hereof, all as more fully specified in said Letter Agreement.

KENNEDY FOR PRESIDENT COMMITTEE,

by

_____
Treasurer

00410337

SECURITY AGREEMENT dated February 11, 1980, between CHEMICAL BANK, a New York banking corporation (hereinafter called the Bank) and the KENNEDY FOR PRESIDENT COMMITTEE (hereinafter called the Borrower).

1. Definitions. (a) "Liability" or "Liabilities" includes all liabilities (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that may be hereafter contracted or acquired, of Borrower to Bank, (b) "Proceeds" means whatever is received when Collateral is sold, exchanged, leased, collected or otherwise disposed of and includes the account arising when the right to payment is earned under a contract, (c) "Security Interest" means a lien or other interest in Collateral which secures payment of a liability or performance of an obligation, (d) "Collateral" means the following described property in which the Bank has a Security Interest:

(1) 300 serially numbered (1 through 300) Warhol Kennedy '80 black and white art prints each signed by Andy Warhol; and

(2) 50 serially numbered (1 through 50) Warhol Kennedy '80 Deluxe Edition red, white and blue art prints each signed by Andy Warhol.

2. Security Interest. As security for the payment of all loans now or in the future made hereunder and all other liabilities of Borrower to Bank, Borrower hereby grants to Bank a Security Interest in the above-described Collateral and all and any Proceeds arising therefrom.

Borrower represents and warrants to the Bank that (a) the Collateral was especially prepared for the exclusive use of the Borrower and (b) Borrower is, and has been from the time of its preparation, the sole lawful owner of the Collateral, free and clear of any liens and encumbrances, and has the right and power to pledge, sell, assign and transfer absolute title thereto to the Bank and that no financing statement covering the Collateral, other than the Bank's, is on file in any public office.

3. Use of Collateral. The Collateral will be used primarily as a premium for contributions to Borrower. The Collateral will be stored at the offices of Miles Rubin, Esq., 375 Park Avenue, New York, New York, and released, in whole or in part, by the custodian, Joseph E. Hakim, Suite 3021, 200 Park Avenue, New York, N. Y., for transfer to a contributor only upon the presentation of a written release from the Bank.

4. Insurance. Borrower will have and maintain insurance on the Collateral until this agreement is terminated against all expected risks to which it is exposed, including fire, theft and those which the Bank may desig-

0 0 4 0 1 0 3 3 7 6

A waiver upon any one occasion shall not be construed as a bar or a waiver of any right or remedy on any future occasion. All of the rights and remedies of the Bank, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singly or concurrently.

7. Execution by Bank. This Agreement shall take effect immediately upon execution by the Borrower, and the execution hereof by the Bank shall not be required as a condition to the effectiveness of this Agreement. The provision for execution of this Agreement by the Bank is only for purposes of filing this Agreement as a Security Agreement under the Uniform Commercial Code, if execution hereof by the Bank is required for purposes of such filing.

KENNEDY FOR PRESIDENT COMMITTEE,

by Carolyn A. Reed

1250 22nd Street, N.W.
Washington, D.C. 22037

CHEMICAL BANK,

by

140 Broadway
New York, N. Y. 10015

ASSOCIATED
AMERICAN
ARTISTS

663 FIFTH AVENUE NEW YORK, N.Y. 10022
PLAZA 5-4211

February 6, 1980

Mr. Robert Conway
Chemical Bank
140 Broadway
New York, N.Y. 10005

Dear Mr. Conway:

I have been President and Director of Associated American Artists since 1958. AAA is a gallery which specializes in original prints. I am a Member of the Art Dealers Association of America and have served on the Board of Directors for 8 years and as Vice President for 4 years.

I have examined the 2 screen prints with glitter created by ANDY WARHOL of EDWARD KENNEDY.

I understand the edition consists of 350 impressions.

A regular edition of 300 in two colors numbered 1/300 through 300/300 and is to be signed by the artist.

Also a deluxe edition of 50 with a red, white and blue background (which I suggest be numbered in Roman numerals) and is to be signed by both the artist and Mr. Kennedy.

I believe the fair market value for the regular edition to be $750 per print and the value of the deluxe edition $1,500 per print.

Sincerely,

Sylvan Cole, Jr.

SC/jmt

cc: William Silverman

President SYLVAN COLE, JR Cables ARTAMERISTS ASSOCIATED INTERNATIONAL ARTISTS
Member ART DEALERS ASSOCIATION OF AMERICA

BOSTON 2 11 80 CMH D 199

CHEM BANK
WIRE TRANSFER

D 11199 80 FE 11 P 3 10

CHEMBANK NYK B

CHEMBANK NYK B

METROPOLITAN BANK
140 B'WAY 19th fl
990 2125
(CR. TRAMER)

CORROON BSN

FEBRUARY 11, 1980

ATTN: ROBERT CONWAY, V.P.

CHEMICAL BANK

TELE-COPIED
BRANCH
ACKNOWLEDGED

RE: KENNEDY FOR PRESIDENT COMMITTEE

PROPERTY AT 375 PARK AVENUE, N.Y.

EFFECTIVE IMMEDIATELY PROPERTY FLOATER WITH THE HARTFORD INSURANCE COMPANY IS BOUND FOR $100,000 ACV TOTAL LIMIT SUBJECT TO $100 PER OCCURRENCE DEDUCTIBLE, NAMING THE CHEMICAL BANK, A.T.I.M.A. AS LOSS PAYEE ON CERIOGRAPHS BY ANDY WARHOL.

WE WILL SEND WRITTEN CONFIRMATION TODAY.

REGARDS,

JOAN TREMBERTH

CORROON BSN

CARROON AND BLACK

CHEMBANK NYK B

KENNEDY FOR PRESIDENT COMMITTEE
LOAN NO. 2-46904

Date	Loan	Payment	Outstanding
11/16/79	$200,000	$ -	$200,000.00
11/16/79	100,000	-	300,000.00
11/23/79	100,000	-	400,000.00
11/27/79	100,000	-	500,000.00
11/30/79	100,000	-	600,000.00
12/3/79	100,000	-	700,000.00
12/4/79	100,000	-	800,000.00
1/7/80	-	177,133.00	622,867.00
1/16/80	-	110,153.00	512,714.00
1/18/80	-	75,844.00	436,870.00
1/31/80	-	37,491.64	399,378.36
2/11/80	100,000	-	499,378.36
2/15/80	-	66,458.25	432,920.11
2/28/80	-	50,707.92	382,212.19
3/13/80	-	82,525.44	299,686.75
3/14/80	100,000	-	399,686.75
3/25/80	-	7,500.00	392,186.75
3/27/80	-	193,113.17	199,073.58
4/10/80	-	-	199,073.58

reasonable cause determines that its interest in the Collateral be in jeopardy, or (8) if Borrower should fail to keep the Collateral suitably insured. In the event of default or the breach of any undertaking of or conditions to be performed by the Borrower (1) all liabilities shall become immediately due and payable, and (2) the Borrower agrees upon demand to deliver the Collateral to the Bank, or the Bank may, with or without legal process, and with or without previous notice or demand for performance, enter any premises wherein the Collateral may be, and take possession of the same, together with anything therein; and the Bank may make disposition of the Collateral subject to any and all applicable provisions of the law. If the Collateral is sold at public sale, Bank may purchase the Collateral at such sale. The Bank, provided it has sent the statutory notice of default, may retain from the proceeds of such sale all reasonable costs incurred in the said taking and sale and also, all sums then owing by the Borrower, and any overplus of any such sale shall be paid to the Borrower.

6. General Agreements. (a) Borrower agrees to pay the costs of filing financing statements and of conducting searches in connection with this Agreement. (b) Borrower agrees to allow the Bank through any of its officers or agents, at all reasonable times, to examine or inspect any

of the Collateral and to examine, inspect and make extracts from the Borrower's books and records relating to the Collateral. (c) Borrower will promptly pay when due all taxes and assessments upon the Collateral or for its use or operation or upon the proceeds thereof or upon this Agreement or upon any instrument or instruments evidencing the liabilities. (d) At its option, the Bank may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, and may pay for the maintenance and preservation of the Collateral, and the Borrower agrees to reimburse the Bank on demand for any payment made or any expense incurred by the Bank pursuant to the foregoing authorization, including counsel fees and disbursements incurred or expended by the Bank in connection with the Agreement. (e) Borrower hereby authorizes the Bank to file the financing statement and any amendments thereto without the signature of Borrower. Such authorization is limited to the security interest granted by this Agreement. (f) The Bank shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by the Borrower unless such waiver is in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any right shall operate as a waiver thereof or of any other right.

C.C.C. #982

KENNEDY FOR PRESIDENT

April 10, 1980

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: MUR 1195

Dear Mr. Steele:

This is in response to your letter of March 28 (received on April 1), notifying the Kennedy for President Committee of a complaint filed by Citizens for LaRouche. The complaint concerns loans received by the Kennedy for President Committee from Chemical Bank of New York.

The animus of the complaint is that the loans to the Committee were not "in the ordinary course of business," 2 U.S.C. §441b(b)(2), because Chemical Bank would not make a loan to Citizens for LaRouche "tied to [its] biweekly matching funds submissions." Complaint at 2. The Commission should note that Citizens for LaRouche approached Chemical Bank in mid-March for a loan secured by Federal matching payments; on March 18, the Commission determined that the LaRouche Committee no longer qualified for these payments. Although we obviously cannot speak for Chemical Bank, it would appear that its business judgment in this instance was eminently sound. The "ordinary course of business" would hardly have supported a loan in mid-March to Citizens for LaRouche, secured by matching payments that were about to be terminated. Because Citizens for LaRouche has suggested no other basis for questioning the Chemical Bank's loans to the Kennedy for President Committee, this should be sufficient reason for the Commission's taking no further action.1/

1/ Even were clearly reasonable business judgments by banks subject to Commission investigation on the receipt of any complaint, however frivolous, we question the Commission's investigation of a loan recipient on the basis of a bank's subsequent action concerning another applicant. Neither this Committee nor any other political committee is privy to the policies and decisions of a bank from which it receives a loan. It cannot be expected to defend the bank's loan practices against blanket attack by a disappointed loan applicant. What it can do--and what the Kennedy for President Committee did in this instance--is assure itself that the bank is fully aware of the election law and pertinent regulations and to satisfy itself that the bank has determined, in good faith, that a loan is in "the ordinary course of business."

1250 22ND STREET N.W. WASHINGTON D.C. 20037 TELEPHONE: (202) 861-6000

A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C.

II

Beyond the loanworthiness of Citizens for LaRouche, there is a question of timing. The loan to the Kennedy for President Committee was made in November and increased by $100,000 in February (the increase was secured both by the Warhol lithographs, as discussed below, and by consolidating it with the November loan secured by Federal matching payments). As the members of the Commission--and all Americans--know, the credit market in March was far different from the credit market in November. Whether or not this was a factor in Chemical Bank's refusal of a LaRouche loan (which we do not know), it is a reason for requiring something more than an allegation of disparate treatment as the basis for Commission investigation.

The complaint by Citzens for LaRouche provides no evidence to support any allegation of impropriety or illegality in the Chemical Bank loan to the Kennedy for President Committee. It makes no showing that the interest rate--1/2% over prime--is abnormally low.2/ And it provides no evidence that the collateral involved was improper or insufficient.

The November loan of $800,000 was secured by matching payments that the Kennedy for President Committee contemplated receiving on a regular basis during the matching payment period. At the time the loan was made, the Treasurer of the Kennedy for President Committee certified that the Committee would be eligible for matching payments under 26 U.S.C. §9033. A copy of this certification is enclosed as Attachment C.

The additional loan of $100,000 in February was secured in two ways--first, by consolidating it with the November loan, secured by Federal matching payments; and, second, by 350 signed and numbered Warhol lithographs. The lithographs had been appraised at $300,000. A copy of the appraisal report is enclosed as Attachment D.

Finally, we should note that the Kennedy for President Committee has already paid back substantial portions of the loans in strict accordance with their terms. A list of repayments to date is enclosed as Attachment E.

2/ In this connection, the Commission should note that two other principal campaign committees have reported bank loans. Reagan for President did not report the interest rate. The Baker Committee's loan is at a lower rate--the prime rate itself. See Attachments A and B.

The Kennedy for President Committee has made every effort to comply with both the letter and the spirit of the law regarding these loans. We respectfully request that the Commission dismiss Citizens for LaRouche's complaint.

Sincerely,

John E. Nolan, Jr. JRL

John E. Nolan, Jr.
General Counsel
Kennedy for President Committee

Attachments

00010383 85

SCHEDULE C-P

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 10 of ____ for

Line Number 13

(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full

REAGAN FOR PRESIDENT

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Holmes Company P.O. Box 33538 San Diego, CA 92103	7/10/79	$ 250.00	$ —	$ 250.00

NATURE OF OBLIGATION (Details of Debt):

Promotional materials

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Santa Moncia Bank 4th & Arizona Ave. Santa Monica, CA 90401	9/6/79	$100000.00	$ —	$100,000.00

NATURE OF OBLIGATION (Details of Debt):

Bank loan

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Best Rents 3221 Classen Blvd. Oklahoma City, OK 73118	9/13/79	$ 655.64	$ —	$ 655.64

NATURE OF OBLIGATION (Details of Debt):

Banquet furniture rental

SUBTOTALS This Period This Page (optional)	$ 100905.64	$ —	$ 100905.64
TOTAL This Period (last page this line number only)	$	$	$

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY

Approved by GAO, B-138420 (R05/71), Expires 83-2-28

ATTACHMENT A

SCHEDULE C-P

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 1 of 1 for
Line Number 13
(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full

The Baker Committee

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Valley Fidelity Bank Box 1991 Knoxville, Tenn. 37901	9-11-79	$ 75000.00	$ 25000.00	$ 50000.00

NATURE OF OBLIGATION (Details of Debt):

Incurred at the floating prime rate of major New York banks collateralized by matching funds.

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
In addition to the above liabilities The Baker Committee has a contingent liability of a $75,000.00 letter of credit from the Valley Fidelity Bank & Trust to South Central Bell	9-13-79	$	$	$

NATURE OF OBLIGATION (Details of Debt):

at the normal commitment rate of 1% collateralized by matching funds.

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS This Period This Page (optional)	$ 75000.00	$ 25000.00	$ 50000.00
TOTAL This Period (last page this line number only)	$ 75000.00	$ 25000.00	$ 50000.00

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by GAO, B-137520 (R0571), Expires 82-2-28

ATTACHMENT 5

CONTRIBUTIONS AS OF NOVEMBER 13, 1979

STATE	TOTAL	MATCHABLE AMOUNT
Alabama	$ 5,345	$ 5,345
Alaska	5,800	5,800
Arizona	3,240	3,240
Arkansas	-	-
California	15,195	12,195
Colorado	6,150	5,350
Connecticut	4,550	4,550
Delaware	5,705	5,205
District of Columbia	14,995	8,955
Florida	24,829	17,070
Georgia	5,030	5,030
Hawaii	7,600	6,850
Idaho	-	-
Illinois	5,505	5,255
Indiana	13,000	11,500
Iowa	3,050	2,050
Kansas	5,000	1,250
Kentucky	50	50
Louisiana	5,500	4,750
Maine	-	-
Maryland	3,480	1,980
Massachusetts	19.260	17,010
Michigan	14,119	14,119
Minnesota	7,510	7,510

ATTACHMENT C

0 0 0 4 0 1 9 3 3 8 9

STATE	TOTAL	MATCHABLE
Mississippi	$ -	-
Missouri	5,375	$ 5,375
Montana	4,035	4,035
Nebraska	6,112	6,112
Nevada	-	-
New Hampshire	6,000	5,250
New Jersey	4,750	4,000
New Mexico	5,715	5,715
New York	61.200	20,050
North Carolina	4,900	4,650
North Dakota	625	625
Ohio	5,735	5,735
Oklahoma	500	500
Oregon	20	20
Pennsylvania	6,990	5,990
Rhode Island	1,500	1,500
South Carolina	5,060	5,060
South Dakota	6,420	6,420
Tennessee	6,250	5,250
Texas	10,385	10,385
Utah	-	-
Vermont	-	-
Virginia	6,410	5,660
Washington	7,320	7,320
West Virginia	4,100	4,100
Wisconsin	6,850	6,850
Wyoming	6,450	6,450

STATE	TOTAL	MATCHABLE
Puerto Rico	$ 200	$ 200
PAC	5,000	
	$352,815	$272,316

Total matchable funds to date $272,316

Note: The above amounts represent contributions which are eligible for federal matching funds.

I certify that the above accounts are true and correct as of November 13, 1979.

Carolyn A. Reed

Carolyn Reed
Treasurer

00410339 0

KENNEDY FOR PRESIDENT COMMITTEE

MATCHING FUNDS

AS OF 12/07/79

State	Amount
Alaska	$ 6,000.00
Alabama	6,240.00
Arkansas	5,482.00
Arizona	6,900.00
California	58,468.51
Colorado	6,061.00
Connecticut	13,525.00
District of Columbia	23,942.01
Delaware	5,760.00
Florida	23,625.00
Georgia	6,540.00
Hawaii	8,190.00
Iowa	4,908.00
Idaho	90.00
Illinois	94,352.00
Indiana	11,990.00
Kansas	2,890.00
Kentucky	955.00
Louisiana	5,348.00
Massachusetts	43,885.00
Maryland	15,488.00
Maine	470.00
Michigan	20,826.00
Minnesota	13,770.00
Missouri	6,249.50
Mississippi	160.00
Montana	5,390.00
North Carolina	5,638.00
North Dakota	2,830.00
Nebraska	7,237.00
New Hampshire	8,115.00
New Jersey	12,859.75
New Mexico	6,721.00
Nevada	275.00
New York	58,816.61
Ohio	15,546.10
Oklahoma	2,182.00
Oregon	1,128.00
Pennsylvania	16,589.00
Puerto Rico	835.00
Rhode Island	8,830.00
South Carolina	5,505.00
South Dakota	6,975.01
Tennessee	9,302.00
Texas	17,318.00
Utah	170.00
Virginia	10,672.00
Vermont	1,310.00
Washington	9,323.00

00401933391

State	Amount
Wisconsin	$ 9,354.00
West Virginia	5,387.00
Wyoming	6,385.00

STATE TOTALS: $630,353.83

I, Carolyn R. Reed, certify that these amounts are true and correct as of December 7, 1979.

Carolyn R. Reed
Treasurer

00401933 92

ASSOCIATED AMERICAN ARTISTS

663 FIFTH AVENUE NEW YORK, N.Y. 10022

PLAZA 5-4211

February 6, 1980

Mr. Robert Conway
Chemical Bank
140 Broadway
New York, N.Y. 10005

Dear Mr. Conway:

I have been President and Director of Associated American Artists since 1958. AAA is a gallery which specializes in original prints. I am a Member of the Art Dealers Association of America and have served on the Board of Directors for 8 years and as Vice President for 4 years.

I have examined the 2 screen prints with glitter created by ANDY WARHOL of EDWARD KENNEDY.

I understand the edition consists of 350 impressions.

A regular edition of 300 in two colors numbered 1/300 through 300/300 and is to be signed by the artist.

Also a deluxe edition of 50 with a red, white and blue background (which I suggest be numbered in Roman numerals) and is to be signed by both the artist and Mr. Kennedy.

I believe the fair market value for the regular edition to be $750 per print and the value of the deluxe edition $1,500 per print.

Sincerely,

Sylvan Cole, Jr.

SC/jmt

cc; William Silverman

ATTACHMENT D

Director SYLVAN COLE, JR. Cables ARTAMERISTS, Jersey City ASSOCIATED INTERNATIONAL ARTISTS
Member ART DEALERS ASSOCIATION OF AMERICA

0004019339 3

CHEMICAL BANK

9 9 4 0 1 9 3 3 9 4

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 1

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	12-28-79

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
NOTE NO.		LOAN DATE BASIS	BILLING	PERIOD				
000001		11-16-79 360	11-16-79	12-31-79				
11-16-79	NL	200,000.00				.1625000	200,000.00	
			11-16-79	11-23-79	7	.1625000	200,000.00	631.94
11-23-79	AB	100,000.00				.1625000	300,000.00	
			11-23-79	11-27-79	4	.1625000	300,000.00	541.67
11-27-79	AB	100,000.00				.1625000	400,000.00	
			11-27-79	11-30-79	3	.1625000	400,000.00	541.67
11-30-79	RC					.1600000	400,000.00	
11-30-79	AB	100,000.00				.1600000	500,000.00	
11-30-79	AB	100,000.00				.1600000	600,000.00	
			11-30-79	12-03-79	3	.1600000	600,000.00	800.00
12-03-79	AB	100,000.00				.1600000	700,000.00	
			12-03-79	12-04-79	1	.1600000	700,000.00	311.11
12-04-79	AB	100,000.00				.1600000	800,000.00	
			12-04-79	12-07-79	3	.1600000	800,000.00	1,066.67
12-07-79	RC					.1575000	800,000.00	
			12-07-79	12-31-79	24	.1575000	800,000.00	8,400.00
	****	CLOSING BALANCE				.1575000	800,000.00	
				PAST DUE			**CURRENT DUE**	**TOTAL DUE**
			INTEREST			.00	12,293.06	12,293.06

CR 3194

ATTACHMENT E

P = Prior Period

AB = Additional Borrowing
BC = Basis Change
IA = Interest Adjustment
IC = Interest Payment (charged)
IP = Interest Payment Received
IR = Interest Rebate
LA = Late Charge Adjustment
LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged
	.00	.00	.00	.00		.00

CHEMICAL BANK

0 0 4 0 1 9 3 9 5

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 1

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	03-28-80

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
NOTE NO.		LOAN DATE BASIS	BILLING	PERIOD				
000001		11-16-79 360	12-31-79	03-31-80				
	****	OPENING BALANCE				.1575000	800,000.00	12,293.06
			12-31-79	01-08-80	8	.1575000	800,000.00	2,800.00
01-08-80	PP	177,133.00-				.1575000	622,867.00	
01-17-80	IP	12,293.06-				.1575000	622,867.00	12,293.06-
			01-08-80	01-17-80	9	.1575000	622,867.00	2,452.54
01-17-80	PP	110,153.00-				.1575000	512,714.00	
			01-17-80	01-21-80	4	.1575000	512,714.00	897.25
01-21-80	PP	75,844.00-				.1575000	436,870.00	
			01-21-80	02-01-80	11	.1575000	436,870.00	2,102.44
02-01-80	PP	37,491.64-				.1575000	399,378.36	
			02-01-80	02-11-80	10	.1575000	399,378.36	1,747.28
02-11-80	AB	100,000.00				.1575000	499,378.36	
			02-11-80	02-15-80	4	.1575000	499,378.36	873.91
02-15-80	PP	66,458.25-				.1575000	432,920.11	
			02-15-80	02-19-80	4	.1575000	432,920.11	757.61
02-19-80	RC					.1625000	432,920.11	
			02-19-80	02-22-80	3	.1625000	432,920.11	586.25
02-22-80	RC					.1675000	432,920.11	
			02-22-80	02-28-80	6	.1675000	432,920.11	1,208.57
02-28-80	PP	50,707.92-				.1675000	382,212.19	
			02-28-80	02-29-80	1	.1675000	382,212.19	177.83
02-29-80	RC					.1725000	382,212.19	
			02-29-80	03-04-80	4	.1725000	382,212.19	732.57
03-04-80	RC					.1775000	382,212.19	
			03-04-80	03-07-80	3	.1775000	382,212.19	565.36
03-07-80	RC					.1825000	382,212.19	
			03-07-80	03-13-80	6	.1825000	382,212.19	1,162.56
03-13-80	PP	82,525.44-				.1825000	299,686.75	
			03-13-80	03-14-80	1	.1825000	299,686.75	151.92
03-14-80	RC					.1900000	299,686.75	
03-14-80	AB	100,000.00				.1900000	399,686.75	

P = Prior Period

AB = Additional Borrowing
BC = Basis Change
IA = Interest Adjustment
IC = Interest Payment (charged)
IP = Interest Payment Received
IR = Interest Rebate
LA = Late Charge Adjustment
LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged

CHEMICAL BANK

Commercial Loan Department No. 0002

Loan Statement (CL 90)

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	03-28-80

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
			03-14-80	03-19-80	5	.1900000	399,686.75	1,054.73
03-19-80	RC					.1950000	399,686.75	
			03-19-80	03-25-80	6	.1950000	399,686.75	1,298.98
03-25-80	PP	7,500.00-				.1950000	392,186.75	
			03-25-80	03-27-80	2	.1950000	392,186.75	424.87
03-27-80	PP	193,113.17-				.1950000	199,073.58	
			03-27-80	03-28-80	1	.1950000	199,073.58	107.83
03-28-80	RC					.2000000	199,073.58	
			03-28-80	03-31-80	3	.2000000	199,073.58	331.79
	****	CLOSING BALANCE				.2000000	199,073.58	
				PAST DUE			**CURRENT DUE**	**TOTAL DUE**
			INTEREST			.00	19,434.29	19,434.29

P = Prior Period

AB = Additional Borrowing
BC = Basis Change
IA = Interest Adjustment
IC = Interest Payment (charged)
IP = Interest Payment Received
IR = Interest Rebate
LA = Late Charge Adjustment
LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged
	.00	.00	.00	.00		.00

CHEMICAL BANK

0 0 4 0 1 9 3 3 9 7

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 1

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046964	12-28-79

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
NOTE NO.		LOAN DATE BASIS	BILLING	PERIOD				
000001		11-16-79 360	11-16-79	12-31-79				
11-16-79	NL	200,000.00				.1625000	200,000.00	
			11-16-79	11-23-79	7	.1625000	200,000.00	631.94
11-23-79	AB	100,000.00				.1625000	300,000.00	
			11-23-79	11-27-79	4	.1625000	300,000.00	541.67
11-27-79	AB	100,000.00				.1625000	400,000.00	
			11-27-79	11-30-79	3	.1625000	400,000.00	541.67
11-30-79	RC					.1600000	400,000.00	
11-30-79	AB	100,000.00				.1600000	500,000.00	
11-30-79	AB	100,000.00				.1600000	600,000.00	
			11-30-79	12-03-79	3	.1600000	600,000.00	800.00
12-03-79	AB	100,000.00				.1600000	700,000.00	
			12-03-79	12-04-79	1	.1600000	700,000.00	311.11
12-04-79	AB	100,000.00				.1600000	800,000.00	
			12-04-79	12-07-79	3	.1600000	800,000.00	1,066.67
12-07-79	RC					.1575000	800,000.00	
			12-07-79	12-31-79	24	.1575000	800,000.00	8,400.00
	****	CLOSING BALANCE				.1575000	800,000.00	
				PAST DUE			**CURRENT DUE**	**TOTAL DUE**
			INTEREST			.00	12,293.06	12,293.06

CR # 3194

P = Prior Period

AB = Additional Borrowing; BC = Basis Change; IA = Interest Adjustment; IC = Interest Payment (charged); IP = Interest Payment Received; IR = Interest Rebate; LA = Late Charge Adjustment; LC = Late Charge (charged); LP = Late Charge Received; NA = Net Adjustment; NL = New Loan; PC = Principal Payment (charged); PP = Principal Payment Received; RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged
	.00	.00	.00	.00		.00

CHEMICAL BANK 0 0 4 0 1 0 3 3 9 3

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 1

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	03-28-80

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
NOTE NO.		LOAN DATE BASIS	BILLING	PERIOD				
000001		11-16-79 360	12-31-79	03-31-80				
	****	OPENING BALANCE				.1575000	800,000.00	12,293.06
			12-31-79	01-08-80	8	.1575000	800,000.00	2,800.00
01-08-80	PP	177,133.00-				.1575000	622,867.00	
01-17-80	IP	12,293.06-				.1575000	622,867.00	12,293.06-
			01-08-80	01-17-80	9	.1575000	622,867.00	2,452.54
01-17-80	PP	110,153.00-				.1575000	512,714.00	
			01-17-80	01-21-80	4	.1575000	512,714.00	897.25
01-21-80	PP	75,844.00-				.1575000	436,870.00	
			01-21-80	02-01-80	11	.1575000	436,870.00	2,102.44
02-01-80	PP	37,491.64-				.1575000	399,378.36	
			02-01-80	02-11-80	10	.1575000	399,378.36	1,747.28
02-11-80	AB	100,000.00				.1575000	499,378.36	
			02-11-80	02-15-80	4	.1575000	499,378.36	873.91
02-15-80	PP	66,458.25-				.1575000	432,920.11	
			02-15-80	02-19-80	4	.1575000	432,920.11	757.61
02-19-80	RC					.1625000	432,920.11	
			02-19-80	02-22-80	3	.1625000	432,920.11	586.25
02-22-80	RC					.1675000	432,920.11	
			02-22-80	02-28-80	6	.1675000	432,920.11	1,208.57
02-28-80	PP	50,707.92-				.1675000	382,212.19	
			02-28-80	02-29-80	1	.1675000	382,212.19	177.83
02-29-80	RC					.1725000	382,212.19	
			02-29-80	03-04-80	4	.1725000	382,212.19	732.57
03-04-80	RC					.1775000	382,212.19	
			03-04-80	03-07-80	3	.1775000	382,212.19	565.36
03-07-80	RC					.1825000	382,212.19	
			03-07-80	03-13-80	6	.1825000	382,212.19	1,162.56
03-13-80	PP	82,525.44-				.1825000	299,686.75	
			03-13-80	03-14-80	1	.1825000	299,686.75	151.92
03-14-80	RC					.1900000	299,686.75	
03-14-80	AB	100,000.00				.1900000	399,686.75	

P = Prior Period ____

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LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged

CHEMICAL Bank

0 0 4 0 1 9 3 3 9 0

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 2

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	03-28-80

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
			03-14-80	03-19-80	5	.1900000	399,686.75	1,054.73
03-19-80	RC					.1950000	399,686.75	
			03-19-80	03-25-80	6	.1950000	399,686.75	1,298.98
03-25-80	PP	7,500.00-				.1950000	392,186.75	
			03-25-80	03-27-80	2	.1950000	392,186.75	424.87
03-27-80	PP	193,113.17-				.1950000	199,073.58	
			03-27-80	03-28-80	1	.1950000	199,073.58	107.83
03-28-80	RC					.2000000	199,073.58	
			03-28-80	03-31-80	3	.2000000	199,073.58	331.79
	****	CLOSING BALANCE				.2000000	199,073.58	
				PAST DUE			**CURRENT DUE**	**TOTAL DUE**
			INTEREST			.00	19,434.29	19,434.29

P = Prior Period

AB = Additional Borrowing
BC = Basis Change
IA = Interest Adjustment
IC = Interest Payment (charged)
IP = Interest Payment Received
IR = Interest Rebate
LA = Late Charge Adjustment
LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged
	.00	.00	.00	.00		.00

October 10, 1979 Report

SCHEDULE C-P

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 1 of 1 for
Line Number 13
(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candicate and Committee in Full

The Baker Committee

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Valley Fidelity Bank Box 1991 Knoxville, Tenn. 37901	9-11-79	$ 75000.00	$ 25000.00	$ 50000.00

NATURE OF OBLIGATION (Details of Debt):

Incurred at the floating prime rate of major New York banks collateralized by matching funds.

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
In addition to the above liabilities The Baker Committee has a contingent liability of a $75,000.00 letter of credit from the Valley Fidelity Bank & Trust to South Central Bell	9-13-79	$	$	$

NATURE OF OBLIGATION (Details of Debt):

at the normal commitment rate of 1% collateralized by matching funds.

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS This Period This Page (optional)	$ 75000.00	$ 25000.00	$ 50000.00
TOTAL This Period (last page this line number only)	$ 75000.00	$ 25000.00	$ 50000.00

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by GAO, B-187620 (RO571), Expires 82-2-28

IV

RECEIVED
'80 APR 29 PM 12:

LAW OFFICES
JENKINS, NYSTROM & STERLACCI, P.C.
2033 M STREET, N.W.
WASHINGTON, D. C. 20036
(202) 293-2505

MERLE R. JENKINS
DENNIS H. NYSTROM
MICHAEL A. STERLACCI
CARL F. SCHIER
JOSEPH E. JANNETTA
JAMES F. SCHOENER
STEPHEN J. HITCHCOCK
CHRIS M. PARFITT
GARY J. NYSTROM
RONALD A. DENEWETH
TIMOTHY J. MULLINS

OF COUNSEL
JOHN B. CONLAN
EDWARD A. RYDER

MICHIGAN OFFICE
15999 WEST TWELVE MILE ROAD
SOUTHFIELD, MICHIGAN 48076
(313) 559-2828

April 28, 1980

Mr. Andy Warhol
Andy Warhol Enterprizes, Inc.
860 Broadway
New York City, New York 10003

Re: Kennedy Campaign Contributions

Dear Mr. Warhol:

My clients, Citizens for LaRouche, filed a complaint on March 24, 1980 against the Kennedy for President Committee arising out of loans made to the committee ostensibly based upon the security of a portrait done by you. At the time, we did not realize that there may also be a problem of the gift of that portrait as a corporate contribution, and we would appreciate hearing from you as to whether that portrait came from your company or from you personally. Of course, if this was done by your corporation, it would be a violation of the Federal Election Campaign Act, so we assume the gift was personal.

We also wish to call your attention to the fact that a donation made to a political committee results in a realization of taxable gain to the donor at the time of the transfer. Thus, while you may be able to evade the Federal Election Act contribution limits of $1,000 by giving a portrait that may be worth $100,000 (the amount of the loan on which your painting was the security), you have created a taxable transaction in the gift of the portrait to a political committee. Section 84 of the Internal Revenue Code treats gifts of property to a political committee as if the same is a sale and a tax liability is incurred.

We believe you will want to investigate this potential tax liability so that you may make appropriate withholding or deposit before April of 1981 when you must file. If you or your lawyers have any questions concerning this rather obscure provision, they may contact me at the Washington office.

'80 APR 30 P6:45

Sincerely,

James F. Schoener

James F. Schoener

JFS:dw

cc: Federal Election Commission
Citizens for LaRouche

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John E. Nolan, Jr.
General Counsel
Kennedy for President Committee
1250 22nd Street, N.W.
Washington, D.C. 20037

RE: MUR 1195

Dear Mr. Nolan:

On March 28, 1980, the Commission notified you of a complaint alleging that the Kennedy for President Committee ("the Committee") may have violated certain sections of the of the Federal Election Campaign Act of 1971, as amended.

The Commission, on March 28, 1980, determined that on the basis of the information in the complaint and information provided by the Committee that there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission has closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

00410934002

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Felice M. Gelman, Treasurer
Citizens for LaRouche
Box 976, Radio City Station
New York, N.Y. 10018

Dear Ms. Gelman:

The Federal Election Commission has reviewed the allegations of your complaint dated March 24, 1980, and determined that on the basis of the information provided in your complaint (and information provided by the Respondent) that there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, ("the Act") has been committed.

Accordingly, the Commission has decided to close the file in this matter.

Should additional information come to your attention which you believe establishes a violation of the Act, please contact Marsha Gentner, the attorney assigned to this matter, at (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

cc: James F. Schoener, Esquire
Jenkins, Nystrom & Sterlacci, P.C.
2033 M Street, N.W.
Washington, D.C. 20036

00410193403

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Richard S. Simmons, Esquire
Cravath, Swaine & Moore
One Chase Manhatten Plaza
New York, New York 10005

RE: MUR 1195

Dear Mr. Simmons:

On March 28, 1980, the Commission notified your client, Chemical Bank of New York, of a complaint alleging that the bank may have violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on March 28, 1980, determined that on the basis of the information in the complaint and information provided by you on behalf of your client, that there is no reason to believe that a violation of any statute within its jurisdiction has been committed. Accordingly, the Commission has closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

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CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

MAURICE T. MOORE
WILLIAM B. MARSHALL
RALPH L. McAFEE
ROYALL VICTOR
HENRY W. deKOSMIAN
ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA
JOHN E. YOUNG

JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
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PAUL C. SAUNDERS
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ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
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COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

ROSWELL L. GILPATRIC
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON
ALLEN H. MERRILL

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX: 8814901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

ACCT 1067

097487

April 16, 1980

Chemical Bank Loans to Kennedy for President Committee (MUR 1195)

Dear Sirs:

We are representing Chemical Bank in the above-captioned matter. On behalf of the Bank and Messrs. Berkeley and Darrigan, we submit copies of the following documents in accordance with the "Description of Preliminary Procedures for Processing Complaints Filed With the Federal Elections Commission":

(a) Letter Agreement dated November 15, 1979, relating to the "$800,000 November-December loans";

(b) certified list of contributions as of November 13, 1979;

(c) $1,150,000 life insurance policy on the life of Senator Kennedy with Chemical Bank designated as a beneficiary to the extent that its interest may appear;

(d) telex confirming a $1,150,000 disability insurance policy on behalf of Chemical Bank insuring Senator Kennedy;

(e) Cravath, Swaine & Moore opinion letter dated November 08, 1979 to the effect that the "$800,000 November-December loans" are the types

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of loans made by Chemical Bank in the ordinary course of business and in accordance with applicable banking laws and regulations;

(f) Letter Agreement dated February 11, 1980, relating to the "$100,000 March loan";

(g) Security Agreement dated February 11, 1980, relating to the Warhol art prints;

(h) Associated American Artists appraisal letter dated February 6, 1980; and

(i) telegram dated February 11, 1980, confirming a $100,000 property floater insurance policy on the Warhol prints.

At the time that the $100,000 loan was made, we verbally advised Chemical Bank that the loan was of the type which the Bank makes in the ordinary course of business and in accordance with applicable banking laws and regulations. In addition, based on the Kennedy Committee's representation that Mr. Warhol donated his services in creating a work of art (for use in making art prints) to the Committee, we advised the Bank that such services did not constitute a "contribution" within the meaning of that term as defined in the Federal Election Campaign Financing Act of 1971. See Federal Elections Commission Advisory Opinion 1979-35, Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5423 at 10,454-55. We did not, however, purport to give any advice to either the Kennedy Committee or to Mr. Warhol relating to the consequences of the donation of services by Mr. Warhol. A review of the above documents and the advice contained therein should make it clear that the Bank made the loans in the ordinary course of business in accordance with applicable banking laws and regulations. To reify this point further, a schedule is enclosed of disbursements and receipts with respect to such extension of credit which reflects the fact that at the present time the loan is fully secured by the value of the Warhol prints. Accordingly, we believe that no action in response to the complaint in MUR 1195 should be taken against the Bank.

The loans to The Kennedy for President Committee were negotiated with Chemical Bank's main office and its Metropolitan Headquarters whereas the Citizens for LaRouche approached initially a branch office which had not been

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informed of the Bank's policy to consider loans to major candidates in a Presidential election campaign. Needless to say, we reject as being totally without legal basis the allegation that the federal election laws require that, if a bank makes a loan to one Presidential campaign committee, it must act favorably on requests from other committees whether of a similar or dissimilar nature.

We further acknowledge that the foregoing material as well as this letter will be kept confidential in accordance with 2 U.S.C. § 437(a)(4)(B) and § 437g(a)(12)(A).

If you have any questions or desire further information, please feel free to call me or, in my absence, David Harari of this office.

Very truly yours,

Richard Simmons

Richard S. Simmons

Federal Elections Commission,
Washington, D. C. 20463

Attention of Ms. Marsha Gentner

Encls.

T

DELIVERY BY MESSENGER

0 0 4 1 0 5 4 0 7

CHEMICAL BANK
140 Broadway
New York, NY 10015

November 15, 1979

Kennedy for President Committee
1250 22nd Street, NW
Washington, DC 20037

Attention of William C. Oldaker

Dear Sirs:

You have requested the undersigned to lend to your Committee $1,000,000 to be evidenced by your Committee's promissory note payable to the order of the undersigned and to be substantially in the form attached hereto as Exhibit A (hereinafter called "the note"). It is understood that such loan shall be payable on demand and shall bear interest at 1/2 of 1% per annum above the rate from time to time in effect of the undersigned for prime commercial loans of 90-day maturities (hereinafter called the "prime rate"), such interest rate to change as of the opening of business on any day on which the prime rate shall change. Interest shall be computed on the basis of the actual number of days elapsed.

In consideration of the undersigned's agreement to make such loan, you hereby agree, by your execution hereof, that as security for the repayment of such loan that you hereby assign, transfer and set over to the undersigned such payments as you are entitled pursuant to 26 U.S.C. §9033 to receive from the Secretary of the Treasury under 26 U.S.C. §9037 and to pay at the time of each receipt thereof an amount equal to 33-1/3% (or, if demand has been made, 100%) of such payment from the Secretary of the Treasury until payment in full of principal and interest on such loan. In connection therewith, you hereby represent and warrant to us that you have instructed the Secretary of the Treasury to make such payments directly to your account at the National Savings & Trust Company, Washington, DC, and have irrevocably instructed that Company, upon receipt of such payments to your account, to transfer out of such amount the aforesaid percentage thereof to the undersigned by wire transfer of Federal Reserve Funds, such transfer to be made to Attention of R.P. Conway, Vice President, Chemical Bank, 140 Broadway, New York, NY.

10010197408

You further agree as a condition precedent to such loan that you shall obtain a policy insuring without any condition the life of Senator Edward M. Kennedy (or insuring in the event of any permanent disability which prevents Senator Edward M. Kennedy from effectively pursuing the nomination for presidential candidate) in an amount not less than $1,150,000, the undersigned to be designated as beneficiary thereof up to such amount as is required to pay in full principal of and interest on such loan. Such policy shall contain an endorsement to the effect that it may not be canceled or terminated or the beneficiary changed without the prior written consent of the undersigned, it being understood that the undersigned will consent to the cancelation thereof upon payment in full of principal and interest on such loan, and the undersigned will further agree to periodic reductions in the amount of coverage as the principal of such loan is reduced.

In order to induce the undersigned to make such loan, you hereby represent and warrant to the undersigned that (w) you are a political committee duly established and in compliance with 2 U.S.C. §433 and that you will comply with 2 U.S.C. §434 and that all contributions solicited by you shall be in compliance with 2 U.S.C. §441(a); (x) you have not and will not so long as such loan shall be outstanding have assigned, transferred or set over to any person other than the undersigned such payments as you are entitled pursuant to 26 U.S.C. §9033 to receive from the Secretary of the Treasury pursuant to 26 U.S.C. §9037; (y) no authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by you of this agreement or the note; and (z) you have incurred no unusual forward or long-term commitments or claims which are substantial in amount in relation to your projected receipts from contributions and from the Secretary of Treasury under 26 U.S.C. §9037.

This Letter Agreement shall be governed by and construed under the laws of the State of New York and is not subject to amendment, waiver or modification unless the same shall be in writing.

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If the foregoing is agreeable to you, please so indicate by signing the enclosed copy of this letter.

Very truly yours,

By Robert P. Conway
VICE PRESIDENT

Accepted and agreed to this
15 day of November 1979:

Carolyn A. Reed

0040193410

CONTRIBUTIONS AS OF NOVEMBER 13, 1979

STATE	TOTAL	MATCHABLE AMOUNT
Alabama	$ 5,345	$ 5,345
Alaska	5,800	5,800
Arizona	3,240	3,240
Arkansas	-	-
California	15,195	12,195
Colorado	6,150	5,350
Connecticut	4,550	4,550
Delaware	5,705	5,205
District of Columbia	14,995	8,955
Florida	24,829	17,070
Georgia	5,030	5,030
Hawaii	7,600	6,850
Idaho	-	-
Illinois	5,505	5,255
Indiana	13,000	11,500
Iowa	3,050	2,050
Kansas	5,000	1,250
Kentucky	50	50
Louisiana	5,500	4,750
Maine	-	-
Maryland	3,480	1,980
Massachusetts	19.260	17,010
Michigan	14,119	14,119
Minnesota	7,510	7,510

STATE	TOTAL	MATCHABLE
Mississippi	$ -	-
Missouri	5,375	$ 5,375
Montana	4,035	4,035
Nebraska	6,112	6,112
Nevada	-	-
New Hampshire	6,000	5,250
New Jersey	4,750	4,000
New Mexico	5,715	5,715
New York	61.200	20,050
North Carolina	4,900	4,650
North Dakota	625	625
Ohio	5,735	5,735
Oklahoma	500	500
Oregon	20	20
Pennsylvania	6,990	5,990
Rhode Island	1,500	1,500
South Carolina	5,060	5,060
South Dakota	6,420	6,420
Tennessee	6,250	5,250
Texas	10,385	10,385
Utah	-	-
Vermont	-	-
Virginia	6,410	5,660
Washington	7,320	7,320
West Virginia	4,100	4,100
Wisconsin	6,850	6,850
Wyoming	6,450	6,450

STATE	TOTAL	MATCHABLE
Puerto Rico	$ 200	$ 200
PAC	5,000	
	$352,815	$272,316

Total matchable funds to date $272,316

Note: The above amounts represent contributions which are eligible for federal matching funds.

I certify that the above accounts are true and correct as of November 13, 1979.

Carolyn A. Reed

Carolyn Reed
Treasurer

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A Mutual Company Established 1850

National Life Insurance Company

MONTPELIER, VERMONT 05602

NUMBER	1680572	NOVEMBER 15, 1979	DATE OF ISSUE
INSURED	EDWARD M. KENNEDY	$1,150,000	SUM INSURED

NATIONAL LIFE INSURANCE COMPANY hereby insures the life of the Insured and agrees to pay the Sum Insured to the Beneficiary, subject to the provisions of this policy, upon receipt at the Home Office of due proof of the death of the Insured while this policy was in force.

The Specifications on the next page and the conditions and provisions on this and the following pages are part of this policy.

Ten Day Right to Examine Policy. This policy may, at any time within ten days after its receipt by the Owner, be returned by delivering it or mailing it to National Life Insurance Company or to the agent from whom it was purchased. Immediately upon such return, the policy shall be deemed void as of its date of issue and any premium paid on it will be refunded.

Signed for the Company at Montpelier, Vermont on the Date of Issue, by

President

Secretary

Registrar

Yearly renewable term policy with annual distribution of surplus. Premiums increase on each renewal. Proceeds payable at death. Convertible within period specified.

SPECIFICATIONS

NUMBER	1680572	NOVEMBER 15, 1979	DATE OF ISSUE
INSURED	EDWARD M. KENNEDY	$1,150,000	SUM INSURED

ISSUE AGE: 48 OWNER: KENNEDY FOR PRESIDENT COMMITTEE, A WASHINGTON, D.C. ASSOCIATION, ITS SUCCESSORS OR ASSIGNS

********** BENEFIT AND PREMIUM TABLE **********

BENEFIT	AMOUNT	ANNUAL PREMIUM	YEARS PAYABLE
RENEWABLE TERM INSURANCE	$1,150,000	$8,154.00	1

THE EXCHANGE INTEREST RATE IS 8 %, COMPOUNDED ANNUALLY.

THE INITIAL MONTHLY PREMIUM IS $691.55

THIS POLICY IS IN A STANDARD PREMIUM CLASS.

FOR EACH RENEWAL OF THIS POLICY, THE BASIC ANNUAL PREMIUM (OTHER THAN FOR WAIVER OF PREMIUMS AND ANY EXTRA PREMIUM CLASSIFICATION CHARGE) WILL BE DETERMINED BY USING AN AGE ONE YEAR YOUNGER THAN THE INSURED'S AGE NEAREST BIRTHDAY ON THE EFFECTIVE DATE OF THE RENEWED POLICY. THIS WILL NOT EXTEND THE TERM OF THE RENEWED POLICY.

GENERAL PROVISIONS

Consideration and Representations. This policy is issued in consideration of the application and the payment of premiums as herein specified. The entire contract between the parties consists of this policy and a copy of the application which is attached when issued. This policy may be modified only by an authorized officer or a registrar of the Company.

All statements made by the Insured or in Insured's behalf shall be deemed representations and not warranties and no such statement shall avoid this policy or be used in defense of a claim upon it unless such statement is contained in the application.

Payment of Benefits. All sums payable by the Company under this policy are payable at its Home Office.

Misstatement of Age or Sex. The age of the Insured shown on the Specifications page is the integral age on the birthday of the Insured nearest the date from which policy years and anniversaries are computed, based on the date of birth given in the application. The attained age at any subsequent date is such age shown on the Specifications page increased by the number of policy years and months which have elapsed.

If the age or sex of the Insured has been misstated, the amount payable under any of the provisions of this policy shall be such as the premiums paid would have purchased using the correct age and sex.

Suicide. If the death of the Insured within two years from the date of issue of this policy results from suicide, while sane or insane, the liability of the Company shall be limited to an amount equal to the premiums paid on the policy less any dividends withdrawn in cash or applied toward payment of premiums.

Incontestable Clause. After this policy has been in force during the lifetime of the Insured for a period of two years from the date of issue it shall be incontestable except for nonpayment of premiums.

Policy Years and Anniversaries. Policy months, policy years and anniversaries shall be computed from the Date of Issue, unless otherwise stated on the Specifications page.

Each policy month shall end on the calendar day of the month corresponding to the day of the month used for the computation of policy years and anniversaries, or on the last calendar day of any month having no such corresponding day.

Interest on Death Proceeds. Interest will be paid, on the proceeds paid in one sum in the event of the death of the Insured, at the rate determined by the Company but not less than 3% per annum, from the date of death to the date of payment, except that no interest will be paid for a period in excess of one year.

SEE ENDORSEMENT

of the words "while sane or insane"

Form 103-64

Secretary

POLICY OWNERSHIP

Rights and Privileges. Except as otherwise specifically provided herein and before maturity of this policy, the right to assign the policy, to release or discharge the policy, to agree with the Company to any change in or amendment of the policy, and all rights, privileges and benefits provided for by this policy may be exercised and enjoyed without the consent and against the interest of any revocable Beneficiary, by the Owner or by the Owner's assigns together with all irrevocably designated Beneficiaries or their assigns, if any.

Assignments. The Company assumes no responsibility for the validity or effect of any assignment of this policy and no assignment will be recognized until it has been duly filed at its Home Office. An assignment of this policy shall operate to the extent thereof to transfer the interest of any Beneficiary whom the assignor has the right to change, and to render proceeds to which the assignee is entitled payable in one sum, notwithstanding any settlement agreement attached hereto at the time the assignment was executed.

BENEFICIARY

General Beneficiary Provisions. The right to change the Beneficiary is reserved, unless expressly waived. Unless subsequently changed the Beneficiary shall be as designated in the application, or any amendment thereto. If any Beneficiary shall die before the Insured, the interest of such Beneficiary shall vest in the Owner unless otherwise provided in this policy.

If this policy shall provide for "lawful children" of any person, the phrase shall include only lawful children born to or legally adopted by that person.

If this policy shall provide for any Beneficiaries or payees not specified by name, the Company in determining at any time such Beneficiaries or payees is hereby authorized to rely on an affidavit or affidavits by such person or persons as the Company considers to be familiar with the facts, and the Company shall be discharged from all liability upon making settlement in accordance with such affidavit or affidavits.

Change of Beneficiary. If the right to change any Beneficiary is reserved, a new Beneficiary may be designated from time to time during the lifetime of the Insured by filing at the Home Office written notice thereof in such form as the Company may require. Such change, when received at the Home Office, shall be effective as of the date of execution of such notice whether the Insured is living at the time of receipt or not, but without prejudice to the Company on account of any payment made by it before receipt of the written notice at its Home Office.

PREMIUMS

Payment of Premiums. The initial basis of premium payment shall be as shown in the application. The first premium is payable on the date of issue. Each subsequent premium is due at the expiration of the interval of time for which the preceding premium was paid and shall be payable when or before due.

Premiums may be paid annually, semiannually or quarterly, at the Company's rates effective on the date of issue or in any manner agreed upon with the Company. On written request by the Owner filed at the Home Office change may be made from one basis to another.

The amount charged for any additional benefit contained in any supplemental agreement attached to this policy at issue is set forth on the Specifications page. When the premium for any additional benefit is no longer payable, the amount of the premium payments for this policy shall be reduced accordingly.

All premiums are payable at the Home Office or to a duly authorized representative of the Company in exchange for a receipt signed by an authorized officer of the Company and countersigned by the representative by whom such payment is received.

Grace Period. If any premium is not paid on or before the day it is due, the premium shall be in default, but a grace period of thirty-one days from the due date, during which period the insurance will continue in force, shall be allowed for the payment of every premium except the first. If death occurs during the grace period there will be deducted from the proceeds such portion of the premium in default as covers the policy month in which such death occurs.

Lapse. On default in payment of any premium due, this policy shall immediately lapse as of the due date of such premium in default and, except as otherwise provided herein, all liability of the Company shall terminate.

Premium Refund on Death of Insured. If this policy becomes a claim by death of the Insured, proceeds shall include such portion of any premium as shall have been paid for any period after the end of the policy month in which the death occurred.

REINSTATEMENT

Reinstatement. This policy may be reinstated within five years of date of lapse. Evidence of insurability of the Insured satisfactory to the Company will be required. A reinstatement charge equal to the premium covering the period from the date of reinstatement to the next premium due date plus the lesser of (a) half of all premiums covering the period from the date of lapse to the date of reinstatement or (b) the premiums covering the one year period prior to the date of reinstatement must be paid.

DIVIDENDS

Dividends. On the expiry of this policy and upon the expiry of the term of each renewal thereof, if all premiums for the expired term have been paid, this policy shall be credited with such shares of surplus, hereinafter called dividends, as may be apportioned from the divisible surplus as ascertained by the Company. The dividends may be used under one of the dividend options below:

1. CASH. Dividends may be withdrawn in cash.

2. APPLIED. Dividends may be applied toward payment of a premium due hereon. If the premium toward which a dividend was to have been applied is not paid such dividend will be treated as a dividend deposit.

3. DIVIDEND DEPOSITS. Dividends may be deposited with the Company and increased each year during which such dividends remain on deposit for a full policy year by interest as determined annually by the Company, which in no event will be less than 3%. Such accumulated dividends and interest thereon are herein called dividend deposits. Any dividend deposits may be withdrawn at any time on the signature of the Owner alone. In the event of lapse or expiry of this policy any dividend deposits standing to the credit of the policy shall be paid in cash to the Owner, unless the policy is renewed in which event any dividend deposits will be used in accordance with the Renewal Privilege hereof.

General Provisions Applicable to Dividends. A dividend option once elected shall remain in effect until the Owner otherwise elects.

Unless election shall be made otherwise before maturity and prior to thirty-one days after any dividend is due the dividend will be treated as a dividend deposit or employed as may otherwise be required under the law of the state or other jurisdiction in which this policy is delivered.

On the maturity of this policy by death any dividends, dividend deposits, and any post mortem dividends which may be apportioned by the Company shall be included in and paid as a part of the proceeds.

BASIS OF VALUES

Basis of Values. All calculations of reserves are based upon the Commissioners 1958 Standard Ordinary Mortality Table with continuous functions and compound interest at the rate of 3½% per annum during the first twenty policy years and at the rate of 2½% per annum for any policy year thereafter.

EXCHANGE

EXCHANGE

Original Date Exchange. While this policy is in force within four years from the Date of Issue it may be surrendered and exchanged upon written application therefor to the Company at its Home Office for a participating life, limited payment life, or endowment policy on the life of the Insured for the same Sum Insured. The cost of such exchange shall be the difference between each premium paid under this policy and each premium that would have been paid under the new policy had the new policy been issued on the Date of Issue with proper adjustment for the difference in dividends together with interest thereon to the date of exchange at the Exchange Interest Rate. The new policy shall bear the same Date of Issue as this policy and shall be written on the policy form in use and at the premium rate in effect for the integral age of the Insured at nearest birthday, as of such Date of Issue. Evidence of insurability will not be required. If this policy is in an extra premium class at the time of exchange, the new policy shall be issued in a corresponding extra premium class.

Attained Age Exchange. While this policy is in force it may be surrendered and exchanged upon written application therefor to the Company at its Home Office for a participating life, limited payment life, or endowment policy on the life of the Insured for the same Sum Insured. The new policy shall be written on the policy form then in use by the Company and at the premium rate then in use for the integral age on the birthday of the Insured nearest the date of exchange. If this policy is in an extra premium class at the time of exchange, the new policy shall be issued in a corresponding extra premium class. Evidence of insurability will not be required. Any dividend deposits will be allowed in reduction of premiums for the first year on the new policy. If this policy is renewed, as hereinafter provided, a similar right of exchange shall be available during the period of each such renewal, except that there shall be no right of exchange after the anniversary of the policy nearest the Insured's sixty-fifth birthday.

Disability Provisions. If this policy contains an agreement which provides for waiver of premium disability benefits and the Insured is not totally disabled as defined in such agreement at the time an original date exchange or attained age exchange of this policy is made as provided herein and such exchange is made prior to the policy anniversary nearest the Insured's sixtieth birthday, the Company will attach to the new policy arising from such exchange an agreement for waiver of premium disability benefits on the form then in use by the Company for such benefits and at the premium rate in use for the integral age on the birthday of the Insured nearest the date of exchange. If the new policy is a limited payment life or endowment policy, the agreement will be attached only if the Insured shall submit evidence of eligibility for such disability benefits satisfactory to the Company, but if the new policy is an ordinary life policy no such evidence shall be required.

If, on or before the policy anniversary nearest the Insured's sixtieth birthday, this policy contains an agreement which provides for waiver of premium disability benefits and the Insured is totally disabled as defined in such agreement, and has been so disabled for at least two years or to such anniversary, then an attained age exchange may be made to an ordinary life policy. An agreement for waiver of premium disability benefits on the form and at the premium rate then in use by the Company will be attached to the ordinary life policy and the payment of premiums on such policy will be waived during the continuance of total and permanent disability. Evidence of insurability or eligibility for disability benefits will not be required for such exchange. Any dividend deposits standing to the credit of this policy shall be transferred to such ordinary life policy.

If this policy has waiver of premium disability benefits and the premium therefor is rated some multiple of the regular premium, the premium for any agreement for waiver of premium disability benefits attached to any new policy which may be issued will be rated the same multiple.

RENEWAL PRIVILEGE

Renewal Privilege. This policy expires on the first policy anniversary, but upon such expiry and upon the expiry of the term of any renewal hereof, if all premiums for the expired term have been paid, the policy will be renewed for a further term of one year, without evidence of insurability, upon the payment of the first premium for such renewed policy within thirty-one days of such expiry. The effective date of such renewed policy shall be the date of expiry of the preceding policy.

There shall be transferred to such renewed policy any dividend deposits standing to the credit of the preceding policy. No renewal will be allowed after the policy anniversary nearest the Insured's sixty-ninth birthday. Except as otherwise provided herein the provisions of this policy shall constitute the provisions of such renewed policy.

Premiums on each renewed policy shall be payable on the same basis and the same due dates as the preceding policy. The annual premium payable for each renewed policy shall be determined by computing the basic annual premium for the Sum Insured from the table on the next page, increasing it by any extra premium classification charge shown on the Specifications page, and further increasing it by $12.00.

If this policy contains an agreement which provides for waiver of premium disability benefits, upon renewal prior to the anniversary of the policy nearest the Insured's sixty-fifth birthday such agreement will also be renewed in like manner. The additional premiums for such renewed agreement shall be payable with and on the same basis as premiums on the renewed policy. The annual premium payable for such renewed agreement shall be determined by computing the basic annual premium for waiver of premiums for the Sum Insured from the table on the next page, increasing it by any extra premium classification charge shown in the Specifications, and further increasing it by the annual premium for waiver of premiums for any additional benefits contained in this policy.

If this policy contains any other agreement for additional benefits, upon renewal of this policy such agreement will also be renewed in like manner. The additional premiums for such renewed agreement shall be payable with and on the same basis as premiums on the renewed policy and the amount of such additional premiums shall be the same as for the original agreement.

For each $1,000 of Sum Insured for policies renewed in accordance with the Renewal Privilege, using the Insured's age nearest birthday on the effective date of the renewed policy:

Age	Basic Annual Premium		Basic Annual Premium for Waiver of Premiums	
	Male	Female	Male	Female
15	$ 2.01	$ 1.77	$ .12	$ .16
16	2.09	1.85	.12	.16
17	2.17	1.93	.12	.16
18	2.24	2.00	.13	.17
19	2.30	2.06	.13	.17
20	2.35	2.10	.13	.17
21	2.39	2.14	.13	.17
22	2.42	2.17	.14	.18
23	2.45	2.19	.14	.18
24	2.47	2.21	.15	.20
25	2.50	2.24	.15	.20
26	2.53	2.26	.15	.20
27	2.56	2.29	.16	.21
28	2.60	2.32	.16	.21
29	2.65	2.37	.16	.21
30	2.71	2.42	.17	.22
31	2.77	2.47	.17	.22
32	2.82	2.51	.18	.23
33	2.89	2.56	.18	.23
34	2.98	2.63	.19	.25
35	3.09	2.72	.20	.26
36	3.23	2.83	.21	.27
37	3.40	2.96	.22	.29
38	3.61	3.12	.23	.30
39	3.86	3.32	.25	.33
40	4.15	3.55	.27	.35
41	4.47	3.80	.30	.39
42	4.82	4.07	.32	.42
43	5.18	4.34	.35	.46
44	5.59	4.65	.38	.49
45	6.03	4.98	.42	.55
46	6.51	5.37	.48	.62
47	7.08	5.78	.55	.72
48	7.70	6.26	.64	.83
49	8.38	6.80	.73	.95
50	9.12	7.39	.83	1.08
51	9.95	8.05	1.05	1.37
52	10.83	8.75	1.31	1.70
53	11.80	9.53	1.60	2.08
54	12.86	10.39	1.93	2.51
55	14.00	11.31	2.31	3.00
56	15.27	12.34	2.86	3.72
57	16.66	13.47	3.48	4.52
58	18.19	14.73	4.20	5.46
59	19.86	16.10	5.02	6.53
60	21.71	17.65	1.30	1.69
61	23.72	19.40	1.30	1.69
62	25.90	21.37	1.21	1.57
63	28.29	23.62	.99	1.29
64	30.91	26.13	.50	.65
65	33.80	28.67		
66	36.99	31.50		
67	40.52	34.66		
68	44.43	38.19		
69	48.66	42.03		

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SETTLEMENT OPTIONS

The Right to Elect — When and by Whom. Election may be made, subject to the conditions hereof, that all or part of the net proceeds will be retained by the Company and paid pursuant to one of the following settlement options. A certificate expressing the terms of the settlement will be issued upon surrender of this policy.
Such election may be made:

(a) By the Owner, prior to the death of the Insured.

(b) By the Beneficiary, when the proceeds of this policy become available if no settlement agreement covering such proceeds is then in force. Such election shall be made within sixty days after the proceeds become available and before the proceeds have been paid.

Election by Business Entity or Fiduciary. If the proceeds are payable to a business entity or fiduciary, such payee may elect the use of settlement options hereunder but such election shall, in addition to all other conditions and provisions hereof, be subject to the restriction that under any Option 1 settlement the shorter period mentioned under such option shall not exceed thirty years. Such business entity or fiduciary may transfer its right to receive the proceeds to a measuring life who in turn may elect the use of settlement options.

Miscellaneous Conditions. If any settlement option depends on a measuring life, such measuring life shall be that of a natural person. The Company will require acceptable proof of the age of such person and reserves the right to require satisfactory evidence that such person is alive before making any payment.

The Company will neither retain less than $2,000 for, nor make periodic payments of less than $20 to, any payee.

Assignment-Creditors. The amount applied under an option and any payment thereunder may not be assigned or encumbered and, to the extent permitted by law, shall not be subject to levy, attachment or other judicial process for the payment of the payee's debts or obligations.

Option 1 — Payment of Interest

Interest payments at annual, semiannual, quarterly or monthly intervals during the lifetime of the measuring life or for such shorter period as may be specifically provided in this policy. The first payment will be at the end of the first interval elected and the amount of the payment will be $30.00 if payable annually, $14.88 if semiannually, $7.41 if quarterly or $2.46 if monthly, per $1,000 of proceeds.

Provision may be made for withdrawal, on any anniversary of the date of the certificate, of any amount held by the Company.

There will be paid such share of divisable surplus, if any, as may be annually apportioned thereto by the Company.

Option 2 — Instalment Payments for a Specified Period

Monthly instalments for a specified number of years, as elected, first payment immediate, according to the table following.

Provision may be made for withdrawal, on any anniversary of the date of the certificate, of any unpaid instalments, commuted at compound interest of 3% per annum.

There will be paid such share of divisible surplus, if any, as may be annually apportioned thereto by the Company.

Monthly Installments for Each $1000 of Proceeds

Specified No. of Yrs.	1	2	3	4	5	6	7	8	9	10
Monthly Instalments	$84.40	$42.82	$28.97	$22.04	$17.89	$15.13	$13.15	$11.67	$10.52	$ 9.61
Specified No. of Yrs.	11	12	13	14	15	16	17	18	19	20
Monthly Instalments	$ 8.86	$ 8.23	$ 7.70	$ 7.25	$ 6.86	$ 6.52	$ 6.22	$ 5.96	$ 5.72	$ 5.51
Specified No. of Yrs.	21	22	23	24	25	26	27	28	29	30
Monthly Instalments	$ 5.31	$ 5.14	$ 4.98	$ 4.84	$ 4.70	$ 4.58	$ 4.47	$ 4.37	$ 4.27	$ 4.18

SETTLEMENT OPTIONS (Continued)

Option 3 — Life Income

Monthly instalments, first instalment immediate, for the period certain elected and thereafter during the remaining lifetime of the measuring life. The period certain elected may be 10, 15 or 20 years or a refund period certain such that the sum of the instalments certain shall be equal to the proceeds settled under this option, the final payment not to exceed the unpaid balance. The amount of such instalments shall be determined according to the table following.

During the instalments certain period, there will be paid such share of divisible surplus, if any, as may be annually apportioned thereto by the Company.

Monthly Instalments for Each $1,000 of Proceeds

(Amounts shown are for the age nearest birthday of the measuring life at date of first payment)

Age Male	Age Female	Period Certain 10 Yrs.	15 Yrs.	20 Yrs.	Instalment refund	Age Male	Age Female	Period Certain 10 Yrs.	15 Yrs.	20 Yrs.	Instalment refund	Age Male	Age Female	Period Certain 10 Yrs.	15 Yrs.	20 Yrs.	Instalment refund
*and under	11*	2.85	2.84	2.84	2.83	32	37	3.38	3.37	3.36	3.35	58	63	5.19	5.00	4.73	4.90
	12	2.86	2.86	2.85	2.85	33	38	3.42	3.41	3.40	3.38	59	64	5.32	5.09	4.79	5.00
	13	2.87	2.87	2.87	2.86	34	39	3.45	3.44	3.43	3.41	60	65	5.45	5.19	4.85	5.11
	14	2.88	2.88	2.88	2.87	35	40	3.49	3.48	3.47	3.45	61	66	5.58	5.29	4.91	5.22
	15	2.90	2.90	2.89	2.88	36	41	3.53	3.52	3.50	3.49	62	67	5.72	5.39	4.97	5.34
11*	16	2.91	2.91	2.91	2.90	37	42	3.57	3.56	3.54	3.52	63	68	5.87	5.49	5.03	5.46
12	17	2.93	2.92	2.92	2.91	38	43	3.62	3.60	3.58	3.56	64	69	6.01	5.59	5.08	5.60
13	18	2.94	2.94	2.93	2.93	39	44	3.67	3.65	3.63	3.61	65	70	6.17	5.68	5.13	5.73
14	19	2.96	2.95	2.95	2.94	40	45	3.71	3.70	3.67	3.65	66	71	6.32	5.78	5.18	5.87
15	20	2.97	2.97	2.97	2.96	41	46	3.77	3.75	3.72	3.70	67	72	6.48	5.87	5.23	6.02
16	21	2.99	2.99	2.98	2.97	42	47	3.82	3.80	3.77	3.74	68	73	6.65	5.97	5.27	6.18
17	22	3.01	3.01	3.00	2.99	43	48	3.88	3.85	3.82	3.80	69	74	6.81	6.06	5.30	6.35
18	23	3.03	3.02	3.02	3.01	44	49	3.94	3.91	3.87	3.85	70	75	6.98	6.14	5.34†	6.52
19	24	3.05	3.04	3.04	3.03	45	50	4.00	3.97	3.92	3.90	71	76	7.15	6.22		6.70
20	25	3.07	3.06	3.06	3.05	46	51	4.07	4.03	3.98	3.96	72	77	7.32	6.30		6.89
21	26	3.09	3.08	3.08	3.07	47	52	4.14	4.10	4.03	4.02	73	78	7.49	6.37		7.09
22	27	3.11	3.10	3.10	3.09	48	53	4.21	4.16	4.09	4.08	74	79	7.65	6.44		7.30
23	28	3.13	3.13	3.12	3.11	49	54	4.29	4.24	4.15	4.15	75	80†	7.82	6.50†		7.53
24	29	3.15	3.15	3.14	3.13	50	55	4.37	4.31	4.21	4.22	76		7.98			7.76
25	30	3.18	3.17	3.17	3.15	51	56	4.46	4.39	4.27	4.29	77		8.14			8.00
26	31	3.20	3.20	3.19	3.18	52	57	4.55	4.46	4.34	4.36	78		8.30			8.26
27	32	3.23	3.22	3.22	3.20	53	58	4.64	4.55	4.40	4.44	79		8.44			8.54
28	33	3.26	3.25	3.24	3.23	54	59	4.74	4.63	4.47	4.52	80†		8.58†			8.82†
29	34	3.29	3.28	3.27	3.26	55	60	4.85	4.72	4.53	4.61						
30	35	3.32	3.31	3.30	3.29	56	61	4.96	4.81	4.60	4.70						
31	36	3.35	3.34	3.33	3.32	57	62	5.07	4.90	4.66	4.80			† Higher ages the same			

Option 4 — Instalment Payments of a Specified Amount

Monthly instalments of such specified amounts as may be agreed upon, first payment immediate, continuing such payments until the proceeds with compound interest at 3% per annum on the unpaid balance and such share of divisible surplus, if any, as may be annually apportioned thereto by the Company, are exhausted.

Provision may be made for withdrawal, on any anniversary of the date of the certificate, of any amount held by the company.

Option 5 — Life Annuity

Monthly instalments as a guaranteed life annuity, with or without a period certain as elected. The amount of each instalment shall be 103½% of the monthly income provided at the Company's Immediate Annuity rates in effect as of the date of the first instalment, adjusted to provide for immediate payment of the first instalment.

There shall be no participation in the surplus of the Company.

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Part A

Application to NATIONAL LIFE INSURANCE COMPANY

Montpelier, Vermont

Policy No: _____

Agency

№ 41021

NEW YORK - SMILEY 60

QUESTIONS 1-16 REFER TO PROPOSED INSURED

1. Full Name — First: EDWARD Middle: M. Last: KENNEDY

2. Date of birth 2-22-32

3. Place of birth BOSTON MASS

4. Male X Female ☐

5. Issue Policy at Age 48

6. Single ☐ Married X Widowed ☐ Divorced ☐

7. Occupation
A Kind of business? LEGISLATOR
B Specific duties? U.S. SENATOR
C Employer? U.S. GOVERNMENT
D Any change contemplated? Yes ☐ No X
If Yes explain under Remarks

8. Do you intend to travel or reside outside U.S.A.? Yes ☐ No X
If Yes complete foreign travel questionnaire No 1480

9. Have you ever applied for insurance or reinstatement which was declined, postponed or modified in any way? Yes ☐ No X
If Yes give details under Remarks

10. Are other negotiations for insurance pending? Yes ☐ No X
If Yes give company, amount and reason under Remarks

11. Has there been or will there be any termination or reduction of premiums, any surrender, any reduction in amount or period of coverage, or any substantial borrowing on any insurance on your life, if the insurance herein applied for is issued? Yes ☐ No X
If Yes give company, amount and reason under Remarks

12. Have you ever been or do you have any intention of becoming a pilot or crew member of any type of aircraft? Yes ☐ No X
If Yes, complete aviation questionnaire No 1487

13. Are you or do you have any intention of becoming a member of a military organization? Yes ☐ No X
If Yes, give details under Remarks

14. Have you within the past two years participated in or do you intend to participate in, any motor powered racing, scuba, skin or sky diving, rodeos or any other hazardous avocation? Yes ☐ No X
If "Yes," submit avocation questionnaire No 1390

15. Have you had your motor vehicle driving license suspended or revoked during the last two years? Yes ☐ No X
If Yes give details under Remarks

16. Total insurance in force $

Company	Amount	Year Issued
U.S. Govt Group		

Total with Waiver of Premium $

Total Monthly Disability Income $

Total Accidental Death Benefit $

17. Home Office corrections or amendments
26. Beneficiary: Chemical Bank, a New York corporation, its successors or assigns, as its interest may appear; balance, if any, to Kennedy for President Committee, a Washington, D. C. association, its successors or assigns. The right to change the beneficiary is not reserved.

18. Plan of insurance: YRT-70

19. Amount of insurance: $ 1,150,000

20. Additional benefits desired
Waiver of Premium ☐ Waiver of Premium and Income ☐ Accidental Death Benefit ☐
YRT to 70 Rider $
Level Term Rider ☐ $ for Years
Reducing Term Rider ☐ $ for Years
Family Income Rider ☐ $ per Mo for Years
Additional Insurance Option ☐ for $
Children Protection Benefit ☐ (complete Form 1455)
Family Protection Benefits ☐ (complete Form 1440)
Cost of Living Rider ☐ No of Units

21. Date of Issue

22. Basis of premium payment
Annual ☐ Semi-annual ☐ Quarterly ☐ Monthly X
COM ☐ 1/6 S.A. ☐

23. $ 2000 — has been paid to agent as first 2 MONTHLY premiums

24. Use of dividends: Pay in cash ☐ Apply to premiums X
Hold at interest ☐
Purchase paid-up additions ☐ with Dividend Term Option ☐

25. Is automatic payment of premium desired, if available? Yes X No ☐

26. Beneficiary AMENDED
Give full names dates of birth and relationships to Insured
CHEMICAL BANK, A NEW YORK CORPORATION, ITS SUCCESSORS OR ASSIGNS, AS THEIR INTEREST MAY APPEAR
otherwise the executors or administrators of
The right to change the beneficiary is NOT reserved.

27. Owner KENNEDY FOR PRESIDENT COMMITTEE, A WASHINGTON, D.C. ASSOCIATION, ITS SUCCESSORS OR ASSIGNS
Social Security No. of Owner
If owner is a minor complete Form No 1481

28. All payments to be protected by the Spendthrift Provision Yes ☐ No ☐

29. Transferability of Contract to be Restricted Yes ☐ No ☐
(Applicable for TDA and H.R. 10 business)

30. Endowment payee or Retirement payee, if applicable:
Insured his executors or administrators ☐ Owner ☐ As per supplementary request ☐

31. To whom shall premium notices be sent? Insured ☐ Owner ☐ Other ☐
Give Street & No., City, State & Zip Code 1150 22 STREET N.W. WASHINGTON, D.C. 20037

32. Remarks and additional directions

Please issue NON-SMOKER RATE

(1) The foregoing statements and answers are, to the best knowledge and belief of the proposed insured, complete and true and together with the statements and answers on part B of this application shall constitute a part of the contract of insurance if one be issued. The applicant, if someone other than the proposed insured agrees to be bound by all statements and answers signed by the proposed insured in parts A and B of this application. (2) The agent taking this application has no authority to make, modify, alter or discharge any contract hereby applied for, nor to extend credit on behalf of the Company. No statement made to or information acquired by any representative of the Company shall bind the Company unless set out in writing in parts A or B of this application. (3) The Company shall incur no liability under any policy issued pursuant to this application unless and until such policy is delivered to the owner and the first premium is paid during the continued insurability of the insured, except as may be otherwise provided in any conditional receipt issued, which bears the same number as this application. (4) Acceptance of any policy issued on this application will be a ratification of any correction in or amendment to the application noted by the Company in the space headed "Home Office corrections or amendments," and a copy of the amended application attached to the policy will be sufficient notice of the change made, except if the laws of the state or other jurisdiction in which the application is made require written ratification, no change shall be made as to amount, classification of risk, plan of insurance or benefits unless agreed to in writing.

Executed at NEW YORK, N.Y. NOV. 14 1979

KENNEDY FOR PRESIDENT COMMITTEE

X [signature] CHAIRMAN
Sign name in full — Applicant

X Edward M. Kennedy
Sign name in full — Proposed Insured

Form 1436-76

Only one signature required when proposed insured is the applicant

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Supplemental Application To
NATIONAL LIFE INSURANCE COMPANY
Montpelier, Vermont

1680572

NON SMOKER DECLARATION

Name of Proposed Insured EDWARD M. KENNEDY

The proposed insured does not now smoke cigarettes and has not smoked any cigarettes within the last 12 months.

This statement is complete and true, to the best knowledge and belief of the proposed insured. This supplemental application for the issuance of insurance on the life of the proposed insured at a lower non-smoker premium rate shall constitute a part of the contract if one is issued.

Executed at NEW YORK N.Y. 11/15 1979

Proposed Insured X Edward M. Kennedy

Applicant XX KENNEDY FOR PRESIDENT COMMITTEE CHAIRMAN

Only one signature is required when the proposed insured is the applicant.

AGENT'S REPORT

To the best of my knowledge and belief, the above statement made by the proposed insured is true.

DATE 11/16/79 AGENT

Frederick J. Wertlieb, CLU, CFP

1444-78

ENDORSEMENT

Effective as of the Date of Issue, this policy is amended as follows:

1. The "Interest on Death Proceeds" provision has been changed to:

   Interest will be paid, on the proceeds paid in one sum in the event of the death of the Insured, at the rate determined by the Company, but not less than 3% per annum, from the date of death to the date of payment.

NATIONAL LIFE INSURANCE COMPANY

By S M Nichols
Registrar

Yearly renewable term policy with annual distribution of surplus. Premiums increase on each renewal. Proceeds payable at death. Convertible within period specified.

The Owner is hereby notified that owner is a member of National Life Insurance Company while this policy is in force and that the annual meetings of the Company are held at its Home Office in Montpelier, Vermont, on the last Friday in January in each year at 9 o'clock A.M.

International Telex Western Union International, Inc.

MCCRACO NYK
11/20/79
CORBLACKCO SFO
ATTN JOHN SMITH/DENNIS STRIE

WE ARE PLEASED TO CONFIRM WE HAVE BOUND EFFECTIVE 22 NOVEMBER 1979 SICKNESS AND ACCIDENT TOTAL DISABILITY INSURANCE IN BEHALF OF CHEMICAL BANK OF NEW YORK COVERING E. M. KENNEDY AS INSURED PERSON ON FOLLOWING BASES WITH 100 PERCENT LLOYDS SECURITY:

QUOTE IN THE EVENT THAT THE INSURED PERSON IS TOTALLY DISABLED FOR A MINIMUM PERIOD OF FOURTEEN CONSECUTIVE DAYS SOLELY AND DIRECTLY AS A RESULT OF AN ACCIDENT OCCURRING OR AN ILLNESS FIRST MANIFESTING ITSELF DURING THE PERIOD OF THIS POLICY AND SUCH TOTAL DISABLEMENT CONTINUES UNTIL THE END OF THE POLICY PERIOD SO THAT HE IS UNABLE TO COMPLETE HIS CAMPAIGN FUND RAISING ACTIVITIES, THEN THIS INSURANCE SHALL REIMBURSE THE ASSURED FOR ANY IRRECOVERABLE SUMS DRAWN DOWN AT THE TIME OF SUCH DISABLEMENT BY THE INSURED PERSON OR HIS REPRESENTATIVES UNDER A LINE OF CREDIT AGREEMENT AND WHICH IS OUTSTANDING AS AT 31 AUGUST 1980 UP TO A MAXIMUM OF DOLLARS ONE MILLION ONE HUNDRED AND FIFTY THOUSAND UNQUOTE STOP
CONDITIONS INCLUDE - PRIOR DISABILITY EXCLUSION CLAUSE - QUOTE EXCLUDING ALL CLAIMS CAUSED OR AGGRAVATED BY ANY PHYSICAL OR MENTAL CONDITION, OF A CHRONIC OR RECURRING NATURE, FROM WHICH THE INSURED PERSON SUFFERED AND WAS KNOWN TO SUFFER AT THE INCEPTION OF THIS INSURANCE UNQUOTE
AND MEDICAL REFEREES CLAUSE - QUOTE IN THE EVENT OF ANY CLAIM UNDER THIS INSURANCE EITHER DISPUTED ON MEDICAL GROUNDS IT IS UNDERSTOOD AND AGREED THAT THE ADVICE OF TWO INDEPENDENT MEDICAL REFEREES, ONE OF WHOM TO BE APPOINTED BY UNDERWRITERS, SHALL BE SOUGHT STOP SHOULD THEY FAIL TO AGREE A THIRD MEDICAL REFEREE, ACCEPTABLE TO BOTH PARTIES, SHALL BE APPOINTED AND HIS OPINION SHALL BE ACCEPTED AS FINAL UNQUOTE
DEATH IS NOT COVERED UNDER THE FOREGOING AND ASSUME YOU HAVE ARRANGED SEPARATE INSURANCE

M. E. LOEWIG
PACIFIC INTERNATIONAL BROKERS, LTD.

MCCRACO NYK
C

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUD 125547
WUI 620976

MAURICE T. MOORE
BRUCE BROMLEY
WILLIAM B. MARSHALL
RALPH L. McAFEE
ROYALL VICTOR
ALLEN H. MERRILL
HENRY W. DeKOSMIAN
ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY
ALAN J. HRUSKA

JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON
RICHARD L. HOFFMAN
JOSEPH A. MULLINS
MAX R. SHULMAN

COUNSEL
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE O. TYLER

ROSWELL L. GILPATRIC
L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON

4 PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX 8814901

CABLE ADDRESSES
CRAVATH, N.Y.
CRAVATH, PARIS
CRAVATH, LONDON E.C. 2

November 16, 1979

Dear Sirs:

You have requested our opinion as to whether the $200,000 loan which you made today and the remainder of $800,000 which you expect to disburse in the near future to the Kennedy for President Committee is and will be in compliance with § 441b(b)2 of Title 2 of the United States Code. Section 96(1) of the New York Banking Law specifically empowers Chemical Bank generally to make loans and acquire promissory notes, including by interpretation those secured by a security assignment of accounts receivable and, indeed, permits Chemical Bank to purchase outright various types of accounts receivable. Although not precisely embodied in statutory provisions of New York law, there is a general standard of prudence in connection with the making of loans generally, which standard, of course, also applies in connection with Chemical Bank's loan to the Kennedy for President Committee.

We note that Chemical Bank, as to the $200,000 loan to be made today, has received a certificate of the Treasurer of said Committee to the effect that $272,316 is the amount which said Committee is entitled as of that date to receive from the Secretary of the Treasury under 26 U.S.C. § 9037 and that as to the remaining $800,000 Chemical Bank will be fully protected by insurance in the event of the demise or incapacitation of the Senator while seeking nomination as the Democratic Candidate for President. We

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also note that all amounts payable to the Kennedy for President Committee by the Secretary of the Treasury are assigned as security for the repayment of the full loan of $1,000,000. Given the fact that the total loan in question amounts to far less than the Committee or Chemical Bank could reasonably expect would be payable to the Committee by the Secretary of the Treasury under 26 U.S.C. § 9037, and given the protection of the assignment and the insurance policies, it is our opinion that such loan clearly qualifies as being the type of loan which would be made by Chemical Bank in the ordinary course of business and that it has been made in accordance with applicable banking laws and regulations.

Very truly yours,

Chavath, Lum & Moore

Chemical Bank,
140 Broadway,
New York, N. Y. 10015

Attention of Mr. William G. Menner,
Senior Vice President.

T

O

DELIVERY

is required to pay in full the principal amount of $399,378 (hereinafter called the "old loan") and any accrued interest thereon. Such policies contain endorsements to the effect that they may not be canceled or terminated or the beneficiary changed without the prior written consent of the undersigned. You hereby agree that the undersigned's interest in such policies insuring Senator Edward M. Kennedy shall be increased to the extent of any accrued interest on and unpaid principal amount of the note and all other obligations of the Committee to the undersigned under this Letter Agreement; it being understood that the undersigned will consent to the cancelation of the policies upon payment in full of the principal of and interest on the old loan and the note, and the undersigned will further agree to periodic reductions in the amount of coverage as the principal of such loans is reduced.

In order to induce the undersigned to make this loan, you hereby represent and warrant to the undersigned that (a) you are a political committee duly established and in compliance with 2 U.S.C. § 433 and that you will comply with 2 U.S.C. § 434 and that all contributions solicited by you shall be in compliance with 2 U.S.C. § 441a; (b) no authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by you of this Letter Agreement, the note or the Security Agreement; and (c) you have incurred no unusual forward or long-term commitments or claims which are substantial in amount in relation to your projected receipts from contributions and from the Secretary of Treasury under 26 U.S.C. § 9037.

This Letter Agreement shall be governed by and construed under the laws of the State of New York and is not subject to amendment, waiver or modification unless the same shall be in writing.

You shall pay all costs and expenses in connection with this Letter Agreement and the loan.

CHEMICAL BANK
140 Broadway
New York, N. Y. 10015

February 11, 1980

Kennedy for President Committee
1250 22nd Street, N.W.
Washington, D. C. 22037

Attention of William C. Oldaker

Dear Sirs:

You have requested the undersigned to lend to your Committee $100,000 to be evidenced by your Committee's promissory note payable to the order of the undersigned and to be substantially in the form attached hereto as Exhibit A (hereinafter called "the note"). It is understood that such loan shall be payable on demand and shall bear interest at 1/2 of 1% per annum above the rate from time to time in effect of the undersigned for prime commercial loans of 90-day maturities (hereinafter called the "prime rate"), such interest rate to change as of the opening of business on any day on which the prime rate shall change. Interest shall be computed on the basis of the actual number of days elapsed. The loan is subject to prepayment, such prepayment to be applied first to accrued and unpaid interest on the loan, and then to the unpaid principal amount of the loan.

In consideration of the undersigned's agreement to make such loan, you hereby agree, by your execution hereof, to execute a Security Agreement of even date securing this loan and all prior loans made pursuant to a Letter Agreement dated November 15, 1979, between the undersigned and your Committee.

Pursuant to the Letter Agreement dated November 15, 1979, between you and the undersigned, you have obtained policies insuring without any condition the life of Senator Edward M. Kennedy and insuring in the event of any permanent disability which prevents Senator Edward M. Kennedy from effectively pursuing the nomination for presidential candidate, each in the amount of $1,150,000. The undersigned has been designated as beneficiary thereof up to such amount as

If the foregoing is agreeable to you, please so indicate by signing the enclosed copy of this letter.

Very truly yours,

CHEMICAL BANK,

by

Accepted and agreed to this

11th day of February 1980.

Carolyn A. Reed
Treasurer

EXHIBIT A

$100,000

February 11, 1980
New York, N. Y.

UPON DEMAND, KENNEDY FOR PRESIDENT COMMITTEE DOES HEREBY PROMISE to pay to the order of Chemical Bank, a New York banking corporation, at its principal office at 140 Broadway, New York, N. Y. 10015, in lawful money of the United States One hundred thousand Dollars ($100,000) and to pay interest thereon at the rate of 1/2 of 1% per annum above the rate from time to time in effect at Chemical Bank for prime commercial loans of 90-day maturities (hereinafter called the "prime rate"), such interest to change as of the opening of business on the day on which the prime rate shall change. Interest shall be computed on the basis of the actual number of days elapsed.

This Note is issued pursuant to a Letter Agreement of even date between Chemical Bank and the undersigned and is subject to prepayment, such prepayment to be applied first to accrued and unpaid interest hereon, and then to the unpaid principal amount hereof, all as more fully specified in said Letter Agreement.

KENNEDY FOR PRESIDENT COMMITTEE,

by

_____
Treasurer

SECURITY AGREEMENT dated February 11, 1980, between CHEMICAL BANK, a New York banking corporation (hereinafter called the Bank) and the KENNEDY FOR PRESIDENT COMMITTEE (hereinafter called the Borrower).

1. Definitions. (a) "Liability" or "Liabilities" includes all liabilities (primary, secondary, direct, contingent, sole, joint or several) due or to become due, or that may be hereafter contracted or acquired, of Borrower to Bank, (b) "Proceeds" means whatever is received when Collateral is sold, exchanged, leased, collected or otherwise disposed of and includes the account arising when the right to payment is earned under a contract, (c) "Security Interest" means a lien or other interest in Collateral which secures payment of a liability or performance of an obligation, (d) "Collateral" means the following described property in which the Bank has a Security Interest:

(1) 300 serially numbered (1 through 300) Warhol Kennedy '80 black and white art prints each signed by Andy Warhol; and

(2) 50 serially numbered (1 through 50) Warhol Kennedy '80 Deluxe Edition red, white and blue art prints each signed by Andy Warhol.

2. Security Interest. As security for the payment of all loans now or in the future made hereunder and all other liabilities of Borrower to Bank, Borrower hereby grants to Bank a Security Interest in the above-described Collateral and all and any Proceeds arising therefrom.

Borrower represents and warrants to the Bank that (a) the Collateral was especially prepared for the exclusive use of the Borrower and (b) Borrower is, and has been from the time of its preparation, the sole lawful owner of the Collateral, free and clear of any liens and encumbrances, and has the right and power to pledge, sell, assign and transfer absolute title thereto to the Bank and that no financing statement covering the Collateral, other than the Bank's, is on file in any public office.

3. Use of Collateral. The Collateral will be used primarily as a premium for contributions to Borrower. The Collateral will be stored at the offices of Miles Rubin, Esq., 375 Park Avenue, New York, New York, and released, in whole or in part, by the custodian, Joseph E. Hakim, Suite 3021, 200 Park Avenue, New York, N. Y., for transfer to a contributor only upon the presentation of a written release from the Bank.

4. Insurance. Borrower will have and maintain insurance on the Collateral until this agreement is terminated against all expected risks to which it is exposed, including fire, theft and those which the Bank may desig-

nate, such insurance to be payable to Bank and Borrower as their interests may appear; all policies shall provide for ten (10) days' written minimum cancelation notice to the Bank. Bank may act as attorney for Borrower in obtaining, adjusting, settling and canceling such insurance.

5. Default. Default shall exist hereunder (1) if the Borrower shall fail to pay any amount of the Liabilities when due, (2) if the Borrower shall or shall attempt to (a) remove or allow removal of the Collateral from the offices of Miles Rubin, Esq., without a written release of the Collateral, or any part thereof, from the Bank, (b) sell, encumber or otherwise dispose of the Collateral or any interest therein without a written release of the Collateral, or any part thereof, from the Bank, (c) conceal, hire out or let the Collateral, (d) misuse or abuse the Collateral, or (e) use or allow the use of the Collateral in connection with any undertaking prohibited by law, (3) if bankruptcy or insolvency proceedings shall be instituted by or against the Borrower, (4) if the Collateral shall be attached, levied upon, seized in any legal proceedings, or held by virtue of any lien or distress, (5) if the Borrower shall make any assignment for the benefit of creditors, (6) if the Borrower shall fail to pay promptly all taxes and assessments upon the Collateral or the use thereof, (7) if the Bank with

reasonable cause determines that its interest in the Collateral be in jeopardy, or (8) if Borrower should fail to keep the Collateral suitably insured. In the event of default or the breach of any undertaking of or conditions to be performed by the Borrower (1) all liabilities shall become immediately due and payable, and (2) the Borrower agrees upon demand to deliver the Collateral to the Bank, or the Bank may, with or without legal process, and with or without previous notice or demand for performance, enter any premises wherein the Collateral may be, and take possession of the same, together with anything therein; and the Bank may make disposition of the Collateral subject to any and all applicable provisions of the law. If the Collateral is sold at public sale, Bank may purchase the Collateral at such sale. The Bank, provided it has sent the statutory notice of default, may retain from the proceeds of such sale all reasonable costs incurred in the said taking and sale and also, all sums then owing by the Borrower, and any overplus of any such sale shall be paid to the Borrower.

6. General Agreements. (a) Borrower agrees to pay the costs of filing financing statements and of conducting searches in connection with this Agreement. (b) Borrower agrees to allow the Bank through any of its officers or agents, at all reasonable times, to examine or inspect any

of the Collateral and to examine, inspect and make extracts from the Borrower's books and records relating to the Collateral. (c) Borrower will promptly pay when due all taxes and assessments upon the Collateral or for its use or operation or upon the proceeds thereof or upon this Agreement or upon any instrument or instruments evidencing the liabilities. (d) At its option, the Bank may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, and may pay for the maintenance and preservation of the Collateral, and the Borrower agrees to reimburse the Bank on demand for any payment made or any expense incurred by the Bank pursuant to the foregoing authorization, including counsel fees and disbursements incurred or expended by the Bank in connection with the Agreement. (e) Borrower hereby authorizes the Bank to file the financing statement and any amendments thereto without the signature of Borrower. Such authorization is limited to the security interest granted by this Agreement. (f) The Bank shall not be deemed to have waived any of its rights hereunder or under any other agreement, instrument or paper signed by the Borrower unless such waiver is in writing and signed by the Bank. No delay or omission on the part of the Bank in exercising any right shall operate as a waiver thereof or of any other right.

A waiver upon any one occasion shall not be construed as a bar or a waiver of any right or remedy on any future occasion. All of the rights and remedies of the Bank, whether evidenced hereby or by any other agreement, instrument or paper, shall be cumulative and may be exercised singly or concurrently.

7. Execution by Bank. This Agreement shall take effect immediately upon execution by the Borrower, and the execution hereof by the Bank shall not be required as a condition to the effectiveness of this Agreement. The provision for execution of this Agreement by the Bank is only for purposes of filing this Agreement as a Security Agreement under the Uniform Commercial Code, if execution hereof by the Bank is required for purposes of such filing.

KENNEDY FOR PRESIDENT COMMITTEE,

by Carolyn A. Reed

1250 22nd Street, N.W.
Washington, D.C. 22037

CHEMICAL BANK,

by

140 Broadway
New York, N. Y. 10015

ASSOCIATED
AMERICAN
ARTISTS

663 FIFTH AVENUE NEW YORK, N.Y. 10022
PLAZA 5-4211

February 6, 1980

Mr. Robert Conway
Chemical Bank
140 Broadway
New York, N.Y. 10005

Dear Mr. Conway:

I have been President and Director of Associated American Artists since 1958. AAA is a gallery which specializes in original prints. I am a Member of the Art Dealers Association of America and have served on the Board of Directors for 8 years and as Vice President for 4 years.

I have examined the 2 screen prints with glitter created by ANDY WARHOL of EDWARD KENNEDY.

I understand the edition consists of 350 impressions.

A regular edition of 300 in two colors numbered 1/300 through 300/300 and is to be signed by the artist.

Also a deluxe edition of 50 with a red, white and blue background (which I suggest be numbered in Roman numerals) and is to be signed by both the artist and Mr. Kennedy.

I believe the fair market value for the regular edition to be $750 per print and the value of the deluxe edition $1,500 per print.

Sincerely,

Sylvan Cole, Jr.

SC/jmt

cc: William Silverman

Director SYLVAN COLE, JR. Cables ARTAMERIST Subsidiary ASSOCIATED INTERNATIONAL ARTISTS
Member: ART DEALERS ASSOCIATION OF AMERICA

BOSTON 2 11 80 EMH 0 199

CHEM BANK
WIRE TRANSFER

D 11199 80 FE 11 P 3 10

CHEMBANK NYK B

CHEMBANK NYK B

METROPOLITAN BANK
140 B'WAY 19th fl
990 2125
(CR TRANSFER)

CORROON BSN

FEBRUARY 11, 1980

ATTN: ROBERT CONWAY, V.P.

CHEMICAL BANK

TELE-COPIER
BRANCH
ACKNOWLEDGED

RE: KENNEDY FOR PRESIDENT COMMITTEE

PROPERTY AT 375 PARK AVENUE, N.Y.

EFFECTIVE IMMEDIATELY PROPERTY FLOATER WITH THE HARTFORD INSURANCE COMPANY IS BOUND FOR $100,000 ACV TOTAL LIMIT SUBJECT TO $100 PER OCCURRENCE DEDUCTIBLE, NAMING THE CHEMICAL BANK, A.T.I.M.A. AS LOSS PAYEE ON CERIOGRAPHS BY ANDY WARHOL.

WE WILL SEND WRITTEN CONFIRMATION TODAY.

REGARDS,

JOAN TREMBERTH

CORROON BSN

CORROON AND BLACK

CHEMBANK NYK B

KENNEDY FOR PRESIDENT COMMITTEE
LOAN NO. 2-46904

Date	Loan	Payment	Outstanding
11/16/79	$200,000	$ -	$200,000.00
11/16/79	100,000	-	300,000.00
11/23/79	100,000	-	400,000.00
11/27/79	100,000	-	500,000.00
11/30/79	100,000	-	600,000.00
12/3/79	100,000	-	700,000.00
12/4/79	100,000	-	800,000.00
1/7/80	-	177,133.00	622,867.00
1/16/80	-	110,153.00	512,714.00
1/18/80	-	75,844.00	436,870.00
1/31/80	-	37,491.64	399,378.36
2/11/80	100,000	-	499,378.36
2/15/80	-	66,458.25	432,920.11
2/28/80	-	50,707.92	382,212.19
3/13/80	-	82,525.44	299,686.75
3/14/80	100,000	-	399,686.75
3/25/80	-	7,500.00	392,186.75
3/27/80	-	193,113.17	199,073.58
4/10/80	-	-	199,073.58

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DELIVERY BY MESSENGER

R.S.Simmons

Federal Elections Commission,
Washington, T. D. 20463

Attention of Ms. Marshal Gentner.

C.C.C. #982

KENNEDY FOR PRESIDENT

April 10, 1980

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: MUR 1195

Dear Mr. Steele:

This is in response to your letter of March 28 (received on April 1), notifying the Kennedy for President Committee of a complaint filed by Citizens for LaRouche. The complaint concerns loans received by the Kennedy for President Committee from Chemical Bank of New York.

The animus of the complaint is that the loans to the Committee were not "in the ordinary course of business," 2 U.S.C. §441b(b)(2), because Chemical Bank would not make a loan to Citizens for LaRouche "tied to [its] biweekly matching funds submissions." Complaint at 2. The Commission should note that Citizens for LaRouche approached Chemical Bank in mid-March for a loan secured by Federal matching payments; on March 18, the Commission determined that the LaRouche Committee no longer qualified for these payments. Although we obviously cannot speak for Chemical Bank, it would appear that its business judgment in this instance was eminently sound. The "ordinary course of business" would hardly have supported a loan in mid-March to Citizens for LaRouche, secured by matching payments that were about to be terminated. Because Citizens for LaRouche has suggested no other basis for questioning the Chemical Bank's loans to the Kennedy for President Committee, this should be sufficient reason for the Commission's taking no further action.1/

1/ Even were clearly reasonable business judgments by banks subject to Commission investigation on the receipt of any complaint, however frivolous, we question the Commission's investigation of a loan recipient on the basis of a bank's subsequent action concerning another applicant. Neither this Committee nor any other political committee is privy to the policies and decisions of a bank from which it receives a loan. It cannot be expected to defend the bank's loan practices against blanket attack by a disappointed loan applicant. What it can do--and what the Kennedy for President Committee did in this instance--is assure itself that the bank is fully aware of the election law and pertinent regulations and to satisfy itself that the bank has determined, in good faith, that a loan is in "the ordinary course of business."

1250 22ND STREET N.W. WASHINGTON D.C. 20037 TELEPHONE: (202) 861-6000

A copy of our report is filed with the Federal Election Commission
and is available for purchase from the Federal Election Commission, Washington, D.C.

Beyond the loanworthiness of Citizens for LaRouche, there is a question of timing. The loan to the Kennedy for President Committee was made in November and increased by $100,000 in February (the increase was secured both by the Warhol lithographs, as discussed below, and by consolidating it with the November loan secured by Federal matching payments). As the members of the Commission--and all Americans--know, the credit market in March was far different from the credit market in November. Whether or not this was a factor in Chemical Bank's refusal of a LaRouche loan (which we do not know), it is a reason for requiring something more than an allegation of disparate treatment as the basis for Commission investigation.

The complaint by Citzens for LaRouche provides no evidence to support any allegation of impropriety or illegality in the Chemical Bank loan to the Kennedy for President Committee. It makes no showing that the interest rate--1/2% over prime--is abnormally low.2/ And it provides no evidence that the collateral involved was improper or insufficient.

The November loan of $800,000 was secured by matching payments that the Kennedy for President Committee contemplated receiving on a regular basis during the matching payment period. At the time the loan was made, the Treasurer of the Kennedy for President Committee certified that the Committee would be eligible for matching payments under 26 U.S.C. §9033. A copy of this certification is enclosed as Attachment C.

The additional loan of $100,000 in February was secured in two ways--first, by consolidating it with the November loan, secured by Federal matching payments; and, second, by 350 signed and numbered Warhol lithographs. The lithographs had been appraised at $300,000. A copy of the appraisal report is enclosed as Attachment D.

Finally, we should note that the Kennedy for President Committee has already paid back substantial portions of the loans in strict accordance with their terms. A list of repayments to date is enclosed as Attachment E.

2/ In this connection, the Commission should note that two other principal campaign committees have reported bank loans. Reagan for President did not report the interest rate. The Baker Committee's loan is at a lower rate--the prime rate itself. See Attachments A and B.

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The Kennedy for President Committee has made every effort to comply with both the letter and the spirit of the law regarding these loans. We respectfully request that the Commission dismiss Citizens for LaRouche's complaint.

Sincerely,

John E. Nolan, Jr. JRB

John E. Nolan, Jr.
General Counsel
Kennedy for President Committee

Attachments

9040019345

SCHEDULE C-P

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 10 of ____ for

Line Number 13

(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full

REAGAN FOR PRESIDENT

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Holmes Company P.O. Box 33538 San Diego, CA 92103	7/10/79	$ 250.00	$ —	$ 250.00

NATURE OF OBLIGATION (Details of Debt):

Promotional materials

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Santa Moncia Bank 4th & Arizona Ave. Santa Monica, CA 90401	9/6/79	$100000.00	$ --	$100,000.00

NATURE OF OBLIGATION (Details of Debt):

Bank loan

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Best Rents 3221 Classen Blvd. Oklahoma City, OK 73118	9/13/79	$ 655.64	$ —	$ 655.64

NATURE OF OBLIGATION (Details of Debt):

Banquet furniture rental

SUBTOTALS This Period This Page (optional)	$ 100905.64	$ —	$ 100905.64
TOTAL This Period (last page this line number only)	$	$	$

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by GAO, B-187620 (RO671), Expires 82-2-28

ATTACHMENT A

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SCHEDULE C-P

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 1 of 1 for
Line Number 13
(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full

The Baker Committee

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Valley Fidelity Bank Box 1991 Knoxville, Tenn. 37901	9-11-79	$ 75000.00	$ 25000.00	$ 50000.00

NATURE OF OBLIGATION (Details of Debt):

Incurred at the floating prime rate of major New York banks collateralized by matching funds.

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
In addition to the above liabilities The Baker Committee has a contingent liability of a $75,000.00 letter of credit from the Valley Fidelity Bank & Trust to South Central Bell	9-13-79	$	$	$

NATURE OF OBLIGATION (Details of Debt):

at the normal commitment rate of 1% collateralized by matching funds.

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS This Period This Page (optional)	$ 75000.00	$ 25000.00	$ 50000.00
TOTAL This Period (last page this line number only)	$ 75000.00	$ 25000.00	$ 50000.00

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by GAO, B-187620 (RO571), Expires 82-2-28

ATTACHMENT B

CONTRIBUTIONS AS OF NOVEMBER 13, 1979

STATE	TOTAL	MATCHABLE AMOUNT
Alabama	$ 5,345	$ 5,345
Alaska	5,800	5,800
Arizona	3,240	3,240
Arkansas	-	-
California	15,195	12,195
Colorado	6,150	5,350
Connecticut	4,550	4,550
Delaware	5,705	5,205
District of Columbia	14,995	8,955
Florida	24,829	17,070
Georgia	5,030	5,030
Hawaii	7,600	6,850
Idaho	-	-
Illinois	5,505	5,255
Indiana	13,000	11,500
Iowa	3,050	2,050
Kansas	5,000	1,250
Kentucky	50	50
Louisiana	5,500	4,750
Maine	-	-
Maryland	3,480	1,980
Massachusetts	19.260	17,010
Michigan	14,119	14,119
Minnesota	7,510	7,510

ATTACHMENT C

STATE	TOTAL	MATCHABLE
Mississippi	$ -	-
Missouri	5,375	$ 5,375
Montana	4,035	4,035
Nebraska	6,112	6,112
Nevada	-	-
New Hampshire	6,000	5,250
New Jersey	4,750	4,000
New Mexico	5,715	5,715
New York	61.200	20,050
North Carolina	4,900	4,650
North Dakota	625	625
Ohio	5,735	5,735
Oklahoma	500	500
Oregon	20	20
Pennsylvania	6,990	5,990
Rhode Island	1,500	1,500
South Carolina	5,060	5,060
South Dakota	6,420	6,420
Tennessee	6,250	5,250
Texas	10,385	10,385
Utah	-	-
Vermont	-	-
Virginia	6,410	5,660
Washington	7,320	7,320
West Virginia	4,100	4,100
Wisconsin	6,850	6,850
Wyoming	6,450	6,450

STATE	TOTAL	MATCHABLE
Puerto Rico	$ 200	$ 200
PAC	5,000	
	$352,815	$272,316

Total matchable funds to date $272,316

Note: The above amounts represent contributions which are eligible for federal matching funds.

I certify that the above accounts are true and correct as of November 13, 1979.

Carolyn A. Reed

Carolyn Reed
Treasurer

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KENNEDY FOR PRESIDENT COMMITTEE

MATCHING FUNDS

AS OF 12/07/79

State	Amount
Alaska	$ 6,000.00
Alabama	6,240.00
Arkansas	5,482.00
Arizona	6,900.00
California	58,468.51
Colorado	6,061.00
Connecticut	13,525.00
District of Columbia	23,942.01
Delaware	5,760.00
Florida	23,625.00
Georgia	6,540.00
Hawaii	8,190.00
Iowa	4,908.00
Idaho	90.00
Illinois	94,352.00
Indiana	11,990.00
Kansas	2,890.00
Kentucky	955.00
Louisiana	5,348.00
Massachusetts	43,885.00
Maryland	15,488.00
Maine	470.00
Michigan	20,826.00
Minnesota	13,770.00
Missouri	6,249.50
Mississippi	160.00
Montana	5,390.00
North Carolina	5,638.00
North Dakota	2,830.00
Nebraska	7,237.00
New Hampshire	8,115.00
New Jersey	12,859.75
New Mexico	6,721.00
Nevada	275.00
New York	58,816.61
Ohio	15,546.10
Oklahoma	2,182.00
Oregon	1,128.00
Pennsylvania	16,589.00
Puerto Rico	835.00
Rhode Island	8,830.00
South Carolina	5,505.00
South Dakota	6,975.01
Tennessee	9,302.00
Texas	17,318.00
Utah	170.00
Virginia	10,672.00
Vermont	1,310.00
Washington	9,323.00

0 0 0 1 0 7 4 5 1

State	Amount
Wisconsin	$ 9,354.00
West Virginia	5,387.00
Wyoming	6,385.00

STATE TOTALS: $630,353.83

I, Carolyn R. Reed, certify that these amounts are true and correct as of December 7, 1979.

Carolyn R. Reed
Treasurer

ASSOCIATED
AMERICAN
ARTISTS

663 FIFTH AVENUE NEW YORK, N.Y. 10022
PLAZA 5-4211

February 6, 1980

Mr. Robert Conway
Chemical Bank
140 Broadway
New York, N.Y. 10005

Dear Mr. Conway:

I have been President and Director of Associated American Artists since 1958. AAA is a gallery which specializes in original prints. I am a Member of the Art Dealers Association of America and have served on the Board of Directors for 8 years and as Vice President for 4 years.

I have examined the 2 screen prints with glitter created by ANDY WARHOL of EDWARD KENNEDY.

I understand the edition consists of 350 impressions.

A regular edition of 300 in two colors numbered 1/300 through 300/300 and is to be signed by the artist.

Also a deluxe edition of 50 with a red, white and blue background (which I suggest be numbered in Roman numerals) and is to be signed by both the artist and Mr. Kennedy.

I believe the fair market value for the regular edition to be $750 per print and the value of the deluxe edition $1,500 per print.

Sincerely,

Sylvan Cole, Jr.

SC/jmt

cc: William Silverman

ATTACHMENT D

Director SYLVAN COLE, JR. Owner HARTAMER STUDIOS, ASSOCIATED INTERNATIONAL ARTISTS
Member: ART DEALERS ASSOCIATION OF AMERICA

CHEMICAL BANK

0 0 4 0 1 0 7 4 5 1

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 1

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	12-28-79

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
NOTE NO.		LOAN DATE BASIS	BILLING	PERIOD				
000001		11-16-79 360	11-16-79	12-31-79				
11-16-79	NL	200,000.00				.1625000	200,000.00	
			11-16-79	11-23-79	7	.1625000	200,000.00	631.94
11-23-79	AB	100,000.00				.1625000	300,000.00	
			11-23-79	11-27-79	4	.1625000	300,000.00	541.67
11-27-79	AB	100,000.00				.1625000	400,000.00	
			11-27-79	11-30-79	3	.1625000	400,000.00	541.67
11-30-79	RC					.1600000	400,000.00	
11-30-79	AB	100,000.00				.1600000	500,000.00	
11-30-79	AB	100,000.00				.1600000	600,000.00	
			11-30-79	12-03-79	3	.1600000	600,000.00	800.00
12-03-79	AB	100,000.00				.1600000	700,000.00	
			12-03-79	12-04-79	1	.1600000	700,000.00	311.11
12-04-79	AB	100,000.00				.1600000	800,000.00	
			12-04-79	12-07-79	3	.1600000	800,000.00	1,066.67
12-07-79	RC					.1575000	800,000.00	
			12-07-79	12-31-79	24	.1575000	800,000.00	8,400.00
	****	CLOSING BALANCE				.1575000	800,000.00	
				PAST DUE			**CURRENT DUE**	**TOTAL DUE**
			INTEREST			.00	12,293.06	12,293.06

CR # 3194

P = Prior Period

AB = Additional Borrowing; BC = Basis Change; IA = Interest Adjustment; IC = Interest Payment (charged); IP = Interest Payment Received; IR = Interest Rebate; LA = Late Charge Adjustment; LC = Late Charge (charged); LP = Late Charge Received; NA = Net Adjustment; NL = New Loan; PC = Principal Payment (charged); PP = Principal Payment Received; RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged
	.00	.00	.00	.00		.00

ATTACHMENT E

CHEMICAL BANK

Commercial Loan Department No. 0002

Loan Statement (CL 90)

Page No. 1

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	03-28-80

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
NOTE NO. 000001		LOAN DATE BASIS 11-16-79 360	BILLING 12-31-79	PERIOD 03-31-80				
	****	OPENING BALANCE				.1575000	800,000.00	12,293.06
			12-31-79	01-08-80	8	.1575000	800,000.00	2,800.00
01-08-80	PP	177,133.00-				.1575000	622,867.00	
01-17-80	IP	12,293.06-				.1575000	622,867.00	12,293.06-
			01-08-80	01-17-80	9	.1575000	622,867.00	2,452.54
01-17-80	PP	110,153.00-				.1575000	512,714.00	
			01-17-80	01-21-80	4	.1575000	512,714.00	897.25
01-21-80	PP	75,844.00-				.1575000	436,870.00	
			01-21-80	02-01-80	11	.1575000	436,870.00	2,102.44
02-01-80	PP	37,491.64-				.1575000	399,378.36	
			02-01-80	02-11-80	10	.1575000	399,378.36	1,747.28
02-11-80	AB	100,000.00				.1575000	499,378.36	
			02-11-80	02-15-80	4	.1575000	499,378.36	873.91
02-15-80	PP	66,458.25-				.1575000	432,920.11	
			02-15-80	02-19-80	4	.1575000	432,920.11	757.61
02-19-80	RC					.1625000	432,920.11	
			02-19-80	02-22-80	3	.1625000	432,920.11	586.25
02-22-80	RC					.1675000	432,920.11	
			02-22-80	02-28-80	6	.1675000	432,920.11	1,208.57
02-28-80	PP	50,707.92-				.1675000	382,212.19	
			02-28-80	02-29-80	1	.1675000	382,212.19	177.83
02-29-80	RC					.1725000	382,212.19	
			02-29-80	03-04-80	4	.1725000	382,212.19	732.57
03-04-80	RC					.1775000	382,212.19	
			03-04-80	03-07-80	3	.1775000	382,212.19	565.36
03-07-80	RC					.1825000	382,212.19	
			03-07-80	03-13-80	6	.1825000	382,212.19	1,162.56
03-13-80	PP	82,525.44-				.1825000	299,686.75	
			03-13-80	03-14-80	1	.1825000	299,686.75	151.92
03-14-80	RC					.1900000	299,686.75	
03-14-80	AB	100,000.00				.1900000	399,686.75	

P = Prior Period

AB = Additional Borrowing
BC = Basis Change
LA = Interest Adjustment
IC = Interest Payment (charged)
IP = Interest Payment Received
IR = Interest Rebate
LA = Late Charge Adjustment
LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principal	Interest Past Due	Current Interest	Late Charge	Total Charged

	Principal Past Due	Current Principal Due	Interest Past Due	Current Interest Due	Late Charge	Total Billed

CHEMICAL BANK

Commercial Loan Department No. 0002

Loan Statement (CL 90)

The following is a statement of financial transactions applied to your loan account. Kindly retain for your tax records.

Account Name	Loan A/C Number	Statement Date
KENNEDY FOR PRESIDENT COMMITTEE	0000046904	03-28-80

Effective Date	Code	Transaction Amount	From	To	Days	Interest Rate	Principal Balance	Amount Due
			03-14-80	03-19-80	5	.1900000	399,686.75	1,054.73
03-19-80	RC					.1950000	399,686.75	
			03-19-80	03-25-80	6	.1950000	399,686.75	1,298.98
03-25-80	PP	7,500.00-				.1950000	392,186.75	
			03-25-80	03-27-80	2	.1950000	392,186.75	424.87
03-27-80	PP	193,113.17-				.1950000	199,073.58	
			03-27-80	03-28-80	1	.1950000	199,073.58	107.83
03-28-80	RC					.2000000	199,073.58	
			03-28-80	03-31-80	3	.2000000	199,073.58	331.79
	****	CLOSING BALANCE				.2000000	199,073.58	
				PAST DUE			**CURRENT DUE**	**TOTAL DUE**
			INTEREST			.00	19,434.29	19,434.29

P = Prior Period

AB = Additional Borrowing
BC = Basis Change
IA = Interest Adjustment
IC = Interest Payment (charged)
IP = Interest Payment Received
IR = Interest Rebate
LA = Late Charge Adjustment
LC = Late Charge (charged)
LP = Late Charge Received
NA = Net Adjustment
NL = New Loan
PC = Principal Payment (charged)
PP = Principal Payment Received
RC = Rate Change

Amount Charged	Principal Past Due	Current Principa	Interest Past Due	Current Interest	Late Charge	Total Charged
	.00	.00	.00	.00		.00

8 0 0 4 0 1 9 3 4 5 7

Charles N. Steele, Esquire
General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

BY MESSENGER

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Felice Merritt Gelman
Citizens for LaRouche
Box 976, Radio City Station
New York, New York 10019

Dear Ms. Gelman:

This letter is to acknowledge receipt of your complaint of March 24, 1980, against the Kennedy for President Committee and Chemical Bank of New York City which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within 5 days and a recommendation to the Federal Election Commission as to how this matter should be initially handled will be made 15 days after the respondents' notification. You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

PS Form 3811, Aug. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one)
   - ☐ Show to whom and date delivered ____¢
   - ☐ Show to whom, date, and address of delivery ____¢
   - RESTRICTED DELIVERY
     - Show to whom and date delivered ____¢
     - RESTRICTED DELIVERY
     - Show to whom, date, and address of delivery $____
     - (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Felice Merritt
Cit for La Rouche
Box 576 Radio City Station
New York NY

3. ARTICLE DESCRIPTION

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
		18819

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

Glenn Nielsen

4. DATE OF DELIVERY

POSTMARK

MAR 31 1989

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

178-272-382

1135 Extras

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John Nolan, General Counsel
Kennedy for President Committee
1250 22nd Street, N.W.
Washington, D.C. 20037

Re: MUR 1195

Dear Mr. Nolan:

This letter is to notify you that on March 25, 1980, the Federal Election Commission received a complaint which alleges that your Committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of the complaint is enclosed We have numbered this matter MUR 1195. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against your Committee in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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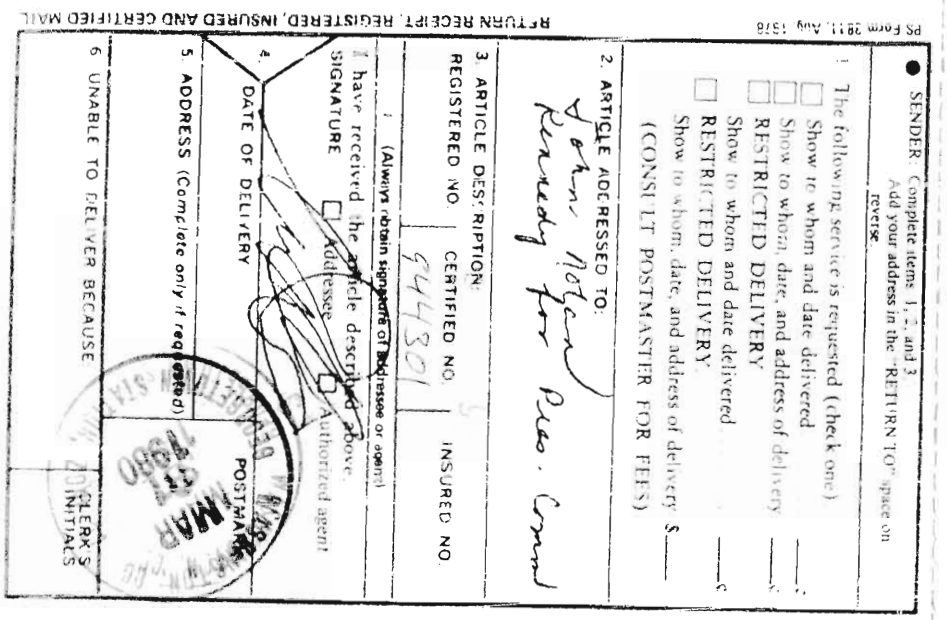
For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Marsha Gentner, the attorney assigned to this matter (202) 523-4057.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures



1195 Gentner

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Andrew Darrigan
Branch Manager
Chemical Bank
1709 Broadway
New York, New York 10019

Re: MUR 1195

Dear Mr. Darrigan:

This letter is to notify you that on March 24, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

0 0 4 1 0 1 0 3 4 6 0

If you have any questions, please contact Marsha Gentner, the attorney assigned to this matter at (202) 523-4057. For your information, we have attached a brief description of the Commission's procedure for handling compalints.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures

cc: Norborne Berkeley, Jr.

PS Form 3811, Aug. 1978

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one)
- ☐ Show to whom and date delivered ____¢
- ☐ Show to whom, date, and address of delivery ____¢
- ☐ RESTRICTED DELIVERY Show to whom and date delivered ____¢
- ☐ RESTRICTED DELIVERY Show to whom, date, and address of delivery $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Norborne Berkeley, Pres Chem. Bank 20 Pine St. New York, NY 10005

3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 944299 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above. SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE

POSTMARK: CHURCH STREET STATION

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1195 Gentner

PS Form 3811, Aug. 1978

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one)
- ☐ Show to whom and date delivered ____¢
- ☐ Show to whom, date, and address of delivery ____¢
- ☐ RESTRICTED DELIVERY Show to whom and date delivered ____¢
- ☐ RESTRICTED DELIVERY Show to whom, date, and address of delivery $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Andrew Darrigan

3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 944500 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above. SIGNATURE ☐ Addressee ☑ Authorized agent Jeanette Gadson

4. DATE OF DELIVERY 4/3/80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE

POSTMARK: NEW YORK, NY MAIN POST OFFICE APR 4 1980 USPO CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1195 Gentner

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 28, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Norborne Berkeley, Jr.
President
Chemical Bank
20 Pine Street
New York, New York 10015

Re: MUR 1195

Dear Mr. Berkeley:

This letter is to notify you that on March 24, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

00001934641

If you have any questions, please contact Marsha Gentner, the attorney assigned to this matter at (202) 523-4057. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures

cc: Andrew T. Darrigan

00010934655

Complaint
MUR 1195

Citizens for LaRouche

Box 976, Radio City Station, New York, N.Y. 10019

RECEIVED FEDERAL ELECTION COMMISSION

GCC#015

'80 MAR 24 PM 4:08

Co-chairmen
Allen Salisbury
Carol White

Treasurer
Felice Gelman

24 March 1980

'80 MAR 25 A10:44

The Honorable Robert O. Tiernan, Chairman
Federal Election Commission
1425 K Street N.W.
Washington, D.C.

007095

Dear Chairman Tiernan:

This is a complaint under 2 U.S.C. 441b as amended. The Kennedy for President Committee, the principal campaign committee of Edward M. Kennedy, has accepted at least $800,000 and possibly as much as $900,000 in unlawful loans from Chemical Bank in New York City. According to the year end report for 1979 of the Kennedy for President Committee, filed with the Federal Election Commission, between November 16, 1979 and December 4, 1979, Chemical Bank lent the Kennedy for President Committee $800,000 at a rate of interest 1/2% over the prime rate, secured by matching funds payments for which the Kennedy for President Committee had not yet established its eligibility. (See Exhibit A). On March 14, 1980, the Washington Post and the New York Post both reported that Chemical Bank had loaned the Kennedy for President Committee $100,000 secured by the collateral of a portrait done by Andy Warhol. (See Exhibit B).

A. The $800,000 November-December loans. These loans were not made in the normal course of business, nor were they properly secured. In mid-January 1980, I, in my capacity as Treasurer of Citizens for LaRouche, approached Chemical Bank in New York City to discuss the possibility of a loan secured by presidential primary campaign matching funds -- for which Citizens for LaRouche had established its eligibility. I met with Page Skerry, a Chemical Bank regional manager and vice-president. Mr. Skerry had arranged the meeting after a telephone conversation in which I proposed Chemical Bank make a short-term loan secured by Citizens for LaRouche's matching funds. When I met with Mr. Skerry he told me that he had been surprised to discover that Chemical Bank had a strict policy against making loans to any political campaign committees. He also told me that a memorandum to that effect had been circulated to bank officers in November 1979.

Upon learning of the Chemical Bank loans to the Kennedy for President Committee, Citizens for LaRouche, through campaign volunteer Molly Kronberg, again contacted Chemical Bank. On Thursday, March 6, Mrs. Kronberg visited

00010074465

Mr. Darrigan, branch manager of the Chemical Bank at Broadway and 50th Street where Citizens for LaRouche maintains an account. She showed him a xerox of the Kennedy for President Committee report showing the Chemical Bank loans, and told him that it appeared to Citizens for LaRouche that there must be some change in Chemical Bank policy. Mr. Darrigan produced an inter-office memorandum reporting on my January meeting with Mr. Skerry, and informed us that he would find out which Chemical Bank branch had provided the Kennedy for President Committee with the loans. He also told Mrs. Kronberg that the interest rate charged the Kennedy for President Committee was "a real break" and that if Chemical Bank did make a loan to Citizens for LaRouche, it would have to charge at least 2% over the prime rate. On Friday, Mr. Darrigan called Mrs. Kronberg and informed her that Robert Conway of Chemical Bank was the loan officer who made the loans to the Kennedy for President Committee.

On Tuesday, March 11, I met with Robert Conway and John Morgan of Chemical Bank. I told them I felt the federal election law required that a bank not favor one candidate over another in making loans, and therefore Citizens for LaRouche was renewing its request for the extension of a loan secured by matching funds. I asked them to tell me the conditions of the loan made to the Kennedy for President Committee or to provide me with a copy of the loan papers so that I could judge on what terms Chemical Bank was prepared to make loans to political committees. They refused to do so. I told them I was interested in a revolving line of credit of no more than $30,000 but tied to our bi-weekly matching funds submissions. They told me they would first forward loan papers to Citizens for LaRouche's counsel, James F. Schoener in Washington. I agreed to provide them with an updated financial statement from the Citizens for LaRouche, which was delivered to them March 17.

No loan papers or other materials were provided to our counsel for his opinion. On March 21, after repeated efforts, I reached Mr. Conway and he informed me that Chemical Bank would not make any loan to Citizens for LaRouche. I asked him to state the reasons for refusing to permit Citizens for LaRouche even to file an application for a loan. He refused to make any response. I asked him to notify me of Chemical Bank's rejection of our request in writing. He refused to do so.

Mr. Conway's actions with regard to Citizens for LaRouche contrasted to his actions with regard to the Kennedy for President Committee seem to indicate that the $800,000 loan was not made in the normal course of business. This seems particularly to be the case in light of Mr. Skerry's assertion that Chemical Bank had circulated an internal policy memorandum in November forbidding such loans to political committees.

0 0 0 1 0 2 4 6 7

Second, Mr. Darrigan of Chemical Bank indicated that the rate of interest charged for the $800,000 loans to the Kennedy for President Committee was abnormally low for Chemical Bank.

Third, although the Kennedy for President Committee states that the $800,000 in loans were secured by federal matching funds, this could not have been the case. The last of this particular group of loans was made by Chemical Bank on December 4, 1979. The Kennedy for President Committee had not even made its threshhold submission for matching funds to the Federal Election Commission on that date. It certainly could not have been certified eligible for such funds by the Commission.

Therefore, Chemical Bank has made $800,000 in loans to the Kennedy for President Committee outside its normal business practices. These loans constitute an illegal contribution to the Kennedy for President Committee.

B. The $100,000 March loan. The Kennedy for President Committee has accepted an illegal contribution from artist Andy Warhold and anticipates accepting several more illegal contributions from other artists. The Kennedy for President Committee was provided a portrait of Mr. Kennedy by Mr. Warhol. The Committee then used that painting as collateral for a $100,000 loan. If the valuation of the painting is even remotely appropriate, Mr. Warhol has made a contribution to the Kennedy committee far in excess of the allowable $1000. Several other artists have agreed to make similar donations, similarly in violation of federal election campaign law.

If the painting ought not to be valued in excess of $1000, Chemical Bank has made a completely unsecured $100,000 loan to the Kennedy for President Committee. The loan was made during precisely the period that Chemical Bank refused even to accept a loan application from Citizens for LaRouche. Clearly, Chemical Bank has continued its policy of making loans in violation of policy guidelines to one favored candidate.

I request a full investigation of these matters and will provide any additional information I can which might assist the Commission in its efforts.

Sincerely,

Felice Merritt Gelman

Felice Merritt Gelman

cc: The Commissioners

Signed before me this 24th day of March, 1980.

Peter L. Halley
NOTARY PUBLIC

my commission expires 3-15-83.

0 0 4 0 1 0 2 3 4 6 3

September 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC Form 3P

Page 70 of 71 for
Line Number 13
(Use Separate Schedules for each numbered line)

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Name of Candidate and Committee in Full

KENNEDY FOR PRESIDENT COMMITTEE

KENNEDY FOR PRESIDENT COMMITTEE

A. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Chemical Bank 140 Broadway New York, New York 10015	11/16/79 11/23/79 11/27/79 11/30/79 12/03/79 12/04/79	$200,000 $ 100,000 100,000 200,000 100,000 100,000	$400,621.64	$ 399,378.36

NATURE OF OBLIGATION (Details of Debt):

Demand note, 1/2% over prime rate, secured by payments under 26 USC Sec. 9038

B. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$

NATURE OF OBLIGATION (Details of Debt):

C. Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS This Period This Page (optional)	$	$	$
TOTAL This Period (last page this line number only)	$	$	$

CARRY OUTSTANDING BALANCE ONLY TO APPROPRIATE LINE OF SUMMARY.

Approved by GAO, B-187820 (RO0711), Expires 8-2-83

EXHIBIT A

Kennedy Campaign Squeezed for Media Money

Friday, March 14, 1980 THE WASHINGTON POST

Kennedy Unfunded

Underpaid Staffers Resigning

By Martin Schram
Washington Post Staff Writer

Sen. Edward Kennedy's beleaguered presidential campaign has again run short of money and is eroding from within, as a number of key staff members have resigned because they are not being fully paid. The campaign is using art works as collateral for loans to buy television ads.

The resignations and the fund shortage mean renewed problems for Kennedy as he seeks to resuscitate his campaign in the primaries of Illinois next Tuesday and New York and Connecticut the following week. In all three states, campaign media are costly.

A number of key people including finance chairman Martin Katz have resigned due to personal financial reasons, according to informed sources within the campaign. Half of the advance and scheduling staff—at least 15 persons—have been taken off the payroll. And similar cuts are being made elsewhere on the campaign staff.

Others, including Kennedy's special assistant and longtime associate, James Flug, are scaling back their involvement in the campaign to just part-time consultation, also because of the reduced salaries being paid by the Kennedy headquarters, according to a Kennedy spokesman.

"The choice comes down to meeting a payroll in full or trying to finance a media campaign for Illinois and New York," said a high campaign official. "The campaign has opted for the latter."

But even that alone will not make the media ends meet, according to campaign officials. And so, the campaign has begun obtaining loans to finance purchases of television time, using works by famous artists as collateral.

See KENNEDY, A3, Col. 2

KENNEDY, From A1

The campaign obtained a $100,000 loan from the Chemical Bank in New York by putting up as collateral a work of Kennedy done by Andy Warhol, according to one campaign official. They are also negotiating with other banks for loans that will use as collateral works that artists Jamie Wyeth and Robert Rauschenberg have done for the campaign.

Part of the financial problem delaying completion of these loans is that not all of the works are completed. The artists are faced with the unesthetic realities of having to finish their works in time to beat the primary date headlines.

As of now, the Kennedy campaign has purchased about $130,000 to $200,000 worth of media ads in Illinois, but has so far purchased no media time in New York, according to high official. Campaign spokesman Patrick Lucey said that campaign manager Stephen Smith was in New York yesterday trying to complete arrangements for the first of the media buys in that state, which is probably Kennedy's last hope of keeping his campaign alive.

For days, there was debate within the highest ranks of the campaign as to whether the payrolls of March 15 and March 31 could be met in full, according to a high-level source. Campaign manager Smith was at first unable to give some top officials assurances that the payrolls would be met, the source said.

But, according to deputy campaign manager Philip Bakes the campaign has decided to meet its March 15 payroll, on the modified basis upon which it has met its payrolls for the last several weeks. After three payless weeks earlier this year, the campaign began paying salaries last month with no one being paid at a rate greater than $30,000 a year. That ceiling will continue through this week.

"We are living from Tuesday to Tuesday," said Kennedy spokesman Thomas Southwick.

Southwick confirmed that Katz was leaving the campaign staff for financial reasons. He reportedly will be returning to the staff of Sen. Daniel Patrick Moynihan (D-N.Y.), where he has been a legislative assistant.

Southwick also said that Flug will be scaling back his duties to "part-time" basis, also for financial reasons. Flug would not discuss the matter, except to say that he will be coordinating Kennedy's campaign in Maryland, where the primary is May 13.

Kennedy's director of scheduling, Stephen Robbins, said he has not resigned but is assessing the situation. "I'll make my decision shortly," he said.

Other campaign officials will be "dispersed" from headquarters to various states as part of the continuing effort to hold down payroll costs, Southwick said.

Kennedy officials stressed that the departures are due solely to the financial squeeze that living at a reduced salary has placed on families. "Quite frankly," said Southwick, "I'm surprised there has not been more of this."

Staff writer Edward Walsh contributed to this article.

NEW YORK POST, FRIDAY, MARCH 14, 1980

Ted takes paintings off walls to pay tab

WASHINGTON — Sen Edward Kennedy's beleaguered presidential campaign has run so short of money that valuable art works are being used as collateral for loans to buy TV ads.

The campaign obtained a $100,000 loan from the Chemical Bank in New York by putting up as collateral a work of Kennedy done by Andy Warhol, according to one campaign official.

They also are negotiating with other banks for loans that will use as collateral works that artists Jamie Wyeth and Robert Rauschenberg have done for the campaign.

Part of the financial problem delaying completion of these loans is that not all of the works are completed.

The artists are faced with the unesthetic realities of having to finish their works in time to beat the primary date deadlines.

At the same time, a number of key staff members have resigned because they are not being fully paid.

The resignations and the fund shortage mean renewed problems for Kennedy as he seeks to resuscitate his campaign in the primaries of Illinois next Tuesday and New York and Connecticut the following week.

A number of key people including finance chairman Martin Katz have resigned due to personal financial reasons, according to sources within the campaign.

EXHIBIT B

FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1195

Date Filmed 6/16/80 Camera No. --- 2

Cameraman GPC

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