



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 809

Date Filmed 1/25/79 Camera No. --- 2

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Mailgram



FEDERAL ELECTION  
COMMISSION

Acc#

5515

4-044186E310002 11/06/78 ICS IPMTZZ CSP WSHB  
1 2025234007 MGM TDMT WASHINGTON DC 11-06 0324P EST

'78 NOV 7 PM 12:00

FEDERAL ELECTION COMMISSION M BROWN  
1325 K ST NORTHWEST  
WASHINGTON DC 20463

807681

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2025234007 TDMT WASHINGTON DC 44 11-06 0324P EST  
PMS O. JAMES BARR, THE ARMSTRONG COMMITTEE, RPT DLY MGM, DLR  
PLAZA SOUTH 5680 SOUTH SYRACUSE CIRCLE SUITE 118  
ENGLEWOOD CO 80111

THIS WILL CONFIRM TELEPHONE MESSAGE OF NOVEMBER 6 1978 AS FOLLOWS RE  
MURRO9 FEC DETERMINED TO 1. FIND NO REASON TO BELIEVE VIOLATION OF 2  
USC 434B5 441BA 441AF 2. TAKE NO FURTHER ACTION RE VIOLATION 3.  
CLOSE FILE LETTER FOLLOWS

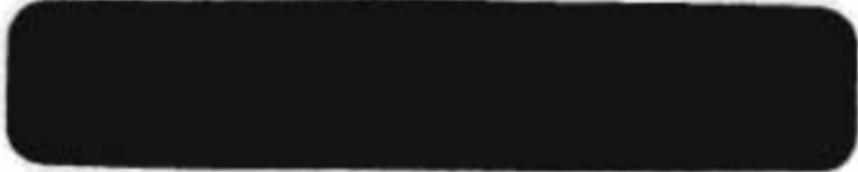
WILLIAM C OLDAKER GENERAL COUNSEL (CARE FEDERAL ELECTION COMMISSION  
1325 K ST NORTHWEST WASHINGTON DC 20463)

15:24 EST

MGMCOMP MGM

79040092824

10



FEDERAL POST OFFICE

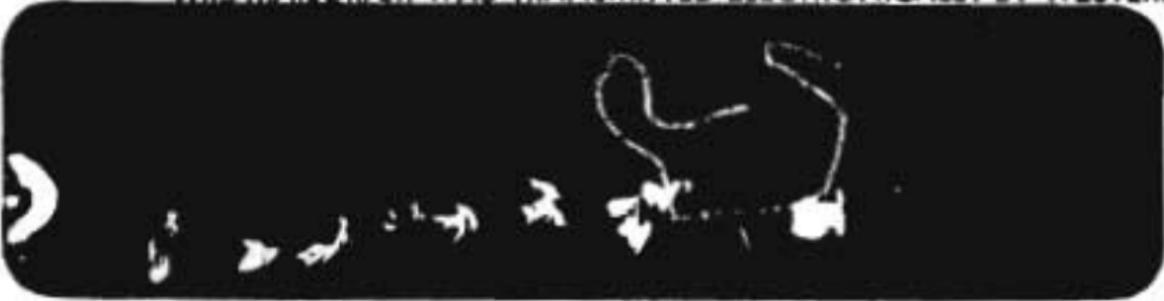


**Mailgram**<sup>®</sup>



MAILGRAM POSTAL  
CHARGES PAID

THIS MAILGRAM WAS TRANSMITTED ELECTRONICALLY BY WESTERN UNION TO A POST OFFICE NEAR YOU FOR DELIVERY



Brown, M. MUP-809

PS Form 3811, Apr 1977 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 ..... C

Show to whom, date, and address of delivery ..... C

RESTRICTED DELIVERY Show to whom and date delivered ..... C

RESTRICTED DELIVERY Show to whom, date, and address of delivery \$ ..... C (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO  
Wm. L. Armstrong  
401 Cannon House Bldg.  
Wash., D.C. 20515

3. ARTICLE DESCRIPTION  
REGISTERED NO. CERTIFIED NO. INSURED NO.  
- 943989

(Always obtain signature of addressee or agent)

I have received the article described above  
SIGNATURE  Addressee  Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO 1977-0-249-595

M. Brown MUP-809

PS Form 3811, Apr 1977 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 ..... C

Show to whom, date, and address of delivery ..... C

RESTRICTED DELIVERY Show to whom and date delivered ..... C

RESTRICTED DELIVERY Show to whom, date, and address of delivery \$ ..... C (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO  
Robert N. Ulmer  
4050 Eaton  
Denver, Colo. 80212

3. ARTICLE DESCRIPTION  
REGISTERED NO. CERTIFIED NO. INSURED NO.  
- 943989

(Always obtain signature of addressee or agent)

I have received the article described above  
SIGNATURE  Addressee  Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE CLERK'S INITIALS

☆GPO 1977-0-249-595

M. Brown MUR-809-678)

PS Form 3811, Apr. 1977  
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 ..... c  
 Show to whom, date, and address of delivery ..... c  
 RESTRICTED DELIVERY  
 Show to whom and date delivered ..... c  
 RESTRICTED DELIVERY  
 Show to whom, date, and address of delivery \$ .....  
 (CONSULT POSTMASTER FOR FEES)

2 ARTICLE ADDRESSED TO  
 O. James Barr  
 Plaza South 5690 S. Syracuse Circle  
 Suite 101  
 Englewood, Colo. 80111

3 ARTICLE DESCRIPTION  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 943990

(Always obtain signature of addressee or agent)

I have received the article described above  
 SIGNATURE  Addressee  Authorized agent  
 New Anne Smith

4 DATE OF DELIVERY POSTMARK  
 11/10/78

5 ADDRESS (Complete only if requested)

6 UNABLE TO DELIVER BECAUSE CLERK'S INITIALS

M. Brown MUR-809(78)

PS Form 3811, Apr. 1977  
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 ..... c  
 Show to whom, date, and address of delivery ..... c  
 RESTRICTED DELIVERY  
 Show to whom and date delivered ..... c  
 RESTRICTED DELIVERY  
 Show to whom, date, and address of delivery \$ .....  
 (CONSULT POSTMASTER FOR FEES)

2 ARTICLE ADDRESSED TO  
 President  
 Peoples Bank + Trust Co.  
 9855 Montview  
 Aurora, Colo. 80016

3 ARTICLE DESCRIPTION  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 943991

(Always obtain signature of addressee or agent)

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

4 DATE OF DELIVERY POSTMARK  
 11/78

5 ADDRESS (Complete only if requested)

6 UNABLE TO DELIVER BECAUSE CLERK'S INITIALS



FEDERAL ELECTION COMMISSION

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

November 6, 1978

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

President  
Peoples Bank and Trust Company  
9635 Montview  
Aurora, Colorado 80010

Re: MUR 809 (78)

Dear Sir:

For your information, I am forwarding to you a complaint which was filed with the Commission by Mr. Robert N. Ulmer.

On November 6, 1978, the Commission determined there was no reason to believe that you violated the Act in connection with the promissory note guaranteed by William L. Armstrong from the Peoples Bank and Trust Company of Aurora.

Should you have any questions, please contact Michele Brown, the staff member assigned to this matter, at (202) 523-4006.

Sincerely,

A handwritten signature in cursive script, appearing to read "William C. Oldaker".

William C. Oldaker  
General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

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

November 6, 1978

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. O. James Barr  
The Armstrong Committee  
Plaza South 5680 South Syracuse  
Circle  
Suite 118  
Englewood, Colorado 80111

Re: MUR 809 (78)

Dear Mr. Barr:

For your information, I am forwarding to you a complaint which was filed with the Commission by Mr. Robert N. Ulmer.

On November 6, 1978, the Commission determined there was no reason to believe that you violated the Act in connection with the promissory note guaranteed by William L. Armstrong from the Peoples Bank and Trust Company of Aurora.

In this connection, we note that in your 10 day pre-election report, you have listed the terms and conditions of this note.

Should you have any questions, please contact Michele Brown, the staff member assigned to this matter, at (202) 523-4006.

Sincerely,

A handwritten signature in cursive script, appearing to read "William C. Oldaker".

William C. Oldaker  
General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

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

November 6, 1978

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Honorable William L. Armstrong  
United States Congress  
401 Cannon House Office Building  
Washington, D.C. 20515

Re: MUR 809 (78)

Dear Congressman Armstrong:

For your information, I am forwarding to you a complaint which was filed with the Commission by Mr. Robert N. Ulmer.

On November 6, 1978, the Commission determined there was no reason to believe that you violated the Act in connection with the promissory note you guaranteed from the Peoples Bank and Trust Company of Aurora.

In this connection, we note that your Committee, in its 10 day pre-election report, has listed the terms and conditions of this note.

Should you have any questions, please contact Michele Brown, the staff member assigned to this matter, at (202) 523-4006.

Sincerely,

A handwritten signature in cursive script, appearing to read "William C. Oldaker".

William C. Oldaker  
General Counsel

Enclosure

700100918



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.  
WASHINGTON, D.C. 20461

November 6, 1978

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Robert N. Ulmer  
4050 Eaton  
Denver, Colorado 80212

Re: MUR 809 (78)

Dear Mr. Ulmer:

This is to advise you that on November 6, 1978, the Commission determined it had no reason to believe that William Armstrong, the Armstrong Committee, and the Peoples Bank and Trust Company of Aurora violated the Federal Election Campaign Act of 1971, as amended, in connection with a \$50,000 loan from the Bank to the Committee which was guaranteed by Mr. Armstrong.

In this regard we should point out that the Committee, in its 10 day pre-election report, listed the terms and conditions of this note. Furthermore, given the circumstances of this matter, there was nothing to indicate that the note was out of the ordinary course of business.

If you have any other information which you believe indicates a violation of the Act, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "William C. Oldaker".

William C. Oldaker  
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
William Armstrong )  
The Armstrong Committee )

MUR 809 (78)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 6, 1978, the Commission determined by a vote of 5-0 to approve the following recommendations, as set forth in the First General Counsel's Report dated November 4, 1978, regarding the above-captioned matter:

1. Find no reason to believe respondents violated the Act.
2. Send the letters attached to the above-named report.
3. Close the file

Voting for this determination were Commissioners Harris, Springer, Tiernan, Aikens, and McGarry.

11/6/78

Date

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

7 2 0 4 0 0 9 2 8 3 2



FEDERAL ELECTION COMMISSION

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

November 5, 1978

TO: The Commission  
FROM: William C. Oldaker  
General Counsel  
SUBJECT: MUR 809 - Errata Sheet

A handwritten signature in cursive script, appearing to read "W. Oldaker", written over the typed name in the "FROM:" field.

The First General Counsel's Report in this matter contains errors on page 2 which should be corrected as follows:

Second Paragraph, Line 3

'prior' interest rate should read 'prime' interest rate

Second Paragraph, Line 4

'this does lead' should read 'this does not lead'

Also attached are the enclosures which should have accompanied the First General Counsel's Report.

70040092833

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

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL  
BY OGC TO THE COMMISSION 11/4/78 2:30 pm

MUR NO. 809 (78)  
DATE COMPLAINT RECEIVED  
BY OGC 10/31/78  
STAFF  
MEMBER M. Brown

SOURCE: Robert N. Ulmer, Colorado

RESPONDENT'S NAME: William Armstrong, The Armstrong Committee

RELEVANT STATUTE: 2 U.S.C. §§434(b)(5), 441b(a), 441a(f)

INTERNAL REPORTS CHECKED: The Armstrong Committee, William Armstrong Peoples Bank & Trust Co., Aurora, Colorado

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

Complainant filed a notarized complaint dated October 30, 1978 and based on newspaper articles which appeared in the Rocky Mountain Journal on October 25 and the Rocky Mountain News on October 27, 1978. (See attachment I)

Complainant alleges that William Armstrong, a candidate for the U.S. Senate, knowingly accepted a personal unsecured loan of \$50,000 on August 29, 1978, from the Peoples' Bank and Trust Company at an interest rate of nine percent. Mr. Ulmer states that "any ordinary citizen... would have had to pay 11-12 percent interest" at that time. It is further alleged that the candidate failed to disclose the interest rate, the fact that the loan was personally guaranteed by the candidate, and the fact that the loan was unsecured as required by 2 U.S.C. §434(b)(5) and 11 C.F.R. §104.2(b)(5)(B). Mr. Armstrong, according to the complaint and the newspaper articles is a former director and stockholder of Peoples' Bank and Trust Company.

The Committee's 30 day post primary report and October 10th quarterly report merely list the loan without any of its terms and conditions. The October 10th report also notes that on September 28, 1978, a \$30,000 payment was made on the loan. (See attachment II) On October 28, 1978 the Committee submitted its ten day pre-election report, and on that report (See attachment III) it listed the terms and conditions of the loan in question.

PRELIMINARY ANALYSIS

The revised instructions for preparing schedule C, FEC Form 3 require the terms and conditions of loans. In view of the Committee's submission of this information, and consistent with the Commission's policy with regard to other candidates and committees who initially fail to provide such information, we think this submission should be deemed as compliance with this reporting requirement.

Next, complainant's charge that the interest rate was unreasonably low and out of the ordinary course of the bank's business does not have merit. If the prior interest rate was 9% at the time of the loan, as complainant states, and a loan is granted at that rate, this does lead to a presumption that the loan was irregular.<sup>1/</sup> Without other evidence of improprieties there is no indication the bank or the candidate violated the Act in connection with this loan.

RECOMMENDATION

1. Find no reason to believe respondents violated the Act;
2. Send attached letters
3. Close the file

---

<sup>1/</sup> Indeed, the reported repayment of \$30,000 of the \$50,000 within two months of the loan, is some evidence that the Committee or the guarantor was considered by the bank as reliable and entitled to a favorable interest rate. The fact that the loan was due in 180 days might also result in a favorable interest rate.

MUR 809

G...  
5418 X

OCT 30 1978  
OCT 31 9:26

807518

Federal Election Commission  
Washington, D. C.

Gentlemen:

I have read in the attached newspaper about the loan made to Mr. William Armstrong's Committee by the Peoples' Bank & Trust Company of Aurora, Colorado. This loan was reported to have been made to a Committee that had no assets, entirely on Mr. Armstrong's signature guaranteeing repayment. Mr. Armstrong is a former director of the bank, and is a candidate for the United States Senate from the State of Colorado.

Any ordinary citizen who walked into the bank about that time, August 29, 1978, if he could get such a loan at all, would have had to pay 11-12 percent interest. To borrow \$50,000.00 on a home mortgage, a borrower would have had to pay ten percent interest, or more.

Mr. Armstrong's Committee claims it paid only nine percent - a privilege unavailable to other borrowers with no collateral.

I believe this represents an illegal corporate campaign contribution under the Federal Election Act. I am filing this complaint because, as a citizen, I am outraged at examples such as this of high placed powerful people using banks as if they were above the law.

We saw that in the Bert Lance case, and we see the same kind of cozy relationship with this Armstrong political "loan".

I served many years in the Air Force, on active duty and in the Reserves, and I am now a Colonel on the Air Force Reserve Retired list. I was defending equal justice under the law, not one standard for the powerful and one for the rest of us.

As a private citizen, I demand that the law be upheld and this shabby practice not go unchallenged.

Sincerely,

Robert N. Ulmer  
4050 Eaton  
Denver, Colorado 80212

Encl.

7 2 0 4 0 7 9 2 8 3 5

October 30, 1978

Federal Election Commission  
1324 K Street, N. W.  
Washington, D. C. 20463

RE: COMPLAINT AGAIN WILLIAM ARMSTRONG

Pursuant to Sec. 437g of the Federal Election Campaign Act, this is a formal complaint against William Armstrong, candidate for the United States Senate, for continuing conduct in violation of the Act (2 USC Sec. 431 et seq.).

Specifically, the undersigned charges William Armstrong with knowingly accepting and receiving a contribution from a corporation, in violation of the provisions of Sec. 441b of the Act, and failing to report such contribution, as required by Sec. 434 of the Act. The facts on which this charge are based are:

1. On or about August 29, 1978, William Armstrong's political campaign committee received and accepted from the Peoples' Bank & Trust Company of Aurora, Colorado, an unsecured loan in the amount of \$50,000.00, with, according to Armstrong's campaign chairman, interest payable at the rate of nine percent per annum, and guaranteed by the personal signature of candidate Armstrong, as reported in the October 25, 1978, issue of the Rocky Mountain Journal, and the October 27, 1978, issue of the Rocky Mountain News. At the time of the transaction, the prime interest rate in the metropolitan Denver area, in which Peoples' Bank & Trust Company is located, was nine percent, and was increased to nine and one-half percent on September 1. The very favorable interest rate accorded by the lending bank to the committee was substantially less than that which Denver area banks at that time offered to the general public for fully secured loans.

2. The newspaper articles referred to above state that candidate Armstrong failed to disclose in his report to the Commission that (a) the loan is personally guaranteed by the candidate, (b) the favorable interest rate received by the candidate, and (c) that the loan is unsecured, thus, effectively concealing from the Commission the true nature of the transaction.

3. The candidate's failure to make a complete and accurate disclosure of the transaction takes on added significance in the light of the fact that Mr. Armstrong is a former director and stockholder of the lending bank.

4. The preferential treatment given to candidate Armstrong by the Peoples' Bank & Trust Company of Aurora, a former Director of the bank, clearly constitutes a loan by the bank to the campaign not in the ordinary course of business and therefore is an unlawful contribution by the bank to a campaign committee.

7 2 0 4 0 0 9 2 8 3 7



### Classroom guide

Workers and students' edition of the Rocky Mountain News.

Write a letter to one of your legislators and ask him or her to send you a copy.

**NATOR** or reporter of a book Capitol, according to page 46. Read if you like a copy. Do think your school has one?

—A WOMAN has climbed the 3,900-foot sheer face of El Capitan in Yosemite National Park, the story on page 44 says. Why would a person want to do such a thing? Discuss.

—A STORY on page 39 is about the risks and benefits of vaccinations. Most children must have a vaccination for diphtheria, tetanus and whooping cough before entering school. Did you? Even though shots hurt when you get them, do you think the benefits make them worthwhile.

—FIND an advertisement in today's paper for an item that's on sale that you would like to own and figure out how much you would save if you bought it at the sale price.

## Two campaign law violations reported

**Associated Press**  
William Armstrong, Republican U.S. Senate candidate, and Ed Scott, GOP candidate for Congress, apparently have technically violated federal campaign laws. Under the laws, candidates are required to report the terms of bank loans made to their campaigns. Records show that Armstrong obtained a \$20,000 loan on Aug. 29 from the People's Bank and Trust Co. of Colorado. Armstrong's campaign reported that \$30,000 had been repaid on Sept. 28 in a loan with the Federal Election Commission. But the fact that it was a six-month loan, personally guaranteed by Armstrong and bearing an interest rate, wasn't disclosed.

Sharon Snyder of the election commission said the error is a common one, and Armstrong said his campaign would file an amended report.

Susan Delcour, Scott's campaign manager, said he obtained a \$65,041 line of credit from the First Bank of Westland. The line of credit was listed as six separate loans, all personally guaranteed by Scott, and at the end of the Oct. 2 reporting period all but \$14,967 had been repaid.

Scott also has loaned his own campaign approximately \$12,000 and has gotten back most of it, his report shows.

The election commission spokeswoman said, however, that Scott has been asked to disclose the terms involved and the source of funding for both his personal loans and the bank loans.

## 71 undergoing rabies vaccinations

**BOISE, Idaho (AP)** — Some 71 persons in Idaho and Oregon have started undergoing rabies vaccinations after the disease killed a Boise woman who had received a cornea transplant. Health officials in the two states quickly identified about 200 persons who might have come in contact with the Boise victim and a Baker, Ore., man who apparently also had the disease and was the cornea donor. Jim Hughes, community relations director at Boise's St. Alphonsus Hospital, said Thursday that 71 persons had the series of five shots against rabies.

Dr. John Mather, state epidemiologist, said there was no real danger of rabies spreading because the disease can be transmitted by humans only through direct contact with the victim. Idaho health officials interviewed more than 150 persons who may have come in contact with Constance Wesselman, 37, mother of four children who received a cornea transplant. She died Oct. 10, six weeks after the transplant.

Health officers said she apparently contracted rabies from the cornea. It was taken from Frederick Stone, 39, Baker. At Baker, a similar effort was launched Thursday and 35 persons were interviewed. Of those, Hughes said health officials recommended vaccinations for 10 persons.

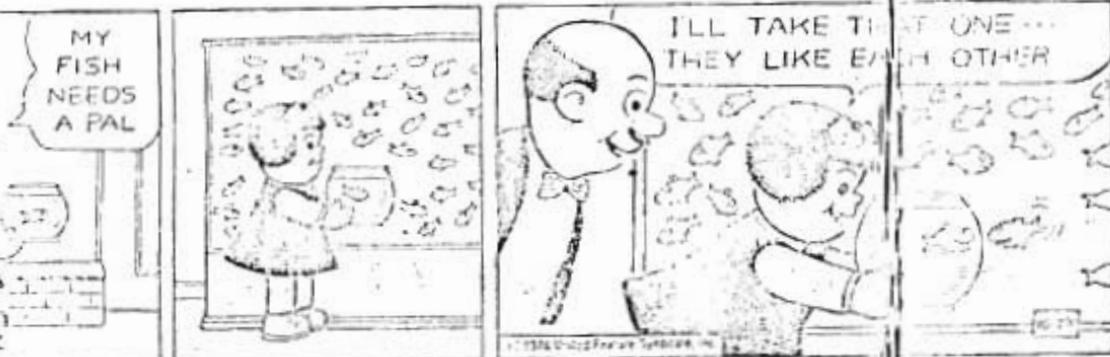
Rabies vaccine was flown to Boise earlier this week from the Center for Disease Control in Atlanta. On Thursday, vaccine was shuttled from Boise to Baker by teams of state police units from both states.

Hughes said booster shots will be given Saturday, again next Wednesday, and on Nov. 8 and 22.

A new type of vaccine, which requires only five shots instead of 21 used with older vaccine, is being used.

### Sending request

(AP) — Laramie Mayor Roger Kasper hasn't decided if he'll be an inquest. Eddie Parrish, 13, Cheyenne boy who was killed or thrown from a truck, Itakodinsky said from a brain



# TRUCK LOAD CARPET SALE!



# Rocky Mountain Journal

RECEIVED OCT 25 1978

Vol. XXX No. 6

October 25, 1978

10 cents

Good journalism begets good government

## Armstrong campaign loan questioned

Chuck Heschmeyer

The campaign committee of Rep. William Armstrong, Republican candidate for the U.S. Senate, was recipient of a \$50,000 unsecured loan from the Peoples Bank & Trust Co. of Aurora, where Armstrong once served as a director for

the better part of a decade.

The loan raises a number of questions.

According to the candidate's filing this month with the Federal Election Commission (FEC), the Armstrong committee received a \$50,000 loan, in the form of a promissory note, on Aug. 29, during the primary campaign.

The filing shows that \$30,000 has been repaid and a balance of \$20,000 remains—making it appear that the obligation is an interest-free loan, a questionable banking practice at best.

Specifics of the loan, including duration of the debt, interest rate, terms, guarantor and collateral, were not found in the committee's filings, in violation of revised FEC requirements.

Moreover, Armstrong served on the board of directors of the Peoples Bank

& Trust Co. of Aurora, 9635 Montview, and was a stockholder during the time that the bank approved loans of nearly \$1 million dollars to former Weld County Treasurer Arthur McKnight. McKnight was convicted nearly three years ago of misusing county funds, much of which was on deposit at the Peoples Bank.

Armstrong campaign manager Walt Klein told the *Journal* the campaign loan was not interest-free.

The loan, he said, was made directly to the committee, was unsecured and carried a nine-per-cent interest rate for a term of 180 days.

The obligation, said Klein, took the form of a promissory note signed by Armstrong

campaign committee chairman Ralph Clark and was "guaranteed personally by Bill [Armstrong]."

"We have repaid \$30,000 of the \$50,000 note. I'm pretty certain we paid some interest on that," said Klein, adding that the paid interest should show up on certain campaign

More on page 13

### Lusky

## Around town

Sam Lusky

*CU see-you:* In all likelihood, Bill Mallory will move on after this season. University of Colorado officials already were talking to a couple of West Coast prospects to replace Mallory as head football coach—even before the Nebraska debacle last weekend.

Mallory is reported to be aware of this situation and in active negotiation with Georgia. If the Deep South play doesn't work out, he may wind up as assistant athletic director at CU, but that's the long

### Merrill Lynch rumored

## Van Schaack sale denied

Chuck Heschmeyer

Officials of Van Schaack & Co., a publicly held real estate company, and Merrill Lynch Pierce, Fenner & Smith have denied speculation that the big national brokerage

house is negotiating for the acquisition of the Denver-based real estate firm.

"We have had no discussions, directly or indirectly, with officials of Merrill Lynch

concerning merger or acquisition," said Don Blake, corporate communications director for Van Schaack.

Blake added that "no discussions are pending," but he noted that "the board of directors, keeping in mind the best interests of all our shareholders, will listen to anyone who cares to tender an offer."

John Kelly, director of

## Recession forecast

by local economists

# Armstrong

From page 13  
bring them into compliance, Klein added.

The campaign manager was also at a loss to explain Armstrong's current financial ties, other than the campaign loan, to the Peoples Bank.

"Nobody on the campaign nor anybody on the [congressional] staff knows the congressman's personal financial situation," said Klein, lending some support to charges by Haskett supporters that Armstrong complies only with bare-minimum financial-disclosure requirements.

As to his bank ties, Armstrong said in a published report in the *Colorado Democrat* (now the *Colorado Statesman*) in August, 1975 that he had been a director of Peoples Bank & Trust Co. for "seven or eight years," and that he resigned shortly after the McKnight scandal broke.

He also indicated, at that time, that he planned to sell his stock holdings in the bank for an undisclosed sum.

Armstrong admitted that, as a director, he technically had to approve the question-

able loans to the former Adams County treasurer, but said that he "may or may not have been in attendance at the directors meeting" when the McKnight loans were approved.

"I really don't know whether I knew [about the loans] or not," Armstrong was quoted as saying.

Armstrong added that his resignation from the bank board "had nothing to do with the McKnight issue."

Contacted by the *Journal* on Monday, Peoples Bank & Trust Co. President W.F. Packard declined to discuss the recent loan to the Armstrong campaign committee. "You'll have to talk to Bill about that," he said.

Packard added, however, that the congressman is "no longer a director or a shareholder of the bank."

Armstrong was in route to a campaign function in Grand Junction and was unavailable for comment at press time, according to campaign manager Klein.

# Investing in foreign money

From page 2  
market and other investment opportunities in which, to make any money, the investor has to overcome salesman commissions or handling costs. A little money may be made, or lost, he said, but perhaps not enough to justify the risk.

For example, Wickham

currencies due to intervention by the Swiss central bank, but it weakened against the West German mark because of a domestic credit tightening by the West German central bank.

Fritz Leutwiler, president of the Swiss central bank, was quoted last week as saying

# Packard buries nation

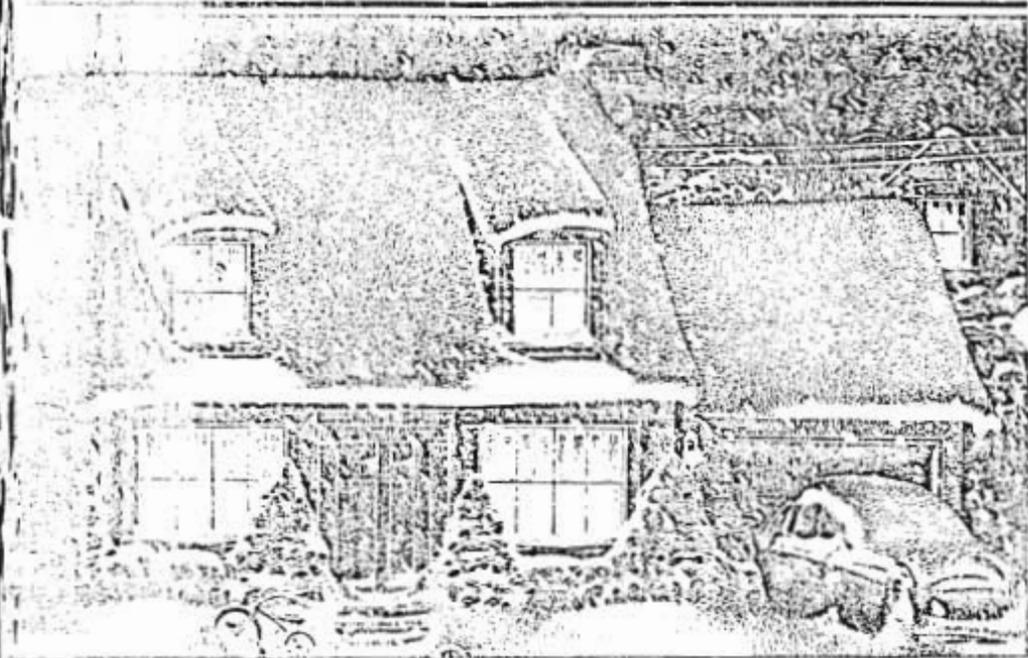
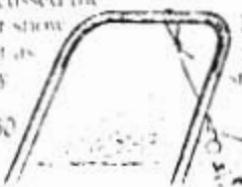


PHOTO BY WALTER L. DAVIS. Homeowners awake to the sounds of snow and snowthrowers as Mr. Bill Packard buries the nation in snow. All food and other necessities are being hoarded. The packard family is wearing warm winter clothing and necessary Army officials stamped with frostbite. Officials stamped with frostbite.

## GET \$30 OFF ON THE NEW JOHN DEERE SNOW THROWER. NOW, WHILE YOU CAN STILL GET OUT OF YOUR DRIVEWAY.

Remember last winter? How you cursed the snow that piled up in your driveway? Swore at your snow thrower? And finally vowed to replace it as soon as the snowing in your heavy driveway came back? Well, now's the time. We've knocked \$30 off the already rock-bottom price of a John Deere snow thrower.



It's a real knockout of a snow thrower. Light enough to lift easily. But a real heavy weight when it comes face to face with a snowdrift. Because it's got features that are hard to find on other snow throwers. And virtually impossible to find on snow shovels. Find out more about it.



October 10 1978

SCHEDULE C  
 REVISED  
 January, 1978  
 Federal Election Commission  
 1325 K Street, N.W.  
 Washington, D.C. 20463

RECEIVED  
 SCHEDULE C, FEC FORM 3  
 Supporting Line Numbers 12 and 13  
 of FEC FORM 3  
 (Indicate Primary or General Election for each Entry)

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

Name of Candidate and Committee in Full

The Armstrong Committee

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
Peoples Bank and Trust Company 9635 Montview Aurora, Colo. 80010	8/29/78	50,000.00	30,000.00	20,000.00
<input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other		\$	\$	\$

NATURE OF OBLIGATION (Details of Debt)

Promissory Note

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)

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 outstand balance only to appropriate line of summary

7 9 0 2 0 1 3 1 2 8 0

January, 1978  
 Federal Election Commission  
 1325 K Street, N.W.  
 Washington, D.C. 20433

(Operating, Technical, and Contributions In-Kind,  
 Loans, Loan Repayments and Refunds Made)  
 Supporting Lines 20a, 21a, and 22a, 22b, and 22c  
 of FEC FORM 3

Line Number \_\_\_\_\_  
 Use Separate Schedules for  
 each numbered line

Name of Candidate or Committee in Full The Armstrong Committee			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Peoples Bank and Trust Aurora, Colo. 80010	payment on Loan Expenditure for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	9/28/78	30,000.00
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Date (month, day, year)	Amount of each expenditure this period
SUBTOTAL of expenditures this page (optional)			\$
TOTAL this period (last page this line number only)			\$ 30,000.00

79020131251  
190400928

January, 1979  
 Federal Election Commission  
 1225 H Street, N.W.  
 Washington, D.C. 20543

Supporting Schedules 1A and 1B  
 C1066 (FORM 3)

Report of the  
 Candidate  
 Use Expense Schedules for  
 each numbered line!

(Indicate Primary or General Election for each Entry)

30 days post

Name of Candidate and Committee in Full  
**The Armstrong Committee**

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
<b>Peoples Bank and Trust Company</b> <b>9635 Montview</b> <b>Aurora, Colo. 80010</b>	8/29/78	50,000.00	30,000.00	20,000.00
<input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other		\$	\$	\$

NATURE OF OBLIGATION (Details of Debt)

Premiatory Note

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
		\$	\$	\$
<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt)

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
		\$	\$	\$
<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt)

SUBTOTALS this period this page (optional)      \$ 50,000.00    \$ 30,000.00    \$ 20,000.00

TOTAL this period (last page this line number only)      \$ 50,000.00    \$ 30,000.00    \$ 20,000.00

Carry outstanding balance only to an equivalent page of Schedule

7901079283  
 79020131252

20 Day Post

1978  
Nov. 1978  
Federal Election Commission  
11 K Street, N.W.  
Washington, D.C. 20463

**ITEMIZED RECEIPTS**

(Contributions, Transfers, Contribution in-Kind,  
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a  
of FEC FORM 3

Use Separate Schedules for  
each numbered line

Name of Candidate or Committee in Full <b>The Armstrong Committee</b>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
<b>Peoples Bank and Trust Aurora, Colo. 80010</b>		<b>8/31/78</b>	<b>50,000.00</b>
Receipt for <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <b>50,000.00</b>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business Occupation	Date (month, day, year)	Amount of each Receipt this Period
<b>SUBTOTAL of receipts this page (optional)</b>			<b>\$ 50,000.00</b>

790010092846

7

10 Day Pre-Election

SCHEDULE C  
 REVISED  
 January, 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 3

Page 1 of 1 for  
 Line Number 13

(Use Separate Schedules for  
 each numbered line)

(Indicate Primary or General Election for each Entry)

Name of Candidate and Committee in Full  
**THE ARMSTRONG COMMITTEE**

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
Peoples Bank and Trust Co. 9635 Montview Blvd. Aurora, Colo. 80110	8/29/78	50,000.00	30,000.00	20,000.00
<input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other		\$	\$	\$

NATURE OF OBLIGATION (Details of Debt):  
 Promissory Note  
 Due Date of Loan 2/25/79    No. of days 180    at 9%  
 Original amount of Loan 50,000.00  
 Finance charge 2,500.00  
 Total of payments 52,500.00  
 Guarantor: William L. Armstrong  
 Occupation: Congressman for Fifth District

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
		\$	\$	\$
<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt):

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
		\$	\$	\$
<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS this period this page (optional) . . . . .	\$ 50,000.00	\$ 30,000.00	\$ 20,000.00
TOTAL this period (last page this line number only) . . . . .	\$ 50,000.00	\$ 30,000.00	\$ 20,000.00

Carry outstanding balance only to appropriate line of summary

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 79040092847

MUR 809

COMPLAINANT: Robert N. Ulmer  
RESPONDENT: Rep. William Armstrong  
DATE RECEIVED: October 31, 1978  
DATE ASSIGNED TO STAFF: November 1, 1978  
SUBSTANCE OF COMPLAINT:

In a notarized complaint it is alleged that the candidate, William Armstrong, violated 2 U.S.C. §441b(a) by receiving an unsecured loan of \$50,000 from the Peoples' Bank and Trust Company of Aurora, Colorado, for his committee's use. Mr. Armstrong is a former director of the bank. According to the complainant, an ordinary citizen would have had to pay 11-12% interest "if he could get such a loan at all". The Armstrong Committee allegedly had to pay only 9% interest per annum.

In the complaint, it is also alleged that the Committee did not disclose on reports submitted to the Commission the interest rate, the fact that the loan was guaranteed by the candidate, and that fact that the loan was unsecured. The failure to fully disclose the debt owed to the bank would be in violation of 11 C.F.R. §104.2(b)(5).

STATUS:

A full report will be submitted by November 3, 1978.

7 7 3 1 0 0 9 1 8 4 8

MUR 809

GC#  
5408

October 30, 1978  
18 OCT 31 10 26

807518

Federal Election Commission  
Washington, D. C.

Gentlemen:

I have read in the attached newspaper about the loan made to Mr. William Armstrong's Committee by the Peoples' Bank & Trust Company of Aurora, Colorado. This loan was reported to have been made to a Committee that had no assets, entirely on Mr. Armstrong's signature guaranteeing repayment. Mr. Armstrong is a former director of the bank, and is a candidate for the United States Senate from the State of Colorado.

Any ordinary citizen who walked into the bank about that time, August 29, 1978, if he could get such a loan at all, would have had to pay 11-12 percent interest. To borrow \$50,000.00 on a home mortgage, a borrower would have had to pay ten percent interest, or more.

Mr. Armstrong's Committee claims it paid only nine percent - a privilege unavailable to other borrowers with no collateral.

I believe this represents an illegal corporate campaign contribution under the Federal Election Act. I am filing this complaint because, as a citizen, I am outraged at examples such as this of high placed powerful people using banks as if they were above the law.

We saw that in the Bert Lance case, and we see the same kind of cozy relationship with this Armstrong political "loan".

I served many years in the Air Force, on active duty and in the Reserves, and I am now a Colonel on the Air Force Reserve Retired list. I was defending equal justice under the law, not one standard for the powerful and one for the rest of us.

As a private citizen, I demand that the law be upheld and this shabby practice not go unchallenged.

Sincerely,

*Robert N. Ulmer*

Robert N. Ulmer  
4050 Eaton  
Denver, Colorado 80212

Encl.

0071039:849

October 30, 1978

Federal Election Commission  
1324 K Street, N. W.  
Washington, D. C. 20463

RE: COMPLAINT AGAIN WILLIAM ARMSTRONG

Pursuant to Sec. 437g of the Federal Election Campaign Act, this is a formal complaint against William Armstrong, candidate for the United States Senate, for continuing conduct in violation of the Act (2 USC Sec. 431 et seq.).

Specifically, the undersigned charges William Armstrong with knowingly accepting and receiving a contribution from a corporation, in violation of the provisions of Sec. 441b of the Act, and failing to report such contribution, as required by Sec. 434 of the Act. The facts on which this charge are based are:

1. On or about August 29, 1978, William Armstrong's political campaign committee received and accepted from the Peoples' Bank & Trust Company of Aurora, Colorado, an unsecured loan in the amount of \$50,000.00, with, according to Armstrong's campaign chairman, interest payable at the rate of nine percent per annum, and guaranteed by the personal signature of candidate Armstrong, as reported in the October 25, 1978, issue of the Rocky Mountain Journal, and the October 27, 1978, issue of the Rocky Mountain News. At the time of the transaction, the prime interest rate in the metropolitan Denver area, in which Peoples' Bank & Trust Company is located, was nine percent, and was increased to nine and one-half percent on September 1. The very favorable interest rate accorded by the lending bank to the committee was substantially less than that which Denver area banks at that time offered to the general public for fully secured loans.

2. The newspaper articles referred to above state that candidate Armstrong failed to disclose in his report to the Commission that (a) the loan is personally guaranteed by the candidate, (b) the favorable interest rate received by the candidate, and (c) that the loan is unsecured, thus, effectively concealing from the Commission the true nature of the transaction.

3. The candidate's failure to make a complete and accurate disclosure of the transaction takes on added significance in the light of the fact that Mr. Armstrong is a former director and stockholder of the lending bank.

4. The preferential treatment given to candidate Armstrong by the Peoples' Bank & Trust Company of Aurora, a former Director of the bank, clearly constitutes a loan by the bank to the campaign not in the ordinary course of business and therefore is an unlawful contribution by the bank to a campaign committee.

7 2 0 4 0 7 9 3 8 5 0



## Classroom guide

Teachers and students of today's edition of Rocky Mountain News.

Write a letter to one of your legislators and ask him or her to send you a copy.

NATOR or reprints of a book from Capitol, according to page 48. Read if you like a copy to think your school would have one?

—A WOMAN has climbed the 3,000-foot sheer face of El Capitan in Yosemite National Park. The story on page 44 says. Why would a person want to do such a thing? Discuss.

—A STORY on page 30 is about the risks and benefits of vaccinations. Most children must have a vaccination for diphtheria, tetanus and whooping cough before entering school. Did you? Even though shots hurt when you get them, do you think the benefits make them worthwhile.

—FIND an advertisement in today's paper for an item that's on sale that you would like to own and figure out how much you would save if you bought it at the sale price.

# Two campaign law violations reported

Associated Press

William Armstrong, Republican U.S. Senate candidate, and Ed Scott, GOP candidate for Congress in the 2nd District, apparently have technically violated federal campaign laws.

Under the laws, candidates are required to report the terms of bank loans made to their campaigns.

Records show that Armstrong obtained a \$50,000 loan on Aug. 29 from the People's Bank and Trust Co. in Aurora.

Armstrong's campaign reported the loan and the fact that \$30,000 had been repaid on Sept. 28 in a disclosure statement filed with the Federal Election Commission.

But the fact that it was a six-month unsecured loan, personally guaranteed by Armstrong and bearing a 9 percent increase rate, wasn't disclosed.

Sharon Snyder of the election commission said the error is a common one, and Armstrong said his campaign would file an amended report.

Susan Delcour, Scott's campaign manager, said he obtained a \$65,841 line of credit from the First Bank of Westland. The line of credit was listed as six separate loans, all personally guaranteed by Scott, and at the end of the Oct. 2 reporting period all but \$14,967 had been repaid.

Scott also has loaned his own campaign approximately \$12,000 and has gotten back most of it, his report shows.

The election commission spokeswoman said, however, that Scott has been asked to disclose the terms involved and the source of funding for both his personal loans and the bank loans.

## Ending inquest

(AP) — Laramie lawyer Roger Rahn hasn't decided if he will be an inquest for Eddie Parrish, a Cheyenne boy who fell or was thrown from a pickup truck. Rahn said from a brain

# 71 undergoing rabies vaccinations

BOISE, Idaho (AP) — Some 71 persons in Idaho and Oregon have started undergoing rabies vaccinations after the disease killed a Boise woman who had received a cornea transplant.

Health officials in the two states questioned nearly 200 persons who might have come in contact with the Boise victim and a Baker, Ore., man who apparently also died of rabies and was the cornea donor.

Jim Hughes, community relations director at Boise's St. Alphonsus Hospital, said Thursday 71 persons started the series of five shots against rabies.

Dr. John Mather, state epidemiologist, said there was no real danger of rabies spreading because the disease can be transmitted by humans only through direct contact with the victim.

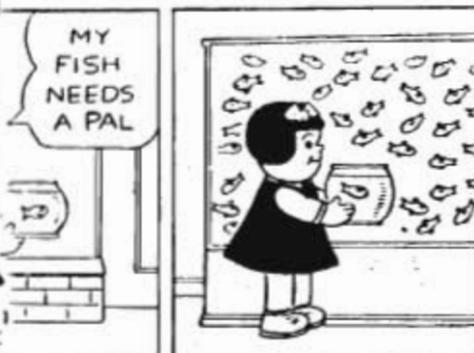
Idaho health officials interviewed more than 150 persons who may have come in contact with Constance Wesselman, 37, mother of four children who received a cornea transplant. She died Oct. 10, six weeks after the transplant.

Health officers said she apparently contracted rabies from the cornea. It was taken from Fredrick Stone, 49, Baker. At Baker, a similar effort was launched Thursday and 45 persons were interviewed. Of those, Hughes said health officials recommended vaccinations for 10 persons.

Rabies vaccine was flown to Boise earlier this week from the Center for Disease Control in Atlanta. On Thursday, vaccine was shuttled from Boise to Baker by teams of state police units from both states.

Hughes said booster shots will be given Saturday, again next Wednesday, and on Nov. 8 and 22.

A new type of vaccine, which requires only five shots instead of 21 used with older vaccine, is being used.



# TRUCK LOAD CARPET SALE!

7 2 7 4 0 0 2 8 5 1

# Viewpoints: Lamr & Stricklar ' p. 11



# Rocky Mountain Journal

Vol. XXX No. 6      October 25, 1978      50 cents      Good journalism begets good government

## Armstrong campaign loan questioned

Chuck Heschmeyer

The campaign committee of Rep. William Armstrong, Republican candidate for the U.S. Senate, was recipient of a \$50,000 unsecured loan from the Peoples Bank & Trust Co. of Aurora, where Armstrong once served as a director for

the better part of a decade. The loan raises a number of questions.

According to the candidate's filing this month with the Federal Election Commission (FEC), the Armstrong committee received a \$50,000 loan, in the form of a promissory note, on Aug. 29, during the primary campaign.

The filing shows that \$30,000 has been repaid and a balance of \$20,000 remains—making it appear that the obligation is an interest-free loan, a questionable banking practice at best.

Specifics of the loan, including duration of the debt, interest rate, terms, guarantor and collateral, were not found in the committee's filings, in violation of revised FEC requirements.

Moreover, Armstrong served on the board of directors of the Peoples Bank

& Trust Co. of Aurora, 9635 Montview Blvd., and was a stockholder during the time that the bank approved loans of nearly one million dollars to former Adams County Treasurer Allan McKnight. McKnight was convicted nearly three years ago of misusing county funds, much of which was on deposit at the Peoples Bank.

Armstrong campaign manager Walt Klein told the *Journal* the campaign loan was not interest-free.

The loan, he said, was made directly to the committee, was unsecured and carried a nine-per-cent interest rate for a term of 180 days.

The obligation, said Klein, took the form of a promissory note signed by Armstrong

campaign committee chairman Ralph Clark and was "guaranteed personally by Bill [Armstrong]."

"We have repaid \$30,000 of the \$50,000 note. I'm pretty certain we paid some interest on that," said Klein, adding that the paid interest should show up on certain campaign

More on page 13

### Lusky Around town

Sam Lusky

*CU see-you: In all likelihood, Bill Mallory will move on after this season. University of Colorado officials already were talking to a couple of West Coast prospects to replace Mallory as head football coach—even before the Nebraska debacle last weekend.*

*Mallory is reported to be aware of this situation and in active negotiation with Georgia. If the Deep South play doesn't work out, he may wind up as assistant athletic director at CU, but that's the long-*

### Merrill Lynch rumored

## Van Schaack sale denied

Chuck Heschmeyer

Officials of Van Schaack & Co., a publicly held real estate concern, and Merrill Lynch Pierce Fenner & Smith have denied speculation that the big national brokerage

house is negotiating for the acquisition of the Denver-based real estate firm.

"We have had no discussions, directly or indirectly, with officials of Merrill Lynch

concerning merger or acquisition," said Don Blake, corporate communications director for Van Schaack.

Blake added that "no discussions are pending," but he noted that "the board of directors, keeping in mind the best interests of all our shareholders, will listen to anyone who cares to tender an offer."

John Kelly, director of

## Recession forecast by local economists

## Uptown/downtown

From page 1

### Corporate bash attracts local heavies

It was one of the most impressive corporate bashes in recent memory: a three-hour toast to the Northern Natural Gas Co., a rapidly emerging diversified energy company, put on by "The Northerners," as the firm likes to call itself.

The event, held last Wednesday evening at Stouffer's Denver Inn, featured vast quantities of food and booze, a short speech or two and a 12-minute multi-media presentation produced by the Omaha-based ad agency of Bozell & Jacobs. The presentation, complete with five grant releases, 3,500 slides, motion pictures and a dramatic soundtrack, depicted, of course, Northern's energy exploits.

Equally impressive were the local heavies who showed up: among them oilman Marvin Davis, Denver Mayor Bill McNichols, Denver Chamber of Commerce Chairman Pete Slaybaugh and notables from the Colorado Public Service Co. and the oil and gas industry, generally.

While most of the biggies circulated among the crowd of about 100 or so persons, Davis and the mayor seemed content hovering over the *hors d'oeuvres* trays and engaging each other in intense but barely audible conversation.

Davis's only public remark came prior to his introduction of Northern Natural Gas Co. President Sam Segnar. "The rumor's true," said Davis jokingly, "we bought the Yankees."

### Golden Rule Industrial Bank

The Golden Rule Industrial Bank at 28th and Wadsworth in Arvada plans to open its doors Nov. 1. The bank was recently issued a charter by the Colorado Banking Commission. It will be among the estimated 100 industrial banks licensed in Colorado.

Bank spokesman Keith Shwyder, Democratic nominee for regent, said the bank has assets of \$330,000 and will occupy 10,000 sq. ft. in the Albertson's shopping center.

### Denver's industrial vacancies down

The nationwide industrial vacancy rate rose slightly during the third quarter of 1978, but the Denver vacancy rate continued to plummet.

The national rise in vacancies reflects a trend toward greater speculative construction of warehousing and distribution facilities, according to Coldwell Banker real estate data, but Denver appears to be occupying nearly all its available space.

Denver's vacancy rate was 4.6 per cent in June 1977, but dropped to .7 per cent during September 1977, according to Coldwell Banker data. Other low vacancy rates have occurred in Seattle (.6 per cent) and Portland (.8 per cent).

### Boulder Hilton Harvest expands

The Boulder Hilton Harvest has added \$5.75 million to

## Armstrong loan questioned

From page 1

expenditure filings.

While able to detail the specifics of the loan, Klein was at a loss to explain why those details weren't mentioned in the candidate's latest FEC filing.

"It's harder than heck to keep up with the [FEC] requirements," he offered. "If something was not

included [in the filings] that should have been included, it was simply an oversight."

Klein explained that persons within the FEC are assigned to particular federal election campaigns and, if something is amiss with a candidate's filing, the campaign committee is notified.

He said that, to his

knowledge, the FEC has not contacted the Armstrong campaign about the questionable filing.

Many candidates seeking federal office, including Armstrong opponent incumbent Sen. Floyd Haskell, have submitted amendments to their original filings in order to  
More on page 19

## Predictions of a psychic

From page 1

While appearing on WPIX-TV in New York City, Wright accurately predicted the whereabouts and condition of kidnapped former Italian Premier Aldo Moro. In that interview, Wright said Moro would be found dead "in a trunk or a van near his office." About a month after the prediction, Moro was indeed found dead in a van in front of the Italian Christian Democrat, Moro's political party, headquarters.

In another startling "vision," Wright predicted the death of Elvis Presley one year before the "King of Rock-and-Roll" died. This particular prediction was a blow to the psychic because she counted Elvis among her close friends.

About a month ago, Wright became associated with the Denver talent agency of J.F. Images and she now teaches a twice-weekly class entitled "How to Develop Your ESP" for the University of Colorado at the University's Denver Medical Center. In addition, she is featured on Denver radio KIMN from 11 a.m. to 2 p.m. each Monday—a show,

win. Haskell, I think, is a very quiet man, but I feel basically he's honest. A good man."

•The Schroeder-Hutcheson Denver congressional race: "Schroeder. Fairly big."

•The Tim Wirth-Ed Scott U.S. House race: "I believe I previously predicted Scott; but now I'm getting Wirth." Suddenly, as if overcome with an apparition, Wright added later, "The odds are with Wirth, but I think Scott will win."

•The Jim Johnson-Morgan Smith U.S. House race: "Looks like Jim Johnson."

•The 1980 presidential election: "Carter will go home to Georgia. Ted Kennedy will run and win the Democratic nomination. Maybe a Kennedy-Brown [California Governor Jerry Brown] ticket. The Republicans will nominate Reagan [former California Governor Ronald Reagan]. I feel Jerry Ford [former President Gerald Ford] is out. I don't see a Reagan-Ford ticket."

•The May, 1979 Denver mayoral race: "There will be three candidates. Brown [Ac-

•National economics: "I see a recession starting in November, 1978 and lasting until mid-1979. But the four years following should be good. The interest rate will go to 10½ per cent, possibly to 11 per cent, but will become closer to normal. The smart investments should be gold, gold coins and utility stocks."

•The Equal Rights Amendment (ERA, recently granted a 3½-year extension for states ratification): "I feel it will pass. It could be within the next two years."

•AFL-CIO leadership: "Next year there will be a big change in the AFL-CIO. I don't see a death [of AFL-CIO President George Meany], but outside pressure [for him] to step down."

•California Governor Jerry Brown: "I predict a Brown-Ronstadt [rock singer Linda Ronstadt] marriage." (Predicted before recent news accounts).

•Former U.S. Secretary of State Henry Kissinger: "Kissinger will become a [U.S.] senator from New York,

# Armstrong

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bring them into compliance, Klein added.

The campaign manager was also at a loss to explain Armstrong's current financial ties, other than the campaign loan, to the Peoples Bank.

"Nobody on the campaign nor anybody on the [congressional] staff knows the congressman's personal financial situation," said Klein.

Some of the suppliers of the campaign have indicated that Armstrong complies only with bare-minimum financial-disclosure requirements.

As to his bank ties, Armstrong said in a published report in the *Colorado Democrat* (now the *Colorado Statesman*) in August, 1975 that he had been a director of Peoples Bank & Trust Co. for "seven or eight years," and that he resigned shortly after the McKnight scandal broke.

He also indicated, at that time, that he planned to sell his stock holdings in the bank for an undisclosed sum.

Armstrong admitted that, as a director, he technically had to approve the question-

able loans to the former Adams County treasurer, but said that he "may or may not have been in attendance at the directors meeting" when the McKnight loans were approved.

"I really don't know whether I knew [about the loans] or not," Armstrong was quoted as saying.

Armstrong added that his resignation from the bank "had nothing to do with the McKnight issue."

Contacted by the *Journal* on Monday, Peoples Bank & Trust Co. President W.F. Packard declined to discuss the recent loan to the Armstrong campaign committee. "You'll have to talk to Bill about that," he said.

Packard added, however, that the congressman is "no longer a director or a shareholder of the bank."

Armstrong was in route to a campaign function in Grand Junction and was unavailable for comment at press time, according to campaign manager Klein.

# Investing in foreign money

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market and other investment opportunities in which, to make any money, the investor has to overcome salesman commissions or handling costs. A little money may be made, or lost, he said, but perhaps not enough to justify the risk.

For example Wickham

currencies due to intervention by the Swiss central bank, but it weakened against the West German mark because of a domestic credit tightening by the West German central bank.

Fritz Leutwiler, president of the Swiss central bank, was quoted last week as saying

# Blizzard buries nation



ZIMMERMAN/Water 107. Drifts up to 48 in. deep were reported yesterday as Mother Nature dumped record loads of snow all over the country. Thousands of home-owners awoke to the sound of snowshovels and snowblowers. Officials have expressed fear of load and energy shortages in many regions of the country. Thousands wearing warm winter clothing in necessary. Angry officials swamped with frost-bitten complaints.

## GET \$30 OFF ON THE NEW JOHN DEERE SNOW THROWER. NOW, WHILE YOU CAN STILL GET OUT OF YOUR DRIVEWAY.

Remember last winter? How you cursed the snow on your driveway? Swore at your snow shovel? And finally vowed to replace it as you stood there sweating in your heavy winter parka?

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It's a real knockout of a snow thrower. Light enough to lift easily. But a real heavy-weight when it comes face to face with a snowdrift.

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