



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

July 2, 1974

Mr. Robert P. Kane
Campaign Manager
Pennsylvanians For Shapp-Kline Committee
919 Towne House
Harrisburg, Pennsylvania 17102

Dear Mr. Kane:

I am in receipt of your letter of June 27th referencing the Bucks County Courier Times article of June 22, 1974, titled " 'Bucks Connection': Mellon, Widener funds for Lewis."

I am delighted that you have brought this matter to the attention of this Committee. I assume that you speak for the Governor and Lieutenant Governor when you suggest that this Committee should find it within its scope to review the allegations set forth in the article and "their possible implications."

At such time as you indicate to me the nexus between the contributions which you refer to and contractual relationships entered into by the Commonwealth, I would be most happy to refer this matter to the Committee's investigative staff.

I look forward, of course, to cooperating with Pennsylvanians For Shapp-Kline Committee throughout the course of my Committee's deliberations.

Very truly yours,

Patrick A. Gleason, Chairman
House Select Committee on
State Contract Practices

PAG:JMW:bb

Cc: Robert E. J. Curran
Richard L. Thornburgh

SHAPP



KLINE

Helping the People of Pennsylvania

June 27, 1974

Mr. Patrick A. Gleason, Chairman
House Select Committee to Investigate
Contract Practices
House of Representatives
Commonwealth of Pennsylvania
Main Capitol Building
Harrisburg, Pennsylvania

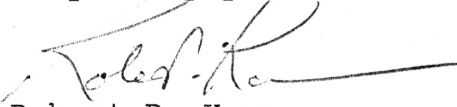
Dear Chairman Gleason:

The attached copy of a news article entitled "'Bucks Connection': Mellon, Widener Funds for Lewis", from the June 22nd edition of the BUCKS COUNTY COURIER TIMES suggests the need for investigation into the scope and practice of certain campaign contributions and the reasons for such large contributions being made by non-residents of the situs of the recipient committee. These contributions are from two large direct contributors to the campaign of the Republican candidate for Governor and now these indirect contributions come to light and hint at the possible laundering practice which is arising from the investigations of Watergate.

Knowing of your intense interest in investigating campaign contributions and their possible implications, I am confident that you will not disregard the inferences of this information. Your pursuit of this matter is incumbent upon you and your staff if we are to have a full, fair and impartial inquiry.

I would respectfully suggest that all committees of the 67 counties be examined to discern the breadth of this practice.

Very truly yours,


Robert P. Kane
Campaign Manager

Enclosure
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cc: Robert E. J. Curran, U. S. Attorney, Eastern District
Richard L. Thornburgh, U. S. Attorney, Western District

George M. Leader • Chairman
Robert P. Kane • Campaign Manager
Nancy B. Mawby • Treasurer
Thomas Balaban • General Counsel

Bucks Connection: Mellon, Widener funds for Lewis

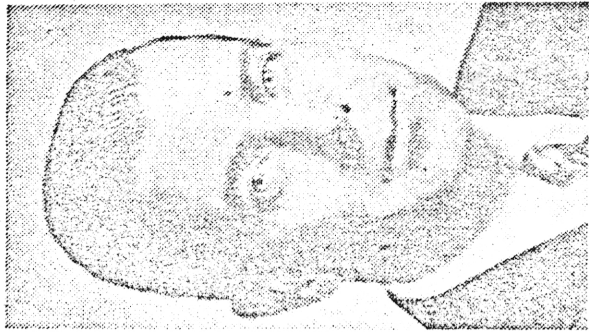
By RON BOYD
Courier Times Staff Writer

Two of Pennsylvania's richest Republican benefactors used Bucks County's Republican Finance Committee to funnel \$5,500 to the state campaign of Drew Lewis in order to avoid a federal tax law, the Courier Times has learned.

Richard Mellon Scaife, heir to a fabulous Pittsburgh banking fortune, and F. (Fritz) Eugene Dixon, Jr., heir to the Philadelphia Widener estate, each made separate contributions to the county GOP organization which were later sent to the Lewis for Governor campaign organization.

Scaife, whose \$3,000 contribution was the largest received by either county party for May's primary elections, could not be reached for comment yesterday.

Dixon, who gave \$2,500 to the local Republican campaign coffers, told the Courier Times the contribution was "strictly my own business."



DREW L. LEWIS

... for his campaign

A resident of Montgomery County, Dixon is presently chairman of Lewis' campaign finance committee.

Chairman of Bucks' Republican Party Harry Fawkes denied any connection between the pair's \$5,500 gift and a \$5,500 check forwarded to the Lewis organization from the local finance committee.

William Dimeling, however, Lewis' campaign coordinator, when asked to explain the sudden involvement of Scaife and Dixon in Bucks' Republican primary elections, admitted the local finance committee was probably used to avoid a federal gift tax.

"This wasn't an effort to hide or launder the money, but just a common way to avoid a federal gift tax," said Dimeling.

In particular, he explained all contributions above \$3,000 to any one campaign organization would be subject to the steep tax.

By giving several smaller contributions through various committees, donors avoid the tax which would be levied if they gave in one lump sum to a single campaign organization.

Such was "standard procedure"

See related story on page 3 and did not violate any laws, added Dimeling, a Philadelphia lawyer.

In past campaigns, he explained, several "phony" committees were formed by a candidate to accept large gifts in a piecemeal manner.

By using existing county Republican committees this year, Lewis was hoping to provide a more accurate and established means of accounting for the big money, said Dimeling.

Fawkes, who was contacted prior to Dimeling's statement, held there was no connection between the gifts and the county check to Lewis.

The GOP chieftain said he was "surprised" when he received the \$5,500 addition to the Bucks Republican treasure chest, however.

"It's an election year and I'm sure these people (Scaife and Dixon) are interested in seeing Drew Lewis elected and it's us on the county level who do it."

As far as the \$5,500 finance committee check to Lewis was concerned, Fawkes noted it was only part of what the local Republicans sent to Lewis as their share in the state-wide campaign.

Like Sore Thumbs

Although he said he knew the two large gifts would "stick out like sore thumbs," Fawkes said the party's primary financial report filed in Doylestown made a full accounting of contributions and expenditures.

"I'm the guy who went overboard to be accurate and it seems I'm the one everyone's checking," added Fawkes.

Contacted later after Dimeling's statements, Fawkes held his line and said, "As far as I'm concerned they were contributions to us and I had nothing to do with what this other man says."

He reasserted that the two checks came in the mail to the Bucks committee and were registered as gifts to the local primary.



HARRY W. FAWKES

... no connection

The fact that the committee later sent a \$5,500 check to Lewis had no significance, he said.

Lewis, a Montgomery County

businessman and close associate of Sen. Richard S. Schweiker, has vigorously campaigned for reformed election ethics in the area of campaign donations.

Involvement Above Question

As for Scaife and Dixon's involvement in his campaign, Lewis press spokesman William Danenberg said Scaife was "a very clean guy" whose long involvement in Republican politics was above question.

It was Scaife who contributed \$1 million (the largest single campaign gift of record in history) to the 1972 election of Richard Nixon.

Embarrassed since by the Watergate scandal, Scaife has called for the President's impeachment.

Dixon, who's noted for business ventures in the horse racing world, was likewise described as "a philanthropic type contributor" by the Lewis aide.

