

June 5, 1950 -- 1:15 p.m.

A gentleman called and asked for Governor Eccles' secretary. I asked him what his name was and he said he didn't care to give that, but would say he was a close friend of Abe Murdock, who is a close friend of Governor Eccles. He spoke with an accent. As he dictated the message I got the impression he was Spanish -- no doubt connected with the Embassy. He said he would not give the information to anyone else on the Board (when I wanted to transfer him to Carpenter).

Message:

He thought you should know that Mr. J. K. Vardaman was using his high office and he did not think that the Federal Reserve Board would approve of his doing so. He said Mr. Vardaman negotiated with a Mr. Timothy A. McInerny, who was "stoogie" (stooge) public relations man for Tom Clark when he was in the Justice Department; and that he is now a lobbyist and advertising man for foreign interests. His address is 503 D Street, N. W.. He said that the deal was this:

McInerny agreed to take Vardaman's son in as a partner providing Vardaman used the influence of his high office with the Spanish Ambassador and arrange with the Spanish Embassy to retain McInerny and Vardaman's son to lobby and assist with high officials in Washington on behalf of the Spanish.

Mr. and Mrs. Vardaman finally "cracked" the Embassy and were entertained by the Ambassador, and during his first party at the Embassy Vardaman proposed the proposition to the Ambassador, assuring him that he (Vardaman) would use all of his influence with the high government officials, and that he would also use his influence with the Export Bank.

McInerny and Vardaman (He did not say the son) became partners and received a large fee from the Spanish government through the Spanish Embassy. They were paid the large fee but did not deliver as agreed.

He said Vardaman was approached yesterday by someone from the Chicago Tribune (as I understood it) and Vardaman admitted the connection.

He said he understood that Vardaman had known McInerny since 1932.