something of a cottage industry, the latest scheme to guarantee clean elections may itself have been foiled by a dirty trick. The scheme involved the use of ineligible ink to stain the index finger of everyone who votes in today's elections for the Philippines National Assembly. It was aimed at grounding the swarms of so-called "flying voters" who cast

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Officials cast in complicity

By G. Jefferson Price III
Jerusalem Bureau of The Sun

JERUSALEM - The two-week-old investigation of a Jewish terrorist underground operating against Arabs in the occupied West Bank has generated disturbing questions here about the extent to which the group was assisted by persons in positions of authority. Questions also have been raised as to whether the carefully constructed infrastructure within which the group existed could eventually be turned against a government less committed than the current one to Jewish settlement of the West Bank.

These anxieties transcend the public concern caused by the apparent existence of a group and the national discussion in which expressions of revulsion are inflated by popular support for the

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Korean War memorial funds

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State. Of the state's 675 organizations currently licensed, this is the only current case of failure to register after being notified, she said.

As of this week, the IRS district office in Baltimore still carried the committee on its list of organizations entitled to solicit tax-deductible donations. But Raymond Reuling, a tax-law specialist there, said tax-exempt status is granted "through a legal entity that exists through public documents. If there is no legal entity, of course it cannot be an exempt organization. ... Technically, if that corporate document is no longer in existence, they don't exist."

But Domenic LaPozzina of the IRS said later that an inquiry could take from six months to a year before any action is taken. The only way an individual contributor would know that a fund-raising group had lost its tax standing would be by checking whether it has been dropped from the master list of exempt organizations, he said.

The IRS official said that when a tax-exempt group goes out of existence, its funds are supposed to be distributed to other charities. Thus contributors should not lose the deductibility of donations they have made in good faith, he said.

Records indicate that the committee's direct-mail campaign has sent out more than 2 million fund-raising letters that grossed about $331,534 last year and $99,544 through April of this year -- a total of $431,078. But State Police have made some of the committee's records available at a town house in suburban Alexandria, Va., and said that other records relating to the fund-raising will be open to inspection. The group has been based in Alexandria since late last year. Within the past two years, it also has occupied three other offices in the Washington area.

The spokesman said that not all states require licensing by charitable fund-raising organizations and that the committee has responded whenever it was asked to register by any state. That request is made when the group's professional fund-raising agency lists its clients on its own state registration papers, he said.

The committee began in 1981 with the purpose of raising money for a Korean War memorial in the Washington area. In 1982 some of its original founders were ousted from its board in an internal feud. Since the 1981 committee's corporate status was revoked in September, the former participants incorporated a new group under the same name with the intention of taking over the project.

That new organization, in the process of obtaining state-by-state licensing, has not staged soliciting funds.

Besides Mr. Panayotopoulos, the committee's other active figure is Myron E. McKee, 54, former chairman who continued to serve as executive director while running for the Republican congressional nomination in the 1st District of Minnesota.

Mr. McKee withdrew from that race last week after failing to win party backing in a district convention.

Mr. McKee said yesterday he was returning to Washington "to straighten out" the committee's problems. He said he would attempt to reincorporate it in Virginia and intended to bring legal action against organizers of the new group.

Meanwhile, congressional sources say controversy about the committee has led to a decision to hold up any action on a resolution that would give congressional approval to building the memorial in Washington with private contributions. The American Battle Monuments Commission has recommended to Congress that the government build a Korean War monument with federal money rather than through a private fund-raising campaign.

The Council of Better Business Bureaus says it has made three attempts to contact the committee without success. After receiving inquiries, it sent one first-class and two registered letters to the downtown Washington address used as a fund-raising mail drop by the committee. The two registered letters were returned, marked "unclaimed."

Informed that D.C. records show the committee's corporate status was revoked, Mr. McKee said: "I'm fairly certain that is false. The reports were filed. I signed them myself. There must have been a mistake."

Mr. Panayotopoulos said at first, "It's news to me if it's been revoked. That can't be correct." On Wednesday, he filed an annual report in a move that he said he believed would regain the charter.

Here is the committee's legal status as

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were solicited improperly

reported by state and D.C. officials:

☐ Maryland — The group never has applied for a license to solicit funds, according to Mrs. Hildebrand. She said she asked the committee on December 29, 1983, and March 22 to file the necessary papers, and got no response.

Mrs. Hildebrand says a license is required 30 days before any fund-raising begins. She said she contacted a separately licensed fund-raiser that is handling the group's license campaign last week, and was told that the committee would soon seek to comply with state law.

☐ District of Columbia — The committee's basic corporate charter was revoked because it failed to send in the required annual reports. Although the charter was revoked officially on September 12, the committee had until December 31 to file those reports to protect its charter. When it did not do so, its charter lapsed on December 17.

Now, the rival group has obtained a charter in the District, and has taken the same name. Acting Superintendent of Corporations Shelly Finch says that means the former group has no legal authority now to do business in the District under that name. Processing a new charter application under a new name would take some time, according to Ms. Finch's office staff.

The absence of a charter means that the group cannot get a new license to solicit funds in the District, according to Jeanne Sanza, chief of the Business Services Department.

The group's license to raise money in the District ran out on August 31. Mr. Panayotopoulos said he filed the required renewal application and $80 license fee last month. Sanza said last week that "there isn't anything in the file to show that they have the authority to be soliciting." Moreover, she said, no new license could be issued without a new corporate charter.

☐ Virginia — After raising funds there for many months, the committee sought a solicitation license in November. It was granted on February 17. But Jay Michael Wright, coordinator of charitable licensing in the state, said that he is investigating the committee anew because the rival group's license to raise money in Virginia, and "both would not be allowed to do so under the same name."

Its books show that it has sent checks for fund-raising licenses only to D.C., Virginia and North Carolina. Mr. Panayotopoulos says it has an application pending in New York and that in some other states registration has been handled by "local friends and collaborators." Most states require registration.

In each jurisdiction, it is a misdemeanor, punished by fines and jail terms of less than a year, to raise funds without a license. But prosecution depends on whether the small enforcement staff in each state seeks to have someone punished under state law and whether the local prosecutors agree to file a charge.

Using its fund-raising agent, Bruce Eberle and Associates, of Vienna, Va., the committee has solicited money throughout the United States, even in places where it was not licensed.

Mr. Eberle said "yes, I would think" his firm had sent committee mailings to all 50 states. "I'm not positive about D.C.," he added. Later, he said the agency had adopted a "blanket policy" against soliciting in Washington six months ago, and that "I'm positive we're not going to the District now."

But independent of the Eberle agency, the committee also has conducted fund-raising drives by telephone and solicited contributions in separate literature. Money raised in Washington would pass through the elaborate pickup and escrow arrangement the agency says is used to safeguard funds.

The committee's records show that it independently hired Lori Saxon of suburban Virginia for free-lance telephone solicitation early this year, and that effort produced at least one $100 donation from Washington.

Solicited by Eberle, sent to a variety of conservation mailing lists, were received in both Maryland and Virginia when the committee was not licensed in those states. Most recently, an April appeal for support of a Korean War memorial rally in Philadelphia produced at least one contribution of $25 or more from Baltimore, according to committee literature.

The committee's direct-mail campaign has sent out more than 2 million fund-raising letters.