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Approval
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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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DEC 30 1970



Dear Mr. Patten:

Your letter of October 27, 1970, requested that we investigate several aspects of the action of the General Services Administration (GSA) for conveying to Broadway Associates certain land at Camp Kilmer, New Jersey. You asked whether any employees of the U.S. Government, or any other persons, had violated any U.S. laws in the handling of this transaction and whether there had been anything improper or unethical about the transaction, particularly the payment of a finder's fee of \$100,000 to Mr. Joseph Danzo by Broadway Associates.

We examined pertinent laws and GSA regulations relating to the disposal and sale of surplus Government property and reviewed GSA records of the conveyance to determine if there had been anything unusual or improper about the conveyance transaction. Our review of these records did not reveal that there had been any improprieties or that a finder's fee had been paid to Mr. Danzo by Broadway Associates. We did not discuss the conveyance with either Mr. Danzo or Broadway Associates.

In February 1966 GSA offered about 353 acres of land at Camp Kilmer for public sale through solicitation of sealed competitive bids. Broadway Associates' bid of \$1.8 million was the highest of the 31 responsive bids received. This amount was below GSA's estimate of the value of the property; therefore, GSA afforded Broadway Associates the opportunity to increase its bid. Broadway Associates submitted an amended bid of \$2 million which exceeded GSA's estimate and which GSA accepted on May 5, 1966.

Broadway Associates made a down payment of 20 percent of the purchase price and executed a note for the balance. The note required quarterly payments of \$40,000 extending over a 10-year period, plus interest on the unpaid balance at the rate of 5 percent a year. The note permitted prepayments and, according to GSA, a principal balance of only \$76,400 remained unpaid on the note at June 30, 1970.

Our review of GSA records did not reveal any evidence of violations of U.S. laws or any improper or unethical practices in connection with this transaction and did not indicate that a finder's fee had been paid by Broadway Associates to any person.

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At our request, GSA representatives also made a search of the records and advised us that the records contained no evidence that a finder's fee had been paid to Mr. Danzo or to any other person by Broadway Associates and that, to the best of their knowledge, a finder's fee was not paid to any person. They also noted that the bid document signed by Broadway Associates contained the following certification.

"(a) That he [the bidder] has not employed or retained any company or person (other than a full-time bona fide employee working solely for the bidder) to solicit or secure this contract, and (b) that he has not paid or agreed to pay any company or person (other than a full-time bona fide employee working solely for the bidder) any fee, commission, percentage, or brokerage fee, contingent upon or resulting from the award of this contract ***."

We did not request the formal views of GSA officials on the contents of this report, nor did we release copies of the report to them. We have notified them, however, of the general subject matter of the report and the date of its release.

We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,


Comptroller General
of the United States

The Honorable Edward J. Patten
House of Representatives