

# Report Links Watergate To Hughes-Rebozo Funds

## Unreleased Study by Senate Panel Staff Theorizes Operation Was Designed to Keep \$100,000 Payment Secret

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Special to The New York Times

8/4/74

WASHINGTON, Aug. 3—A still-secret report of the Senate Watergate Committee staff sets forth a theory that the Watergate break-in and the intelligence-gathering plot that inspired it were the end result of a White House effort to surpass public knowledge of a \$100,000 payment from Howard Hughes to Charles G. Rebozo, President Nixon's principal business associate.

The 42-page document, the only part of the committee's final report not yet released, is based on an analysis by Senate staff lawyers of millions of words of published and unpublished evidence gathered during the panel's recently concluded 18-month investigation.

Watergate investigators have never developed a credible motive for the creation of the Nixon campaign's "Gemstone" bugging and burglary unit, and the Senate report makes clear that it does not attempt to set

forth definitive conclusions about the intent of those involved in establishing or carrying out the illegal operations.

The Senate report was not released with the Watergate committee's other findings because of reported objections by the chief minority counsel, Fred D. Thompson, that it was inconclusive. Committee officials have said that they expect to make it public later, however.

### Various Theories Advanced

Various theories have been advanced for the Watergate break-in. The prosecutor at the first Watergate trial suggested a plot to blackmail Democratic party officials. Others, including White House officials, have attempted to tie the burglary to the Central Intelligence Agency. The participants have said they were told to look for evidence of financial con-

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tributions to Democratic candidates from Communist governments.

Investigators now consider all of these possibilities equally improbable.

The evidence assembled in the Watergate Committee report, which was made available to The New York Times, presents a circumstantial case that the still-illustate motive for the bungled Watergate burglary involved high-level White House fears that disclosure of the Hughes-Rebozo transaction would damage the President's chances for re-election in 1972.

When captured, the Watergate burglars carried copying cameras as well as bugging equipment. They presumably intended to photograph, as they had during an earlier entry into the Watergate, documents in the files of Lawrence F. O'Brien, the chairman of the Democratic National Committee

Before assuming that post, the report notes, Mr. O'Brien had worked for 16 months as a highly paid public relations adviser to the Hughes organization. The implication is that Mr. O'Brien was perhaps thought to possess documents relating to the \$100,000 payment, which was made while he worked for Mr. Hughes.

"It's the best theory we have on the Watergate break-in," one committee investigator said of the report.

The evidence that was published by the committee included sworn allegations that Mr. Rebozo had privately conceded giving or lending part of the \$100,000 he received from a Hughes employe to Donald and Edward Nixon, the President's brothers, Rose Mary Woods, his White House secretary, and others.

The committee's public evidence also raised the possibility that part of the cash was deposited in trust accounts at the Key Biscayne, Fla., Bank and Trust Company, which Mr. Rebozo heads, and elsewhere, and that it was to finance more than \$30,000 in improvements to the President's Florida home.

As the evidence assembled in the unreleased report points out, the first public mention of the \$100,000 payment from the Hughes organization to Mr. Rebozo was made by Jack An-

derson, the syndicated columnist, in August of 1971, about a year after the last of two \$50,000 installments had been placed in Mr. Rebozo's hands.

That article, according to the report, gave rise to the initial concern that some of the less easily explained details of the murky Hughes-Rebozo transaction might surface to create political difficulties for the President the following year.

The concern was apparently justified. Less than two months later, Herman M. Greenspun, the publisher of The Las Vegas Sun, approached a White House official in Portland, Ore., to ask if the reported "campaign contribution" from Mr. Hughes had been used to help finance the purchase of Mr. Nixon's San Clemente, Calif., estate.

### A Visit By Kalmbach

When word of the publisher's query reached John D. Ehrlichman, at the time the President's chief domestic aide, he dispatched Herbert W. Kalmbach to Las Vegas to assure Mr. Greenspun that no such funds had entered into the San Clemente purchase.

Mr. Kalmbach, then Mr. Nixon's personal lawyer, also reportedly tried to learn precisely what Mr. Greenspun knew of the \$100,000 payment and of the Hughes organization's erstwhile relationship with Donald Nixon, which had caused the President political embarrassment in 1960.

It was then, in the midst of then-Vice President Nixon's unsuccessful campaign for the Presidency, that reports first appeared of an almost entirely unsecured \$205,000 loan made four years earlier by Mr. Hughes to the younger Nixon. Noah Dietrich, a former Hughes associate, has since said that the loan, which Donald Nixon has never repaid, was negotiated by the Vice President himself in his brother's behalf in 1956.

What Mr. Greenspun told Mr. Kalmbach is unclear, but the newspaperman has since acknowledged that he possesses memorandums of correspondence between the reclusive Mr. Hughes and Robert A. Mahen relating to the \$100,000. The Billionaire discharged Mr. Matteu as head of his Nevada gambling and hotel operations in December of 1970.

### Discussion Later Denied

Robert Bennett, a Washington public relations man who represents the Summa Corporation, Mr. Hughes's umbrella organization, initially told the Watergate committee that he might have advised two White House officials in late 1971 that Mr. Maheu had put into Mr. Greenspun's office safe some of the memos he apparently took with him when he left Mr. Hughes's employ.

But according to the Senate report, Mr. Bennett later denied having discussed the matter with the two officials, Charles W. Colson, then Spe-

cial Counsel, and E. Howard Hunt Jr., White House consultant later convicted in the Watergate break-in case.

In any event, Mr. Nixon's aides reportedly were sent "in to a panic" over the Anderson column and the Greenspun inquiry. On Jan. 24, 1972, the

fears were intensified when Mr. Anderson published a second article on the \$100,000 payment, noting that he had "evidence" that it had taken place.

Eleven days later, The New York Times reported that Mr. Greenspun had been provided with a collection of "hundreds" of Hughes-to-Maheu memos. The Watergate committee report stated:

"Since Greenspun and Anderson were known to be close personal and business associates, one might have reasonably concluded that Greenspun had provided evidence of this transaction to Anderson."

The Times article appeared on Feb. 3, 1972. The following day, according to the testimony of Jeb Stuart Magruder, former Deputy Director of the Nixon campaign, he attended a meeting at the Department of Justice to consider the "Gemstone" spy plan being proposed by G. Gordon Liddy, a Nixon campaign lawyer who was also convicted in the Watergate case.

The meeting, according to Mr. Magruder, was headed by John N. Mitchell, then Attorney General, who one month later became director of the committee for the re-election of the president.

### Secret-Magruder Testimony

In a secret session last October, the report said, Mr. Magruder told the Watergate committee that, while Mr. Mitchell had shown little interest in most aspects of Mr. Liddy's plan, it had raised with some enthusiasm the possibility of a burglary of Mr. Greenspun's office.

"The only project he authorized that day," the report said, "a survey or feasibility study" of Greenspun's office to determine if his office could be entered and his safe broken into."

Mr. Mitchell also mentioned Mr. Magruder said, the home and office of Mr. O'Brien, a political future target for electronic surveillance or burglary.

Mr. Liddy agreed to under take the Greenspun "survey" which, according to Mr. Magruder's testimony, the Attorney General had characterized as more pressing and important than the other target discussed that day.

Mr. Magruder said he subsequently reported the details of the meeting to Gordon Strachan, a White House aide who served as the campaign committee's liaison to H. R. Haldeman, then chief of the White House staff.



According to the Magruder account, Mr. Mitchell did not mention the Hughes money at the meeting, but talked instead of material believed to be in Mr. Greenspun's safe which, if made public, would embarrass Senator Edmund S. Muskie of Maine, at the time Mr. Nixon's principal Democratic Presidential opponent.

#### Mitchell's Explanation

Mr. Greenspun later told the Watergate committee that he had no such information about the Senator, the report said. Mr. Mitchell explained his in-

terest in Mr. O'Brien, the report said, by alluding to "kick-backs" that the Democratic National Committee was rumored to have received from business exhibitors at the party's upcoming national convention, and made no mention of Mr. O'Brien's prior relationship with Mr. Hughes.

But, according to the report, "the evidence . . . suggests that the actual motive of Attorney General Mitchell for suggesting O'Brien and Greenspun as targets were not the reasons given to the team which actually executed the burglary" of the Watergate.

It notes that from October of 1969 until February of 1971 Mr. O'Brien had held a \$15,000-a-month contract as a public relations consultant to the Hughes organization.

The evidence on the precise dates of the two \$50,000 payments to Mr. Rebozo from Richard G. Danner, the manager of one of Mr. Hughes's Las Vegas hotels is conflicting and clouded by failures of memory.

But by all accounts, the deliveries which were initiated in Mr. Hughes's behalf by Mr. Maheu, who had also hired Mr. O'Brien, took place between August of 1969 and October of 1970, the approximate period of Mr. O'Brien's consultancy.

It was also in August of 1969 that Mr. Rebozo first began to make major expenditure for improvements to the President's Florida homes, according to the committee. Between that month and early 1973, the report noted, more than \$450,000, about half of it in \$100 bills was spent by Mr. Rebozo on Mr. Nixon's behalf. He was later reimbursed by some \$13,000 by the President.

#### Money in \$100 Bills

The Hughes money was also received by Mr. Rebozo in \$100 bills and a public portion of the Watergate committee report has concluded, after an examination of subpoenaed financial records, that the only funds available to the Florida banker for such expenditures were campaign contributions he had received in Mr. Nixon's name.

The committee's investigation established for the first time that Mr. Rebozo's role as a collector of funds for the President was far broader than either he or the White House had previously acknowledged and recent disclosures indicate that it may have been more extensive still.

A confidential White House memorandum, written in May of 1972 to Mr. Haldeman and obtained and released by the Judiciary Committee, says that the regular Nixon campaign fund-raisers in Florida were "having trouble raising money" because potential donors there "claim to be giving through Bebe," "Bebe" is Mr. Rebozo's nickname.

The memo remarked that "In addition to campaign spending law problems of such gifts, the risk of unfavorable newspaper stories is also high."

Of about \$160,000 in Nixon "campaign contributions" that

Mr. Rebozo has admitted receiving, the \$100,000 payment from Mr. Hughes and a \$50,000 donation from a Florida grocery executive were never recorded in the books of the Nixon campaign's finance committee, the Watergate report said.

#### Plan in 'Case' Office

A few days after the February, 1972, meeting in which Mr. Mitchell had singled out Mr. Greenspun and Mr. O'Brien as "targets," the report continued, two seminal events occurred:

Mr. Liddy told James W. McCord, one of the five men later to be arrested in Mr. O'Brien's office at the Watergate, that he had had to talk Mr. Mitchell out of bugging Mr. O'Brien's Washington apartment, and that "he was going out to Las Vegas, Nev., in connection with casing the office of Hank Greenspun. . ."

Mr. Hunt, then a part-time White House consultant who was also working for Mr. Bennett's public relations firm, met with Ralph Winte, a Hughes security officer, and discussed, according to his testimony, their "commonality of interest" with respect to the contents of Mr. Greenspun's safe.

The Hughes organization, then enmeshed in a complex legal battle with the departed Mr. Maheu, was eager to get the potentially damaging Hughes memos back.

Mr. Hunt testified that Mr. Winte also expressed such an interest, "indicated that there would be no problem" in providing a break-in team with support in Las Vegas, and agreed to "attempt to produce a floor diagram of the Greenspun office."

Mr. Hunt said that he and

Mr. Liddy met Mr. Winte again in Los Angeles on Feb. 20, 1972, and were shown such a floor plan. Mr. Winte denied to the committee investigators that Mr. Hunt ever made such a request; however, or that he was ever shown any such diagram.

#### McCord Recollection

Mr. McCord recalled in executive session, the report said, that Mr. Liddy had told him two months later of having visited Las Vegas to inspect Mr. Greenspun's office, presumably for the second time, but he said he had never heard that a burglary there had taken place.

Mr. Hunt agreed in his public testimony that the Greenspun operation had not come off. Mr. Liddy has remained silent on that and all other matters.

The Watergate burglars, under the direction of Mr. Hunt and Mr. Liddy, first entered the Democratic party's offices on the weekend of May 28, 1972, where they bugged Mr. O'Brien's telephone and photographed his files. They reportedly found no records of any campaign contributions, however.

The O'Brien bug did not work properly, and the team returned again in the early morning of June 17, 1972, to repair it, but they were surprised and captured by the police before finishing.

Bernard L. Barker, one of the five arrested men, said later that his instructions had been to photograph any documents in Mr. O'Brien's files concerning Democratic campaign contributions.

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