

Vesco Hired Nixon Nephew After U.S. Inquiry Began

Special to The New York Times

BOONTON, N. J., May 3—In July, 1971, one month after the Securities and Exchange Commission began investigating Robert L. Vesco, the New Jersey financier, Mr. Vesco approved the hiring of Donald F. Nixon, the young nephew of President Nixon.

Donald Nixon subsequently became the personal aide to Mr. Vesco and lived with the Vesco family in their sprawling, U-shaped ranch home here in Boonton.

He traveled extensively throughout the world with Mr. Vesco, whom he recently described as a "best friend," and stayed with him in Nassau in the Bahamas and Costa Rica.

When Donald Nixon was hired, Mr. Vesco reportedly told associates: "I'm doing the Nixons a favor, it can't do any harm."

An associate of Mr. Vesco said that there was "no question" that the financier hired Donald Nixon because he thought it could somehow help in the future. He described Mr. Vesco as a "chess player who plans his moves well ahead."

Hired by Europe Aide

The nephew, who is now 26 years old, was hired through Gilbert R. J. Straub, who was then director of European services for International Controls Corporation, of which Mr. Vesco was chairman of the board and chief executive officer.

Although Mr. Vesco, Mr. Straub, and Donald Nixon could not be reached for comment, an idea of their relationship emerged from a series of interviews with business associates and acquaintances of the three men.

The President's nephew is another member of the Nixon family who has been recently reported to have ties with Mr. Vesco and his organizations.

Both Mr. Vesco and Mr. Straub, who were friends, have left International Controls and both have been named in an S.E.C. civil complaint alleging that they and six other associates diverted more than \$220-

million from mutual funds into companies controlled by Mr. Vesco.

Mr. Straub is reported to have occasionally mentioned that he was a close friend of the President's two brothers, F. Donald Nixon, 57, the father of Donald, and Edward C. Nixon, 42.

Two months ago it was disclosed that Edward Nixon had played a role in the delivery of a secret \$200,000 cash contribution made by Mr. Vesco to the Committee for the Re-election of the President last year.

In June, 1972, when Mr. Straub was married to a young German woman at the Carlisle Hotel in New York City, sources said, both Nixon brothers attended the ceremony.

Mr. Straub, according to the sources, said that he was asked by "the Nixon family" to find a job for young Donald Nixon. According to Mr. Straub, the sources said, the Nixons were concerned about Donald's future.

[A spokesman for the White House, asked today if there had been any efforts by the Nixon family to get the President's nephew a job in the Vesco organization, said it would have no comment on the matter since Mr. Vesco was currently under investigation.]

Served in the Navy

The young man has served in the Navy and has told associates that he was wounded slightly in Vietnam. He has also said that prior to joining the Vesco organization, he traveled through India and lived in a commune somewhere in the Midwest.

There are conflicting reports as to his current whereabouts. Yesterday, a man resembling young Mr. Nixon, a slender six-footer with light brown hair, testified before a Federal grand jury in New York City investigating Mr. Vesco's tangled financial dealings.

However, reliable sources said today that Donald Nixon was flown from the Vesco residence in Nassau last weekend to Costa Rica "to keep him away from investigators."

"He tells lots of stories and they're afraid of what he would say," one source said.

In Nassau, where Mr. Straub is serving as a director of the Bahamas Commonwealth Bank, Ltd., the current center of the Vesco operations, young Mr. Nixon is reported to have been living aboard a houseboat at Paradise Island. A few days ago he is said to have taken a friend to the Nassau airport to show him an unmarked Boeing 707 that belongs to Mr. Vesco.

When Mr. Nixon was originally hired by the Vesco organization, Mr. Straub wrote a lengthy memo to a high-ranking International Controls executive explaining the details.

"With the agreement of Robert L. Vesco, I have secured the services of Don Nixon . . . per our recent conversation we have agreed to compensate him monthly as a 'consultant,' the mechanics to be determined by your good offices," the Straub memo said.

Reported Not on Payroll

A spokesman for International Controls said, however, that Donald Nixon had never been on the payroll of the company and had no responsibilities within the company.

Six weeks ago, when Mr. Vesco finally moved the last of his personal belongings from the company, it was Donald Nixon who picked them up.

One source said that Donald Nixon was paid approximately \$10,000 annually and received a small expense account. The source said that Mr. Nixon had apparently been paid through a Nassau-based corporation controlled by Mr. Vesco. But Mr. Nixon has told associates that he had no regular salary and that "Mr. Vesco gave money out of his pocket from time to time."

Donald Nixon lived with Mr. Straub for a while in Germany, and also traveled with him throughout Europe.

Mr. Straub has been said to have described his relationship with the President's nephew as that of a "babysitter, to look out for him."

Mr. Straub also wrote in the

1971 memo that Donald Nixon was not to be given preferential treatment, but that any "disciplinary actions, should they be required, should come through me."

Donald Nixon served as Mr. Straub's personal aide and was treated, according to sources, as a "gopher," an aide, that is, whose functions were limited to making travel arrangements, restaurant reservations and the like.

Warned to Be Careful

Mr. Nixon recalled to an associate recently, that John D. Ehrlichman, President Nixon's top domestic adviser who resigned earlier this week in the wake of the Watergate scandal, warned him when he joined the Vesco operation to be careful not to embarrass the President.

In an informal telephone conversation with a newsman from Mr. Vesco's Boonton home, the President's nephew said: "I don't think I'm a black sheep . . . I know everybody does his own little trip . . . I catch flak from every side. I was born into the Nixon family. It really wasn't my choice, although I'm proud of it."

He reportedly said during the rambling conversation that Mr. Vesco was like a "mentor" and a "best friend" to him.

"It's interesting. I think my being with Mr. Vesco hurt him more than anything else . . . He's the one person who has never lied to me—ever. I'd put him up to some heavies."

Mr. Nixon also talked highly of Mr. Vesco's wife, Patricia, as "a real nice sweet lady."

He began working as Mr. Vesco's personal aide and living with him in June, 1972, when Mr. Straub was married. He lived in the Vesco home for approximately seven or eight months, until some time early this year.

He is fond of the four Vesco children, he said, and thinks that the eldest son, Daniel, who is attending Lehigh University in Pennsylvania, is a "genius." The other children are Anthony, 15, Dawn, 12, and Robert, 9.

Donald Nixon has babysat for the two younger Vesco children.