

Walter Pincus

Post 7/22/74

# The Watergate Decoy

As you may recall, there was a delay in the FBI Watergate investigation from June 23, 1972, to July 6, 1972. It occurred, according to President Nixon in his statement on May 22 last year, because: "I instructed Mr. (H. R.) Haldeman and Mr. (John) Ehrlichman to insure that the investigation of the break-in not expose . . . an unrelated covert operation of the CIA. . . ." Now, however, an FBI memo, written just days after the burglars were arrested and contained in the material released last week by the House Judiciary Committee suggests that Mr. Nixon may have had a different reason for seeking a delay of the FBI inquiry: the Bureau was getting too near the truth.

In fact, the memo and other information in the Judiciary Committee material indicate that when Haldeman stepped into the picture, he already knew that the FBI was going to uncover a link, not with the CIA, but rather with the Nixon re-election committee.

In the FBI memo, Robert Kunkel, special agent in charge of the Washington Field Office, is reported to have told then acting FBI Director L. Patrick Gray III on June 21 that it was his theory that the Watergate break-in was "in furtherance of the White House efforts to locate and identify 'leaks.'" Though the memo doesn't spell it out, Kunkel was aware of, and thus apparently referring to, the Bureau's wiretapping of 17 individuals at the request of the White House that took place between May 1969 and February 1971 as part of a program to trace news leaks. Those wiretaps had been the responsibility of the Washington Field Office and several months earlier Kunkel had been caught in an internal Bureau battle over possession of the records of that program.

On the morning of June 22, 1972, the FBI pulled together additional material that gave some support to the Kunkel theory of White House involvement in the Watergate break-in. Bureau agents had discovered a \$25,000 check, drawn on the account of Kenneth Harry Dahlberg, had, two months before the break-in, been cashed by one of the Watergate burglars, Bernard Baker. Furthermore, the Bureau had identified Dahlberg as a millionaire industrialist from Minnesota who "has been active in the Republican Party in the midwest" and was the subject of an FBI investi-

gation "at the request of the White House in December 1969." FBI agents, the memo states, had checked with the White House that day and found Dahlberg "was not presently connected with the White House.

At this point it is worth remembering the rather duplicitous role played during the Watergate investigation by Acting Director Gray. Gray, a Nixon partisan, had been appointed acting director just one month earlier upon the death of J. Edgar Hoover. A former Navy captain, he was used to taking orders and maintained an unquestioning loyalty to Mr. Nixon. When the Watergate arrests occurred, Gray was in California. He had remained there until the evening of June 20. When he returned to his office, the morning of June 21, he was called by John Ehrlichman at the White House. Ehrlichman informed him that then-White House Counsel John Wesley Dean III would

*The writer is executive editor of The New Republic.*

be his liaison for the Watergate investigation. Gray immediately called Dean and met with him later in the morning. The White House, and particularly the President, Dean told Gray, wanted to keep abreast of the FBI inquiry.

At 4:05 p.m. June 21, Gray got his first complete briefing on the FBI Watergate investigation from Kunkel and two other top FBI officials, Associate Director Charles Bates, who had overall charge of the investigation, and W. Mark Felt, Gray's assistant director. It was at this initial briefing that Kunkel spelled out his theory and Gray responded, according to the memo, that "we should of course consider this but not let it influence our complete investigation." Gray also made a decision that clearly deceived his aides about his dealings with the White House. He ordered a "hold up of any dissemination of (investigative) information to . . . (the) White House." That instruction implied to Gray's aides that he was going to be independent of the White House in this highly explosive political investigation. In fact, however, Gray was on the phone to Dean at the White House at 5:25 p.m., minutes after the meeting with his aides was over. At that time Gray apparently told Dean

the Bureau had discovered that four

*"Mr. Nixon may have had a different reason for seeking a delay of the FBI inquiry: The Bureau was getting too near the truth."*

Mexican checks totaling \$89,000 had also been cashed by Watergate burglar Bernard Baker.

The next morning, June 22, almost immediately after Gray learned from Bates about the \$25,000 Dahlberg check and Dahlberg's GOP connections, the acting director again called Dean. Did he pass on this damaging new information? Dean testified he couldn't remember whether information about the check first came from Gray or from Nixon Finance Chairman Maurice Stans. From the available evidence, it appears it was Gray on June 22 who first gave the news.

The afternoon of June 22, Gray again called Dean and 20 minutes later Gray called CIA Director Richard Helms. In his Senate testimony, Gray said he told Helms of "our (FBI) thinking that we may be poking into a CIA operation." Was that the FBI thinking? The FBI memo, which records the Kunkel White House involvement theory makes no mention of any speculation that Watergate could be a CIA activity — even though such a possibility was being raised in the press at the time. Kunkel, Bates and Felt, the three FBI officials most closely involved with Gray, have never been questioned on this matter by Senate, House or Special Prosecutor investigators. The point worth raising

is whether Gray was pursuing a White House suggestion in calling Helms, or whether he was acting on a legitimate problem raised by his staff.

Helms, in his June 22 conversation with Gray, said he "had been meeting on this every day with his men, that they knew the people, that they could not figure it out but that there was no

CIA involvement."

While Gray was testing the CIA theory with Helms, a different type of inquiry was under way over at the Nixon finance committee. Its purpose was to find out about the Dahlberg and Mexican checks. According to Dean, Finance Chairman Stans was worried about the Dahlberg check because "it was in fact a contribution from Mr. Dwayne Andreas . . . a longtime backer of Senator Hubert Humphrey." Stans also had learned from his treasurer that the Dahlberg and Mexican checks had been given to Watergate conspirator G. Gordon Liddy to be cashed, and that was why they had passed through Barker's account.

Dean later testified that both Stans and Nixon campaign manager John Mitchell asked him "to see if there was anything the White House could do to prevent . . . unnecessary embarrassment" that would result from further FBI investigation of the checks. "In turn," Dean testified, he "related these facts to Haldeman and Ehrlichman." If Dean's testimony is correct, that would mean the two White House aides were aware, by the evening of June 22, that investigation of the Dahlberg and Mexican checks would lead not to the CIA but to the Nixon committee.

On the evening of June 22, Dean went to the Justice Department for a talk with Gray. Both Dean and Gray agree the discussion turned on theories of the case. Ironically, Gray in his Senate testimony did not mention the only theory recorded in the FBI's internal memo—that it was a White House connected operation. Instead he focused on various CIA theories. Gray could not recall in his testimony whether he told Dean about Helms' denial of a CIA involvement but thought it was "likely" he discussed it.

Early the next morning, June 23, Stans twice talked with Dahlberg who was in Minnesota with the result that the Minnesotan took a plane and came to Washington. Over at the White House

that morning, Haldeman (according to his own account) discussed with the President the so-called FBI theory, mentioned to him by Dean, that there might be a CIA involvement in the Dahlberg check and the Mexican checks. Shortly after Haldeman's meeting with the President ended, CIA Director Helms and Deputy CIA Director Vernon Walters were asked to come to the White House for a meeting with Haldeman and Ehrlichman.

At 1:30 p.m. June 23, the meeting began in Ehrlichman's office. Helms, Walters and Ehrlichman agree Haldeman said the FBI investigation into the Mexican checks could run into a CIA operation and thus the FBI should delay that phase of its inquiry. Five minutes after the White House meeting began, and before Walters was told to go see Gray, John Dean called Gray and told him Walters would be coming to see him, to ask for a halt in the Bureau's investigation of the Dahlberg and Mexican checks.

Walters did go, and following his visit, Gray ordered FBI agents to cease their attempts to interview Dahlberg and to drop, temporarily, the Mexican phase of the inquiry.

At that moment, Haldeman, Ehrlichman, Dean, Mitchell and Stans all knew that further inquiry into those checks would involve only the Nixon finance committee, not the CIA. For two weeks, however, their ploy worked and delayed that part of the Bureau investigation.

Did the President know? He must have. For it is unlikely that Haldeman would have kept that information from him. The tape of their June 23 morning meeting, plus two other conversations—both before and after Haldeman's session with Helms and Walters—have been subpoenaed. They most certainly would show what the President knew about this particular obstruction of the Watergate investigation.