

Debts Blamed for Stonehouse's

By Bernard D. Nossiter
Washington Post Foreign Service

LONDON, Dec. 30—A crushing burden of debt drove John Stonehouse, the former Cabinet minister, to stage a fake drowning and start a new life under an assumed name in Australia.

"This is the judgment of authorities here, who have ruled out more exotic explanations for Stonehouse's flight.

Today, two government agencies disclosed that they are looking into the tangled affairs of the Labor Party member of Parliament. Detectives from Scotland Yard's company fraud branch are working on the books of several Stonehouse companies. Inspectors from the Department of Trade, with wider powers to question witnesses and examine records, are probing a Stonehouse bank and other concerns.

Since the fast-talking politician vanished from a Miami Beach hotel Nov. 20, he has inspired a rash of romantic theories. His disappearance was linked to vengeful gangsters, his alleged service for Czechoslovakian intelligence and his equally fanciful role as a supposed agent for the Central Intelligence Agency.

It is the prosaic explanation of accumulating business woes, however, that is now accepted by knowledgeable sources here as the underlying motive. Money problems, say authorities, depressed Stonehouse to the point of unreason.

After his Christmas Eve unmasking by police in Melbourne, Stonehouse wired Prime Minister Harold Wilson that he had run away because of "incredible pressures being put on me, particularly in my business activities, and various attempts at blackmail."

The word "blackmail" is taken to be Stonehouse's expression for his creditors' efforts to collect their debts. Mrs. Sheila Buckley, Stonehouse's personal secretary, has suggested that "bullying" is more accurate. It fits, she said, his "business enemies" who "tried to take advantage of his position" as a member of Parliament.

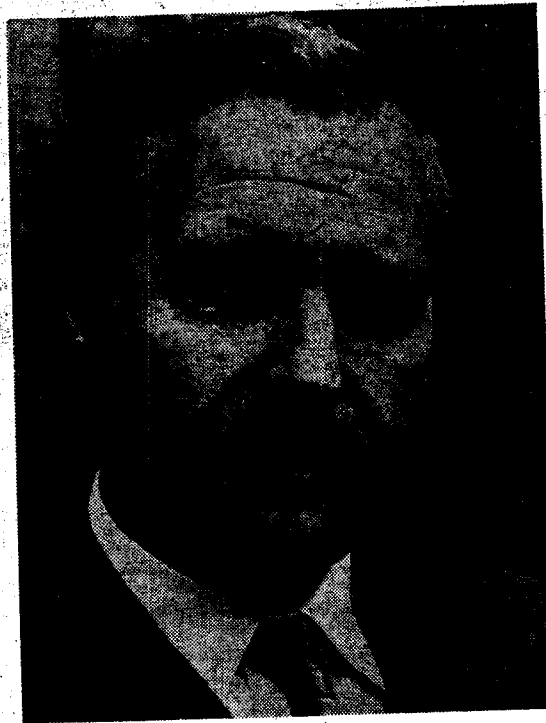
Stonehouse himself has told the Daily Express that business associates threatened his political career by demanding that he make good on loans and deals he had undertaken in his effort to become rich.

The size of Stonehouse's debts is not known precisely, but investigators have made a preliminary estimate of more than \$500,000. Peter Collaro, a former executive in one of the many firms set up by Stonehouse, has said the member of Parliament is "bound to be declared bankrupt."

Until last summer, Collaro ran Global Imex, the Stonehouse export-import concern. He translates "blackmail" to mean simply that Global Imex suppliers want to be paid for their goods. Collaro also claims that Stonehouse welched on a promise to buy back his \$11,700 investment in the company.

For a man who directed Britain's post office and served as Minister of Posts and Telecommunications in an earlier Wilson government, Stonehouse was a remarkably unsuccessful entrepreneur. His first venture after Labor's 1970 defeat was a wine-importing concern that consistently lost money. The Sunday Times has estimated that Stonehouse borrowed at least \$48,000 to keep it afloat.

But his biggest drain was a bank he set up to serve Bengalis here, the British Bangla-



By Joe Heiberger—The Washington Post

John Stonehouse, who chose "the devious route."

desh Trust. Stonehouse has put an estimated \$340,000 into the bank, drawing on at least three of his other companies and borrowing under his own name to raise this sum.

Officials at the bank, now called London Capital Group, insist that it is in the black. Keith White, the general manager who quit after a row with Stonehouse, said in an interview today that the institution was solvent when he last looked at its books a year ago.

White also said that "all of Stonehouse's monies had run out," however. A bank direc-

tor, John McGrath, has publicly expressed his "concern" over the institution's assets. Many small banks are in trouble here because of loans made on fast-sinking real estate.

White is suing Stonehouse for \$32,000, charging, like Collaro, that the fugitive member of parliament had promised to repurchase his shares. But he scoffs at Stonehouse's cry of "blackmail."

"I think he is playing Walter Mitty," White said. "Just because he's an M.P., doesn't he have to pay his debts?"

Chicaneries

The ex-bank manager said he deliberately passed up the chance to embarrass Stonehouse during the October election campaign by not publicizing his suit then. "I didn't even tell the Conservatives about it," White added.

Despite his debts, Stonehouse did manage to scrape up enough money for his Australian flight. He financed it in part by collecting two years of back pay worth \$46,000 from his hard-pressed export-import business.

The elaborate masquerade, clearly planned well in advance, fits what was described today as the Stonehouse style. A high civil servant who once worked under Stonehouse said, "If there was a straight-forward and a devious way of doing anything, he would choose the devious route."

As early as last July, Stonehouse was closely questioning the widows of two of his constituents to absorb personal details about their late husbands. He used the birth certificate of one to get himself a new passport under the name of Joseph Arthur Markham.

At the time, his wife, Barbara, took out an extra \$160,000 worth of insurance on Stonehouse's life. Barbara, who has now joined her husband in Australia, might have collected if Stonehouse's apparent death by drowning had not been unmasked.

In November, Stonehouse made one last unsuccessful bid to raise money in Miami. He then carefully drew attention to himself jogging on the beach in a bathing suit and vanished.

Stonehouse slipped into Melbourne with the Markham passport and could have gone undiscovered except for a striking coincidence.

Police there were looking

for another missing Briton, Lord Lucan, who is wanted for murdering his children's nurse and attempting to strangle his wife. So the distinguished-looking Englishman who daily collected mail addressed to "Markham" from a general delivery window aroused detectives' suspicions.

Stonehouse has now asked Australian authorities to let him stay and start all over again. The country's immigration minister, Clyde Cameron, appears more than sympathetic. He has gone out of his way to minimize Stonehouse's use of a false passport, saying that a British member of Parliament doesn't need to bother with such formalities.

Authorities here are unlikely to ask for Stonehouse's return over the passport, although his false application is a criminal offense. If other serious charges are made, however, Stonehouse will be extradited.

Meanwhile, an embarrassed Labor Party is impatiently waiting for Stonehouse to give up his seat in Parliament. The Wilson government holds only a three-vote edge over all opposition groups and cannot afford any absentees. His Australian lawyer has said Stonehouse will resign.

'Laundering' Alerted Police to Stonehouse

By Christopher Sweeney
Special to The Washington Post

SYDNEY, Australia, Dec. 30—John Stonehouse tried to "launder" more than \$25,000 through two Australian banks, apparently to make it impossible to trace the money, two weeks before his arrest in Melbourne.

According to authoritative government sources, Melbourne police were first tipped off about Stonehouse's presence here by one of the banks when they became suspicious of the transfer, ordered only days after the money had been first deposited in cash. Both accounts were in the name of Mildoon, a false identity assumed by Stonehouse.

The bank officials, according to police, at first believed that the mysterious but obviously upper-class Englishman calling himself Mr. Mildoon was in fact the missing aristocrat Lord Lucan, who is wanted for murder by Scotland Yard and believed to be hiding in Australia.

Government sources have now admitted that police circulated a false story last week that Stonehouse's presence here was first detected by a sharp-eyed immigration official in Perth who became suspicious of the passport he was carrying. Apparently the false stories were put out to disguise the fact that banks here sometimes volunteer information about customers' private financial transactions to police and other government departments.

Meanwhile, it was also learned today that Stonehouse had indicated to the Australian government that he will resign his seat in the British House of Commons if he is permitted to settle here as an immigrant. In a private letter to the minister for labor and immigration, Clyde Cameron last week, Stonehouse indicated that he would resign if Australia approved his application to remain.

Since Cameron is now not expected to make a final decision on the application for some weeks, it is assumed that Stonehouse's resignation will be delayed until then. Australia

is waiting to study reports on the former minister's disappearance and financial affairs, which are expected within the next few days from the FBI and Scotland Yard.

British Prime Minister Harold Wilson is understood to have privately assured Canberra that allegations that Stonehouse was connected to an espionage ring in the 1960s are untrue, although he added that there had been a major, but secret, security check on him in 1969 and 1970.

For the past two days, Stonehouse and his wife have been resting at the house of an old acquaintance.

Newspapers Attack Lenient Treatment

Agence France-Presse

CANBERRA, Dec. 30—Australian newspapers today attacked the government for its leniency toward runaway Stonehouse.

Editorials noted that other persons who were not members of Parliament had been jailed for entering on a false passport, as Stonehouse did.

Immigration Minister Clyde Cameron said in a television broadcast today: "If Mr. Harold Wilson entered Australia as a gypsy in disguise or Queen Elizabeth entered Australia as a pixie in disguise and their identities were subsequently established, they would be entitled to remain."

British Commonwealth members of Parliament are allowed to enter Australia without undergoing passport formalities.