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Bug Suspect Got Campaign Funds

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A \$25,000 cashier's check, apparently earmarked for President Nixon's re-election campaign, was deposited in April in a bank account of one of the five men arrested in the break-in at Democratic National Headquarters here June 17.

The check was made out by a Florida bank to Kenneth H. Dahlberg, the President's campaign finance chairman for the Midwest. Dahlberg said last night that in early April he turned the check over to "the treasurer of the Com-

mittee (for the Re-election of the President) or to Maurice Stans himself."

Stans, formerly Secretary of Commerce under Mr. Nixon, is now the finance chief of the President's re-election effort.

Dahlberg said he didn't have "the vaguest idea" how the check got into the bank account of the real estate firm owned by Bernard L. Barker, one of the break-in suspects. Stans could not be reached for comment.

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INCIDENT, From A1

Reached by telephone at his home in a Minneapolis suburb, Dahlberg explained the existence of the check this way:

"In the process of fund-raising I had accumulated some cash . . . so I recall making a cash deposit while I was in Florida and getting a cashier's check made out to myself. I didn't want to carry all that cash into Washington."

A photostatic copy of the front of the check was examined by a Washington Post reporter yesterday. It was made out by the First Bank and Trust Co. of Boca Raton, Fla., to Dahlberg.

Thomas Monohan, the assistant vice president of the Boca Raton bank, who signed the check authorization, said the FBI had questioned him about it three weeks ago.

According to court testimony by government prosecutors, Barker's bank account in which the \$25,000 was deposited was the same account from which Barker later withdrew a large number of hundred-dollar bills. About 53 of these \$100 bills were found on the five men after they were arrested at the Watergate.

Dahlberg has contributed \$7,000 to the GOP since 1968, records show, and in 1970 he was finance chairman for Clark MacGregor when MacGregor ran unsuccessfully against Hubert H. Humphrey for a U.S. Senate seat in Minnesota.

MacGregor, who replaced John N. Mitchell as Mr. Nixon's campaign chief on July 1, could offer no explanation as to how the \$25,000 got from the campaign finance committee to Barker's account.

He told a Post reporter last night: "I know nothing about it . . . these events took place before I came aboard. Mitchell and Stans would presumably know."

MacGregor said he would attempt this morning to determine what happened.

Powell Moore, director of press relations for the Committee for the Re-election of the President, told a reporter that Stans was unavailable for comment last night. Mitchell also could not be reached for comment.

In a related development, records made available to The Post yesterday show that another \$89,000 in four separate checks was deposited during May in Barker's Miami bank account by a well-known Mexican lawyer.

The deposits were made in



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KENNETH H. DAHLBERG
... his name on check

the form of checks made out to the lawyer, Manuel Ogarrio Daguerra, 68, by the Banco Internacional of Mexico City.

Ogarrio could not be reached for comment and there was no immediate explanation as to why the \$89,000 was transferred to Barker's account.

This makes a total of \$114,000 deposited in Barker's account in the Republic National Bank of Miami, all on April 20.

The same amount—\$114,000—was withdrawn on three separate dates, April 24, May 2 and May 8.

Since the arrest of the suspects at 2:30 a.m. inside the sixth floor suite of the Democratic headquarters in the Watergate, Democrats have tried to lay the incident at the doorstep of the White House—or at least to the Nixon re-election committee.

One day after the arrests, it was learned that one of the suspects, James W. McCord Jr., a former FBI and CIA agent, was the security chief to the Nixon committee and a security consultant to the Republican National Committee. McCord, now free on bond, was fired from both posts.

The next day it was revealed that a mysterious White House consultant, E. Howard Hunt Jr., was known by at least two of the suspects. Hunt immediately dropped from sight and became involved in an extended court battle to avoid testimony before the federal grand jury investigating the case.

Ten days ago it was revealed that a Nixon re-election committee official was fired because he had refused to answer questions about the incident by the FBI. The official, G. Gordon Liddy, was serving as financial counsel to the Nixon committee when he was dismissed on June 28.

In the midst of this, former Democratic National Chairman Lawrence F. O'Brien filed a \$1 million civil suit against the Nixon committee and the five suspects charging that the break-in and alleged attempted bugging violated the constitutional rights of all Democrats.

O'Brien charged that there is "a developing clear line to the White House" and emphasized what he called the "potential involvement" of special counsel to the President, Charles Colson.

Colson had recommended that the White House hire Hunt, also a former CIA agent and prolific novelist, as a consultant.

While he was Nixon campaign chief, Mitchell repeatedly and categorically denied any involvement or knowledge of the break-in incident.

When first contacted last night about the \$25,000 check, Dahlberg said that he didn't "have the vaguest idea about it . . . I turn all my money over to the (Nixon) committee."

Asked if he had been contacted by the FBI and questioned about the check, Dahlberg said: "I'm a proper citizen. What I do is proper."

Dahlberg later called a reporter back and said he first denied any knowledge of the \$25,000 check because he was not sure the caller was really a reporter for The Washington Post.

He said that he had just gone through an ordeal because his "dear friend and neighbor," Virginia Piper had been kidnapped and held for two days.

Mrs. Piper's husband reportedly paid \$1 million ransom last week to recover his wife in the highest payment to kidnapers in U.S. history.

Dahlberg, 54, was President Nixon's Minnesota finance chairman in 1968. The decision to appoint him to that post was announced by then-Rep. MacGregor and Stans.

In 1970, Mr. Nixon appointed Dahlberg, who has a dis-

tinguished war record, to the board of visitors at the U.S. Air Force Academy.

A native of St. Paul, Minn., Dahlberg has apparently made his money through Dahlberg Electronics, Inc., a suburban Minneapolis firm that sells miniature hearing aids.

In 1959, the company was sold to Motorola, and Dahlberg continued to operate it. In 1964, he repurchased it.

In 1966, the company established a subsidiary to distribute hearing aids in Latin America. The subsidiary had offices in Mexico City. Three years later, Dahlberg Electronics was named the exclusive United States and Mexican distributor for an acoustical medical device manufactured in Denmark.

Active in Minneapolis affairs, Dahlberg is a director of the National City Bank there as well as the American National Bank & Trust Co. of Fort Lauderdale. In 1969, he was named Minneapolis' "Swede of the Year."