

Watergate Settlement Now Cloudy

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Democratic National Chairman Robert S. Strauss said yesterday that any out-of-court settlement of Democratic litigation against the Committee to Re-Elect the President over the Watergate break-in was "a dead horse at the moment."

Instead, he said, a special fund-raising effort has been launched to help pay the costs of pressing the \$6.4-million lawsuit for damages in last year's bugging of Democratic headquarters.

Strauss said the drive has raised \$75,000 in loans since President Nixon's announcement Tuesday evening of "major developments" in the Watergate case.

"I can't begin to talk about settlement now," Strauss declared in a telephone interview. He acknowledged that he has come under heavy criticism from other Democrats since disclosure earlier this week of negotiations with the President's re-election committee to drop the lawsuit for \$525,000.

At the same time, one of the key figures in the Democratic lawsuit, R. Spencer Oliver, said he was still fearful that the case would be settled to

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the detriment of a complete airing of the facts, and said he intends to file his own suit.

Oliver, whose dismissal as executive director of the Association of State Democratic Chairmen was decreed by Strauss last week, had the only phone at DNC headquarters that was actually tapped. Speaking out at a Capitol Hill press conference, he blasted the DNC chairman for even considering a settlement. Oliver said it would destroy "an important forum through which the truth about those responsible can become known."

Strauss indicated that a compromise with the Republicans was close to fruition

when reports of the bargaining surfaced. he said there was no final understanding, but "the parameters of the settlement were certainly agreed upon."

Defending his initial inclination to favor a compromise, Strauss said that the Democratic National Committee was woefully short of cash when the dickering about an out-of-court settlement became serious several weeks ago.

"Our lawyers said they would need \$200,000 to \$250,000 to proceed and I had only enough money to get through the payroll," Strauss said. "We'd really been very unsuccessful in our fund-raising."

As a result, he said, he found the prospect of a \$500,000 bonanza instead of a \$250,000 debt—"a shift of \$750,000"—quite attractive.

The Democratic chairman said he recognized at the outset that any settlement would stir some protests from within the party. But he said preliminary checks he made with congressional Democratic leaders, several Democratic governors and "half of my executive committee" left him with the impression that a compromise would be acceptable.

He said the "vast majority" of those he consulted agreed with him that the re-election committee's "payment in excess of \$500,000 would be taken by the American public as an admission of guilt in the Watergate case." (The offer of \$525,000 reportedly included \$25,000 for Oliver.)

Turning to his critics, which include a number of state Democratic chairmen, Strauss protested that they weren't coming up with any money to pursue the case while he was out laboring for contributions to the party.

"They never contributed a quarter to the fight," he said. "Today, everybody is experting. But nobody was sending any money in."

Mr. Nixon's Tuesday announcement, Strauss said, helped change that. The DNC chairman said he happened to

have arranged that same day for the help of Democratic fund-raiser Arnold M. Picker, a close friend and political ally of Sen. Edmund S. Muskie (D-Maine). Picker is a United Artist executive.

With Picker's help, Strauss said, the Democrats have managed to borrow \$75,000 within 48 hours.

Sheldon S. Cohen, general counsel for the DNC, began taking depositions in the case Wednesday.

Oliver, meanwhile, said he believed Strauss' attempt to remove him was connected with the possibility of an out-of-court settlement of the suit, despite Strauss' denials of any such motive.

With himself out of the way, Oliver indicated, it would be easier for Strauss to have entered into an agreement. Oliver said that in the course of recent discussions, "it was suggested that a portion of that money would come to me an effort to satisfy any claim I might have for damages."

Though Strauss has been adamant about firing Oliver, there were indications yesterday that the state chairmen for whom Oliver has worked directly were rallying to his side.

On Tuesday, Robert Vance of Alabama, chairman of the state chairmen's group, said he would reluctantly go along with Strauss' demand that Oliver be dismissed, so that Strauss could have a man of his own choosing in the job.

But Oliver yesterday described his situation as "in abeyance."

A Democratic source said that the state chairmen were upset over Vance's apparent surrender to Strauss on the matter and had been pressuring Vance to backtrack.

A possible solution, this source said, would be to pull the State Chairmen's Association out of the Democratic National Committee, or to set Oliver up in a separate office. As of now, the DNC pays the staff director's salary.



ROBERT S. STRAUSS
... money talks