

Cox Weighs Grand Jury On Campaign 'Extortion'

Watergate Inquiry Said to Have Reports That G.O.P. Solicited Corporations and Individuals With Federal 'Problems'

By SEYMOUR M. HERSH

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WASHINGTON, June 20—The staff of Archibald Cox, special prosecutor in the Watergate case, is considering a grand jury investigation to determine whether the President Nixon's re-election organization used extortion and other illegal forms of fund-raising while collecting more than \$50-million in campaign contributions last year, sources close to the case said today.

The sources said that Thomas F. McBride, a special assistant to Mr. Cox, was expanding his staff in anticipation of a long inquiry into the fund-raising practices of Herbert W. Kalmbach, the President's former personal attorney; Maurice H. Stans, who served as the chief fund-raiser last year, and others.

Well-informed officials said that Mr. McBride had accumulated allegations indicating that Republican officials at one time drew up a list of corporations and individuals "who had prob-

lems with the Government" and solicited funds in late 1971 and early 1972 on that basis.

Those "problems," the officials said, ranged from pending Federal income tax cases of individuals to cost overrun disputes and Securities and Exchange Commission difficulties of corporations. One reliable source said that Mr. McBride would attempt to determine whether special lists of persons and corporations with such problems were drawn up by Republican fund-raisers late in 1971.

A source close to Mr. Cox's team said that staff lawyers were now debating whether to convene a special grand jury—as authorized in the 1970 Safe Streets and Crime Control Act—to handle the inquiry. Under the legislation, the special grand jury can issue a "presentment," or report, rather than criminal indictments against public officials "as a

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basis for removal from office."

An alternative, the source said, would be to convene another 23-member grand jury in the District of Columbia, to require the current grand jury now hearing testimony about the Watergate cover-up to also begin handling the fund-raising material.

"As we get deeper into the evidence," the source said, "it is probable" that another grand jury will be convened. As such, it would be the first special grand jury inquiry authorized by the Watergate special prosecutor.

In a dispatch today indicating a similar broadening of the Watergate scandal, The New York Times reported that the Senate Watergate committee had decided to investigate the personal finances of the participants in the bugging and cover-up to determine whether the large sums of money were misappropriated or in other ways wrongfully used.

Cash Gifts to Be Checked

The McBride investigation also will look into the more than \$1.7-million that was collected in cash by the Republicans before the April 7, 1972, implementation of the new Federal Campaign Finance Reporting Act.

One source close to the case noted that some large Republican contributors had complained privately about bringing in checks and "being told to go back and get cash."

"A lot of contributors feel that they've been had," the source added, and are believed to be willing to cooperate fully with a Federal inquiry.

Mr. McBride, a former Assistant District Attorney in New York and a former Justice Department lawyer, met with officials of Common Cause this week, sources said, and received a promise of full cooperation from the public interest lobbying group.

Common Cause filed a suit last year asking the Finance Committee to Re-elect the President, the main fund-raising group for the re-election committee, to disclose all contributions and expenditures prior to April, 1972. More than \$20-million was raised before then

for the 1972 Presidential election.

Another source provided The New York Times with a copy of a Republican report showing that contribution quotas for each large corporation were set in some area. The report, dated Sept. 5, 1972, and circulated to Republican officials in the Pittsburgh area, included the following comment:

"So far, I am sorry to report, the efforts of the corporations to help in this campaign, the outcome of which could seriously affect their future, have been surprisingly poor. Contributions from their employees are coming in very slowly and far below the average necessary to meet our goal of \$30,000 per corporation. Please make every effort to see that all employees are contacted and that a concentrated drive is carried on to help in this financial effort."

The document was signed by Richard Wright, chairman of the Allegheny County, Pa., Committee for the Re-election of the President.

Need for Experts Cited

Sources close to the special prosecuting team noted that the McBride inquiry would embrace all possible criminal violations in connection with the handling of campaign funds, including violation of income tax laws.

One complicated area that has not been systematically investigated, sources said, revolves around corporation contributions funneled through individuals but not properly reported for income tax purposes.

"The only way to do this," one official commented, "is to have discrete experts and specialists to start combing through those areas."

Mr. McBride, who is 44 years old, has been involved in investigation and prosecution work since 1956, and once served as an adviser to the Home Ministry of India on prosecution of political corruption.

Before joining the special Watergate prosecution, he was with the Police Foundation, a private organization that finances programs to improve law enforcement. He is a 1956 graduate of Columbia University Law School.