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CRP Sought \$50,000 Contribution,

Stans Aide Vowed FHA

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Top presidential campaign fund-raisers promised builder John Priestes they would exert Cabinet-level influence to lift his Federal Housing Administration suspension if he paid a secret \$50,000 contribution, Priestes has told investigators.

Priestes agreed to pay half the money in advance and half after his FHA reinstatement, according to a deal negotiated in a Miami hotel room and at a lavish Key Biscayne costume ball, he has testified.

THE BUILDER, a Democrat, delivered a \$25,000 check to campaign finance chairman Maurice Stans in Washington on the same day

last year that his formal suspension by FHA was announced to the press in Miami, sources said.

One of Stans' deputies, Benjamin Fernandez of Los Angeles, confirmed his solicitation of that check with a promise to "dig into" Priestes' problems with the Federal Housing Administration.

Fernandez said the \$25,000 check was returned one or two weeks later when Stans informed him "we want absolutely nothing to do with it."

Both Priestes and Fernandez, who was a cochairman of the Committee to Reelect the President (CRP), have agreed the check was written to the wrong committee, Herald sources said.

Their accounts disagree about the motive for returning the check, reports of subsequent appeals by the CRP for the \$25,000 to be paid in cash, and other aspects of their dealings, Herald sources said.

STANS DID not return telephone calls. The former secretary of commerce faces trial in New York on Sept. 11

on charges of perjury and obstruction of justice for accepting a secret \$200,000 cash contribution from financier Robert Vesco.

Priestes' suspension has never been rescinded.

FHA interpretations of the suspension however, permitted Priestes to continue building lucrative government-subsidized housing, but there is no evidence linking

the loose interpretations to the CRP contribution.

Priestes' account of CRP solicitations, which he described to one friend as a "shakedown," was recently detailed in a sworn statement made to FBI and IRS agents.

IN OTHER statements, Priestes swore he was pres-

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ured into paying more than \$170,000 in cash to a political aide of Sen. Edward Gurney (R. Fla.) and to former South Florida FHA Director William Pelski, The Herald reported last week.

The 36-year-old home-builder credited his payoffs to Pelski and the for-

mer Gurney associate, Larry E. Williams of Orlando, for his dominance of the lucrative subsidized housing market in Dade and Broward Counties, sources said.

Priestes has agreed to plead guilty to two FHA-related criminal charges and to cooperate with investigators in exchange for immunity from other federal criminal charges.

Williams and Pelski remained unavailable for comment. Gurney issued a statement Wednesday asking for a Justice Department investigation of the allegations.

GURNEY'S request surprised Justice Department officials. The current IRS-FBI investigation of the Miami FHA began in August, 1972.

Priestes confirmed for The Herald his associates' description of his dealings with Fernandez and Stans:

"Your story is accurate, but my attorneys have advised me to make no formal statements about the investigation," Priestes said.

Former business associates of Priestes and an ex-

Probers Told

Help, Says Priestes

girl friend gave this account of his dealings with the CRP:

Early in March 1972, Priestes received a telephone call from Fernandez, national chairman of a CRP subcommittee soliciting campaign gifts from Latin supporters of President Nixon.

In the previous month, The Herald had revealed how FHA favoritism had turned Priestes, an obscure hearing aid dealer, into one of Miami's biggest homebuilders almost overnight, and Priestes knew the FHA was about to suspend him.

UNTIL THEN, however, he had never heard of the CRP. "Hell, he's a Democrat," one of his friends said.

Fernandez asked Priestes to meet him in his room at the Sheraton Four Ambassadors, where they discussed Priestes' problems with the



Benjamin Fernandez

... says check returned FHA and The Herald articles, Priestes associates said.

Fernandez, whose credentials and political influence has been verified to Priestes by then-FHA Director Pelski,

asked Priestes to contribute \$100,000.

When Priestes termed that figure, exorbitant, Fernandez suggested \$50,000, sources said.

Priestes agreed reluctantly to pay. "John seemed upset about paying all that money

and he said it was a real shakedown," said a former Priestes partner, builder Carol Sheppard.

ACCORDING TO their agreement, after half the contribution was paid, Fernandez would arrange a meeting between Priestes and Stans, who purportedly would exert the necessary influence to vacate the FHA suspension order.

After an initial meeting at the Four Ambassadors Hotel, Fernandez invited Priestes to attend a costume ball on March 4, 1972, at the Sonesta Beach Hotel on Key Biscayne, where the first payment of \$25,000 was scheduled to be made.

Priestes attended the costume party with Mrs. Rosie Jayne of 11631 SW 183rd St., who was unmarried at the time.

"John had been telling me about the \$100,000 before and he was very worried," she said. "He told me he was being pressured by all these people wanting payoffs and things like that.

He told me we were going to go to this place and meet this man who was from California and who was very important in politics," she said.

INDEPENDENT sources said Priestes met Fernandez at the ball, sponsored by the

Centro Hispano Católico, without the money, and said "he would need more time to raise that large a sum.

"At the door, John asked where Mr. Fernandez was," Mrs. Jayne said, "and he was pointed out to us.

"Fernandez never mentioned any figures, he just asked John if he had brought the check, and John told him he was still trying to raise the money, and he would have it for him next week in Washington.

"Fernandez said something like, 'Be sure to get it,' and John reassured him that he was going to get it," she said.

"Fernandez said, 'When we're in Washington we'll get in touch with Stans and Romney, just to be sure you've got the money.'

"ON THE WAY home John was very, very upset.

He said these people were really pressuring him, and this might be his only way out."

George Romney was then secretary of the U.S. Department of Housing and Urban Development, parent agency of the FHA.

(Romney said Friday no representative of the CRP had ever contacted him

about Priestes or any other FHA matter. He also expressed strong doubt that any of his ranking assistants was ever contacted.)

In the week after the costume ball, Priestes asked several associates to loan him \$25,000, they said.

South Dade landowner Martin Woolin agreed to write a check on his own account for \$25,000 as a loan to Priestes, Herald sources said (Woolin has repeatedly refused comment).

WOOLIN, suspicious of Fernandez' little-known Hispanic Finance Committee to Re-elect the President, insisted on making the check payable to the Republican National Committee.

On March 13, 1972, Priestes traveled to Washington, where Fernandez, who in turn presented it to Stans, sources said.

The three men discussed Priestes' problems with the FHA during a conference. Priestes handed the \$25,000 check to Fernandez, who in turn presented it to Stans.

Priestes had been assured by Fernandez that Stans would call Romney in his behalf and that Priestes' suspension by the FHA would be lifted.

Ironically, the national administrator of the FHA, Eugene Gullledge, was announcing Priestes' suspension for "irregularities" on the same day at a Miami press conference.

TWO TO THREE weeks later, a CRP courier visited Priestes at his Coral Gables home and returned the \$25,000 check, sources said.

The unidentified courier urged that the \$25,000 contribution be disguised through a series of smaller cashier's checks made out to Fernandez' committee with fictitious names, Priestes told associates.

Priestes refused to contribute cash or provide cashier's

checks unless he could personally deliver them to Stans.

After a series of telephone conversations between Priestes and Fernandez, The Herald sources said, their negotiations broke down and no contribution was made.

The original check had been delivered to the CRP before the April deadline after which making secret, unreported contributions no longer was legal.

THE CHECK was returned, and cash was sought, soon after that deadline, when a new federal law required that contributions be publicly reported.

Fernandez insisted in an interview that he discussed a contribution with Priestes in June or July of 1972, months after the deadline for publicly reporting contributions.

He confirmed a meeting with Priestes at a ball conducted on the veranda of a hotel to benefit a Cuban charity. He recalled no other details of the social affair.

The only such affair last year at the Sonesta Beach Hotel was the costume ball on March 4, a hotel spokesman said.

Fernandez could not be reached after an initial interview to explain the conflict in dates.

FERNANDEZ also said he did not first approach Priestes.

Instead, he said, several persons in Miami, whose names he could not recall, were "dying" for him to meet Priestes, described to him as a "dynamic, multimillionaire contractor."

Fernandez said they were first introduced at the society ball, not at his hotel room in the Four Ambassador Hotel.

Fernandez also confirmed that he, Priestes and Stans discussed Priestes' problems with the FHA. He said, however, no commitments were ever made to have Priestes' suspension lifted.

Fernandez said he and Stans told Priestes they would "dig into" Priestes' suspension to determine whether Priestes was the victim of "just poor judgment."

STANS ORDERED him to return the check and have

"absolutely nothing to do with it." The check was somehow "garbled" and probably would not clear the bank, Fernandez said Stans told him.

Fernandez said he never contacted Romney or any other federal housing official about Priestes' suspension.

But during the time the CRP retained Priestes' check, he said, he assumed that Stans or a subordinate did discuss Priestes' problems with the FHA.

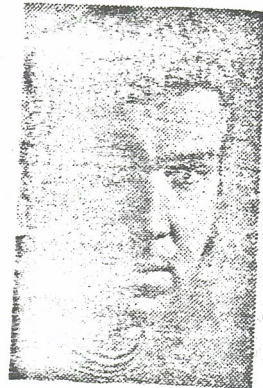
"No one from the CRP ever called me about Priestes at any time," Romney said Friday.

Romney said he doubted any assistant received such a call without informing him.

"We were greatly concerned about that (Miami FHA) situation and concerned about getting the facts about it and taking appropriate action," Romney



Maurice Stans
... finance chairman



John Priestes
... suspended