

# Flanigan Nomination Sparks Hill Clash

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Former White House aide Peter M. Flanigan acknowledged yesterday that he singled out a wealthy New Hampshire businesswoman to Nixon fund-raisers as "a good prospect for solicitation" in 1972 before she was named ambassador to Luxembourg.

But the unflappable Flanigan denied during a stormy nomination hearing before the Senate Foreign Relations Committee that he ever bartered ambassadorships for contributions during his five-year tenure as a high-ranking aide to former President Nixon.

Flanigan was responding to charges that emerged during an extraordinary personal confrontation with Sen. Thomas F. Eagleton (D-Mo.), who denounced the Nixon nomination of Flanigan as ambassador to Spain as "a disgrace to the United States."

The ambassadorships-for-sale controversy arose when Dr. Ruth Farkas gave \$300,000 to the Nixon re-election campaign in 1972 and was nominated to the Luxembourg post early in 1973.

In attacking Flanigan's qualifications for the Madrid post, Eagleton recited the sworn testimony of former Nixon attorney Herbert W. Kalmbach, now serving a jail sentence.

Kalmbach testified to the House Judiciary Committee that Flanigan called him in July or August of 1971 and said, "Herb, we would like to

Sen. Eagleton: Nomination of Flanigan, left, is "a disgrace to the United States."

Associated Press

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## FLANIGAN, From A1

have you contact a Dr. Ruth Farkas in New York. She is interested in giving \$250,000 for Costa Rica."

Acting on Flanigan's instructions, Kalmbach said he met Dr. Farkas by arrangement with Rep. Louis C. Wyman (R-N.H.) and discussed the appointment with her. Kalmbach quoted Dr. Farkas as having objected at the time: "I am interested in Europe, I think, and isn't \$250,000 an awful lot of money for Costa Rica?"

At yesterday's hearing Flanigan denied Kalmbach's version of the conversation and insisted that there was no connection between the Farkas contribution and her eventual award of the Luxembourg job, after she upped her donation by \$50,000.

He did acknowledge, however, telling Kalmbach that "in addition to her being a highly qualified candidate she was a strong supporter of the President's policies and a well-to-do woman. Therefore she was a good prospect for solicitation."

Flanigan testified that he was instrumental in rejecting large financial contribution from J. Fife Symington and Vincent de Rouet proffered in exchange for promised European ambassadorial assignments.

He felt so strongly about the principle, Flanigan said, that he told former White House chief of staff H. R. (Bob) Haldeeman. "Unless you tell me differently, I'm going to tell Herb to give their money back."

Symington and de Rouet each gave \$100,500 toward securing ambassadorships in Europe. There was no hint in Flanigan's testimony of who had made the commitment against which he interceded.

Kalmbach went to jail after pleading guilty to taking part in the sale of ambassadorships. He escaped criminal liability for other Watergate involvements in which his name figured.

Eagleton leaned heavily on the discrepancies between the testimony of the two men, as well as their respective fates in the Watergate aftermath.

"It's Kalmbach versus Flanigan," the Missouri Democrat declared with heat. "It's Kalmbach who is in the penitentiary for selling ambassadorships. It's Flanigan who is going to the posh coast of Spain. This is not equal justice under law."

Eagleton urged that Kalmbach be called before the committee to give his version of the ambassador transactions. He also charged that Flanigan was doing the bidding of former Nixon money-raiser Maurice H. Stans, currently under investigation by the Watergate special prosecutor's office.

Eagleton said the Stans records have recently been obtained by the special prosecutor under subpoena and a new subpoena has been issued for long written bill of particulars activities in 1972.

"This case," said the senator from Missouri, "is very, very much alive."

Responding to Flanigan's defense that there was no deal with Dr. Farkas on Costa Rica since that post was awarded to someone else, Eagleton countered:

"She didn't want to pay \$250,000 for a banana republic. She wanted Europe."

The hearing opened with a long written bill of particulars read by Eagleton charging Flanigan with a series of questionable intercessions with federal agencies in behalf of friendly business interests during his tenure as a White House adviser.

Flanigan sat coolly behind him, more the existence and lesson of Watergate...demean the committee that to approve the nomination "would be to ignore the existence and lesson of Watergate...demean the post of United States ambassador...demean the Senate"

Eagleton cited cases in which Flanigan's name crops up — International Telephone and Telegraph Corp. including the antitrust settlement, a 1970 Treasury waiver involving a ship owned in part by Flanigan; the award of a large Postal Service bond issue to Flanigan's former Wall Street underwriting firm, settlement of two anti-pollution cases with the Environmental Protection Agency, among other matters.

In the ITT case Eagleton recalled Flanigan's role in obtaining the services of Richard Ramsden, a friend and former colleague at the underwriting firm of Dillon Read and Co., who prepared a report that paved the way for dropping Justice Department's efforts to force the divestiture of ITT's \$2 billion-a-year Hartford Fire Insurance Co.

Eagleton questioned why the Justice Department had to go to an outside analyst when the services of numerous government economists were available. Flanigan testified that he sought Ramsden's services at the request of then antitrust chief Richard W. McLaren, who was appointed to a federal judgeship after dropping his battle against the Hartford-ITT merger.

Flanigan and Ramsden entered the picture after President Nixon called Attorney General Richard G. Kleindienst and ordered him to drop an ITT antitrust appeal.

According to Flanigan's testimony yesterday, McLaren, who had been pressing vigorously for a breakup of ITT

holdings, asked him to contact Ramsden because "McLaren didn't know where to find him."

"I submit that I see nothing wrong with one member of the executive asking another to help get a job done," Flanigan told the Foreign Relations Committee.

The former White House aide sought to make a point-by-point defense against the other issues that Eagleton said clouded his qualifications for the ambassadorial nomination:

• He maintained that he did not intervene in getting a Treasury Department waiver for the Liberian ship Sasinena, owned by a concern in which Flanigan and his father were substantial stockholders. The waiver, which Flanigan said was issued on "national security" grounds, would have allowed the Sandinena to engage in domestic commerce.

The waiver was canceled for reasons of political "embarrassment" when former Sen. Joseph D. Tydings (D-Md.) criticized the Treasury action.

• Flanigan said he was "in no way involved" in a Postal Service decision to sell a \$250 million bond issue through private underwriters, including Dillon, Read and Co., rather than selling them to the Treasury. Rep. Morris K. Udall (D-Ariz.), in a report to the House Post Office and Civil Service Committee in 1971, found that Flanigan, a former Dillon, Read vice president, "has been involved in discussions and meetings" involving the bond issue.

At the conclusion of the hearing, the private view of informed committee sources was that Flanigan stood a "50-50" chance of having his nomination approved. If the committee does approve him, a certain floor fight is in prospect.