

# Nixon's Lawyer Linked to Funds For Defendants

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President Nixon's personal lawyer, Herbert W. Kalmbach, raised at least \$210,000 last summer for distribution to "the Watergate defendants or their attorneys" through unidentified intermediaries, the General Accounting Office disclosed yesterday.

In addition, the congressional investigative agency revealed, White House staffer Gordon Strachan got \$350,000 in cash from the Finance Committee to Re-elect the President immediately before the election-financing disclosure law became effective on April 7, 1972.

The \$350,000 payment — condemned by the GAO as an obvious attempt to evade the law—was made by then committee treasurer Hugh W. Sloan Jr. on orders of White House chief of staff H. R. Haldeman, reliable sources said.

Ultimately, \$250,000 of the \$350,000 also was dedicated to an effort to maintain the silence of the seven men arrested and tried for last June's break-in and bugging of Democratic National Committee headquarters at the Watergate, the sources said. Five of the defendants pleaded guilty and two were convicted.

Including Kalmbach's minimum of \$250,000, the total indicated for Watergate cover-up purposes was at least \$460,000. Just one defense counsel, William O. Bittman, was said by sources to have gotten about \$150,000 in fees and expenses for rep-

resenting E. Howard Hunt, one of the conspirators who pleaded guilty.

The GAO report, based largely on interviews with Kalmbach and Sloan, provides the first official confirmation that close advisers to the President collected and transmitted large sums to the seven original conspirators.

The GAO disclosures are in an eight-page report by the agency's Federal Elections Office.

Comptroller General Elmer B. Staats, head of the GAO, is to refer numerous "apparent violations" of the election law, "particularly" that of the \$350,000 payment to Strachan, to the Justice Department. This was recommended to Staats by Phillip S. Hughes, director of the Elections Office.

The Finance Committee to Re-elect the President denounced the GAO charges as based on "incomplete and inaccurate information" and accused the agency of treating the facts "in a manner

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that is unbalanced and unnecessarily sensational."

The GAO said Kalmbach, who was Mr. Nixon's chief fundraiser in the 1968 campaign and, until last February, in the 1972 re-election drive, identified these sources for the \$210,000 in Watergate money:

- Maurice H. Stans, who succeeded Kalmbach and became chairman of the finance committee, \$75,100 on June 29.

- Frederick C. LaRue, assistant director of the re-election campaign, \$30,000 to

\$40,000 in early July and an additional \$30,000 to \$40,000 in late August.

- Thomas V. Jones, president and board chairman of the Northrop Corp., a defense contractor, \$75,000 on July 31.

Stans acknowledged making the payment while saying he did not know what Kalmbach's reason had been for requesting it. The former Secretary of Commerce said through an attorney that the cash had not belonged to the finance committee, but declined to disclose its source to the GAO.

LaRue's lawyer told the agency that he refused to discuss the payment "at this time," the report said.

Jones told the GAO he gave Kalmbach \$50,000, not \$75,000 as the lawyer claimed, and intended it as a contribution for the President's re-election campaign that would be reported to the Federal Elections Office, the report said.

A staff assistant to Jones said in Los Angeles that the executive was in Europe and could not be reached. Asked if Kalmbach had misrepresented the purpose of the contribution to Jones, the aide said he did not know.

Also unavailable were Kalmbach, of Newport Beach, Calif., and his attorney, James H. O'Connor of Phoenix.

Kalmbach has admitted destroying his personal campaign financing records for the period preceding the effective date of the Federal Elections Campaign Act. The GAO, in its new report, said Kalmbach reported that his only record of the Stans, LaRue and Jones solicitations was "a slip of paper which he destroyed."

The GAO said that under the election law the cash collected and passed on by Kalmbach "should have been reported" by the finance committee or one of its affiliates.

The White House reported



on May 1 that as of that date Kalmbach was not handling the President's personal legal affairs.

The \$350,000 payment to White House staffer Strachan was made from \$1.7 million in cash gathered in by the finance committee before the election law became effective 13½ months ago. Records of the contributions were destroyed, Sloan has said.

Sloan told the GAO that he was directed to make the payment "at a meeting with Mr. Stans and Mr. Kalmbach," the report said.

"Mr. Sloan stated that he placed the cash in a briefcase and left it with Mr. Kalmbach immediately prior to April 7, 1972," the report continued.

"Mr. Kalmbach stated that Mr. Strachan picked up the briefcase full of cash which was placed on his [Kalmbach's] desk on April 5, 6, or 7. Mr. Strachan has not been available to us."

After the election, sources said, the \$350,000 went to re-election official LaRue. He paid out all but \$100,000 to the Watergate conspirators, the sources said.

Also before the effective date of the new law, Sloan told the GAO, he paid out:

- \$199,000 to convicted

Watergate conspirator G. Gordon Liddy, who had been counsel to the finance committee (the sum includes \$83,000 that possibly was turned over to Liddy after April 7, Sloan said).

- \$20,000 to Jeb S. Magruder, head of the Nixon re-election organization until March, 1972. Magruder refused to talk to the GAO.

- \$100,000 to Herbert L. Porter, scheduling director of the Committee for the Re-election of the President, including \$11,000 in post-April 7 payments and \$2,000 in the till on April 7. The GAO could not reach Porter to find out if he disposed of the remaining \$87,000 before the disclosure law became effective.

- \$25,000 to Robert Hitt, administrative assistant to Interior Secretary Rogers C. B. Morton. Hitt, in a letter to the GAO, said that to the best of his knowledge the entire sum was used to elect William O. Mills, in a special election in 1971, to succeed Morton as a Republican congressman from Maryland's Eastern Shore.

- \$2,000 to Ron Walker of the White House staff. He told the GAO the money was spent before April 7, 1972.

None of these payments was accounted for in the report the finance committee made as of April 7, 1972. Sloan, asked about this by the GAO, said he made the payments with the approval of Maurice Stans and thereafter had "no control or knowledge" of the money.

He said he regarded the funds as having been expended before the disclosure law took effect. Similarly, the finance committee, in its statement yesterday, said that transactions before April 7, 1972, were "perfectly legal" and not within the GAO's authority "to characterize or report."

The cash payments together accounted for about \$900,000 of the \$1.7 million raised from unidentified cash contributors. The balance went to campaign committees in existence before the disclosure law became effective.

Sloan disclosed to the GAO, for the first time, that the finance committee, on or after the effective date of the law, had \$80,500 in cash that was never reported to the agency. The GAO broke down the sum this way:

- \$17,500 that, under the law, was supposed to be reported on June 10, 1972.

- Anonymous gifts of \$50,000, \$10,000 and two of \$1,500 that had been passed along by unidentified campaign officials.

The cash was divided for purported "security reasons" between Sloan and Stans. On July 4, they turned over the money to LaRue. Sloan resigned as committee treasure 10 days later.

Sloan told the GAO he did not report the anonymous contributions because, in the absence of any identification of the donors, he held the funds in "escrow."

"We believe the act requires the recording and reporting of these transactions," the GAO said in the report, which was signed by Staats and Hughes.

They are referring the report to the Senate select Watergate committee, headed by Sen. Sam J. Ervin Jr., which is to resume hearings Tuesday.

The finance committee, saying it was making its own investigation, accused the GAO of having released the report "prematurely."