

Audit Set On Nixon Fund

Possible Link To Bugging Incident Cited

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The General Accounting Office announced yesterday that it will immediately begin a full audit of the campaign finances of President Nixon's re-election committee.

Philip S. Hughes, director of the office of federal elections in the GAO, said he was ordering the audit because of possible links between campaign financing and the break-in and alleged bugging incident at Democratic National Committee headquarters here June 17.

A request for such an audit was made early yesterday by Sen. William Proxmire (D-Wis.), in a letter to GAO, which serves as a congressional watchdog agency.

Both Proxmire and Hughes said the audit was called for because of an article in yesterday's Washington Post disclosing that \$25,000, apparently earmarked for the President's campaign chest, ended up in the bank account of one of the five men arrested in the June 17 incident at the Watergate Hotel.

Hughes said that the Post story indicated that "for the first time the bugging incident was related to the campaign finance law."

The audit would be the first of its kind under the new Federal Campaign Expenditures Act, which went into effect April 7 and established tighter control of campaign donations and expenditures, Hughes said. The GAO is responsible for monitoring the new law.

He said the audit would

take little time and manpower. In addition, he said, he has been informed that the Committee for the Re-election of the President would cooperate fully.

Both the White House and President Nixon's re-election committee declined to comment yesterday on the disclosure of the \$25,000 check.

White House press secretary Ronald L. Ziegler and the President's campaign chief, Clark MacGregor, expressed confidence in the ongoing fed-

See INCIDENT, A19, Col. 2

INCIDENT, From A1

eral investigation into the Watergate incident and said any comment would be improper.

President's Midwest campaign Kenneth H. Dahlberg, the finance chairman, yesterday added new details to his account of the \$25,000 check. He said he definitely delivered the \$25,000 check on April 11 to Maurice Stans, former Secretary of Commerce and now the President's national campaign finance chief.

Dahlberg, 54, a wealthy Minneapolis electronics firm president, said he has no idea why or how the check was deposited nine days later in the bank account of the Miami real estate firm owned by Bernard L. Barker, one of the break-in suspects now free on bond.

In addition, repeated efforts to reach Stans for comment on the \$25,000 check were unsuccessful.

Dahlberg, one of the President's top fund raisers, said that in early April he accumulated \$25,000 in cash contributions, and decided to convert the money to a cashier's check made out to himself before coming to Washington and turning the funds over to Stans.

He said he endorsed the check on the back and that was the last he saw of it. "Obviously, I'm caught in the middle of something—what it is, I don't know," he said yesterday. Dahlberg said that he talked to the FBI about the check one month ago.

A Washington Post reporter examined a photostatic copy of the front of the check Monday. It was made out to Dahlberg by the First Bank and Trust Co., of Boca Raton, Fla., where Dahlberg maintains a winter home.

About 53 \$100 bills found on the suspects when they were arrested June 17 were traced to Barker's bank account in which the \$25,000 and another \$89,000 from a Mexican lawyer were deposited, according to statements by government prosecutors in court hearings on the incident.

In related development yesterday, Democratic National Committee general counsel Joseph A. Califano again called on the President to appoint a special prosecutor and remove the Justice Department from the matter.

Califano complained that Justice Department lawyers are defending Charles Colson, a special counsel to the President, in the \$1 million civil suit filed by the Democrats against the Nixon re-election committee and the five suspects.

Califano maintained that the Justice Department cannot both prosecute the case and defend Colson. Sen. Proxmire made the same point in his letter to the GAO yesterday.

Colson was named in the Democrats' civil suit because he recommended that the White House hire E. Howard Hunt Jr. as a consultant.

Hunt, a former CIA agent and novelist, has been linked by phone calls and other evi-

dence to suspects arrested at the Watergate.

Califano, continuing with other Democrats to see the incident as a campaign issue, also noted that the Nixon re-election committee fired G. Gordon Liddy, its financial counsel, in June for refusing to answer FBI questions about the alleged bugging.

About the same time that Liddy was fired, the treasurer of the committee, Hugh W.

Sloan Jr., resigned, citing personal reasons.

Yesterday, sources close to the investigation questioned whether Sloan left for personal reasons, saying that he has information about the incident.

Sloan told Washington Post reporter Karlyn Barker, who called at his McLean house, that his reasons for resigning were "very personal. You should see my pregnant wife."

Sloan said he had been questioned about the Watergate incident by investigators but refused to discuss the matter with Miss Barker. "I don't mean to be uncooperative, but as you know, the case is still pending. I don't think I should say anything."

Sloan, a former White House staff assistant who worked on scheduling appointments for President Nixon, served as a campaign finance

aide to Stans in 1968 when Stans also headed the Nixon-Agnew finance effort.

In requesting the GAO audit of the Nixon finances, Sen. Proxmire said: "The integrity of our political process is at stake. An audit of the funds is clearly in order. If the Committee for the Re-election of the President was not involved, they will have nothing to hide and will have no objection to this action."