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**EHRlichman SAYS
PRESIDENT KNEW
OF FUNDS INQUIRY**

**Asserts Nixon Was Fearful
6 Days After Watergate
of Action by the F.B.I.**

THREAT TO C.I.A. IS SEEN

**Former Top Aide Is First to
Testify in Congress on
Democratic Break-In**

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Special to The New York Times

WASHINGTON, May 30 —

John D. Ehrlichman told a Senate subcommittee today that President Nixon knew six days after the Watergate break-in that Federal agents were investigating "Mexican aspects" of the case.

Mr. Ehrlichman was Mr. Nixon's chief domestic adviser until he resigned April 30. He was one of the few men in the White House to see the President regularly.

Mr. Ehrlichman was the first of the President's present or former top aides to testify before a Congressional committee on the Watergate affair.

The "Mexican aspects" of which Mr. Ehrlichman spoke involved the transfer of \$89,000 from the President's re-election committee through a bank in Mexico City into the hands of the Watergate burglars.

National Security Cited

Mr. Ehrlichman said that he did not know whether Mr. Nixon knew shortly after the burglary at the Democratic headquarters that the break-in had been financed by money from his re-election campaign.

In a statement to the Senate Appropriations Subcommittee on Intelligence Operations and in comments to newsmen afterward, Mr. Ehrlichman affirmed the President's statement that any interference by the White House in the Watergate investigation was a result of the President's concern about endangering national security.

Mr. Ehrlichman told the Senators that the President had been worried that the investigation of the Watergate break-

in might expose covert intelligence operations in Mexico.

A Meeting With Helms

Because of that concern, Mr. Ehrlichman said, the President ordered him and H. R. Haldeman, the White House chief of staff, to meet with the top officials of the Central Intelligence Agency and to have them tell the Federal Bureau of Investigation to call off the investigation in Mexico if C.I.A. operations would be endangered.

In his statement last week, Mr. Nixon acknowledged having ordered Mr. Ehrlichman and Mr. Haldeman "to insure that the investigation of the break-in not expose . . . an unrelated covert operation of the C.I.A."

Mr. Ehrlichman said today that on June 23, 1972, six days after the burglary, he and Mr. Haldeman met with Richard Helms, then director of Central Intelligence, and Lieut. Gen. Vernon Walters, Mr. Helm's deputy, in Mr. Ehrlichman's office.

General Walters was directed

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to meet with L. Patrick Gray 3d, then acting director of the F.B.I., to tell Mr. Gray of the President's concern, according to Mr. Ehrlichman's statement.

About 10 days later, Mr. Ehrlichman said, General Walters reported that there was no C.I.A. operation in Mexico that would be imperiled by the F.B.I. investigation. But Mr. Ehrlichman said that the President did not believe General Walters.

"The President told me then that he still personally believed and feared that the F.B.I. investigation might harm the agency," Mr. Ehrlichman told the committee. Mr. Ehrlichman continued:

"He said he believed the C.I.A. would be making a mistake if it pretended an investigation would not disclose some of its current operations. He said he hoped the general and other C.I.A. management were not covering up for their subordinates.

"The President said substantially: A man makes a grave mistake in covering up for subordinates. That was President Truman's error in the [Alger] Hiss case when he instructed the F.B.I. not to cooperate."

Mr. Nixon ordered Mr. Gray to conduct a "full investigation," Mr. Ehrlichman said.

Mr. Ehrlichman met with the subcommittee for nearly three hours this morning, and Senator John L. McClellan, Arkansas Democrat who is the panel's chairman, said that the former Presidential aide would be called back for more question-

ing. Tomorrow, Mr. Haldeman is to appear before the subcommittee.

Mr. McClellan said that further testimony from Mr. Ehr-

lichman was necessary because "serious and conflicting allegations have been received regarding attempts to involve the Central Intelligence Agency in the Watergate and Pentagon papers cases."

Mr. McClellan was referring to Mr. Ehrlichman's contention that he did not ask the agency to provide E. Howard Hunt Jr. with paraphernalia that Hunt allegedly used to break into the office of Dr. Daniel Ellsberg's former psychiatrist in the summer of 1971. Hunt was subsequently one of those who pleaded guilty to the Watergate conspiracy.

Gen. Robert E. Cushman Jr., deputy director of the C.I.A. in 1971 and now commandant of the Marine Corps, submitted an affidavit to a House subcommittee May 11 in which he stated:

"About 7 July 1971 Mr. John Ehrlichman of the White House called me and stated that Howard Hunt was a bona fide employe, a consultant on security matters and that Hunt would come to see me and request assistance which Mr. Ehrlichman requested that I give."

General Cushman swore to a similar statement before Senator McClellan's subcommittee.

But Mr. Ehrlichman said today that he did not have the "faintest recollection" of having made such a telephone call and that it was "extremely improbable" that he had done so.

Mr. Ehrlichman gave the Senate subcommittee memorandums from General Cushman written last January in which the generals said that he did not know who made the call to him.

Mr. Ehrlichman said that he first found out about the burglary of Dr. Ellsberg's psychiatrist, Dr. Lewis Fielding of

Beverly Hills, Calif., "probably a week or more after the occurrence."

But Mr. Ehrlichman said that he did not tell President Nixon about the matter and that the President had learned of it "relatively recently."

The break-in "was at that time oppressed with a very sensitive national security characteristic as far as were concerned and as well as the investigating authorities were concerned and continued to be oppressed with that characteristic until very recently," Mr. Ehrlichman said in response to a question from newsmen.

Mr. Ehrlichman appeared before the Senators in a closed session, but his 19-page open-

ing statement to the committee was released.

The McClellan subcommittee is investigating whether any pressure was exerted on the C.I.A. to cover up the Watergate case.

In addition to Mr. Haldeman, the McClellan panel plans to call Charles W. Colson and Egil Krogh Jr., both former White House assistants.

Other ranking aides, such as John N. Mitchell, former Attorney General, Maurice H. Stans, former Commerce Secretary, and John W. Dean 3d, former Presidential counsel, are expected to testify in the next several weeks before the special Senate committee investigating the entire Watergate case.



The New York Times
John D. Ehrlichman, right, former aide to President Nixon, waiting yesterday to testify at a Senate hearing. At left is Frank Strickler, his lawyer. The Appropriations subcommittee is studying Watergate coverup.