

Gray Resigns;

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FBI; Hunt, Liddy Linked to Ellsberg Case

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L. Patrick Gray III resigned at 2:30 p.m. yesterday as acting director of the Federal Bureau of Investigation in the wake of disclosures that he destroyed documents in the Watergate case given to him by key White House officials.

Two and a half hours later President Nixon named Environmental Protection Agency Administrator William D. Ruckelshaus as the new acting director of the FBI.

That was in Washington. Across the continent in Los Angeles the Pentagon Papers trial of Daniel Ellsberg was linked to the Watergate case. U.S. District Court Judge W. Matt Byrne Jr. announced at the trial that G. Gordon Liddy and E. Howard Hunt Jr., convicted Watergate conspirators, are alleged to have burglarized the files of Ellsberg's psychiatrist.

In Georgia, the president-elect of the American Bar Association called for a Warren Commission type of investigation of the explosive Watergate affair.

Chesterfield Smith, in an interview, described the Watergate scandal as a "domestic crisis of unparalleled proportions. It permeates everything our government does. It has almost thrown the government into a stalemate."

In Topeka, Kan., former Republican National Chairman Bob Dole called for the resignation of President Nixon's two closest White House aides, John D. Ehrlichman and H. R. (Bob) Haldeman. "Right now the credibility of the administration is zilch, zero," Dole said. "If they have any dedication and loyalty to the President, they can show it by resigning."

In Washington, the General Accounting Office, the investigative arm of Congress, accused Hugh W. Sloan Jr., former Finance Treasurer of the Committee to Re-elect the President, of submitting false financial reports to the government's Office of Federal Elections.

The GAO also charged yesterday that the GOP finance committee failed to report expenditures that were used to underwrite spying on radical groups and to drum up

support for Mr. Nixon's decision to mine North Vietnam's harbors and waterways last May.

In New York, where some financial analysts attributed yesterday's posting of new yearly lows on the stock markets to the psychological impact of the Watergate case on the country, the name of John D. Ehrlichman was linked with the grand jury investigation of Robert L. Vesco. Vesco is under investigation over his contribution of \$200,000 in cash to the Nixon re-election campaign.

Sources told The Washington Post that Ehrlichman met twice last year with close associates of Vesco and promised to help the financier in a Lebanese business deal involving the U.S. government.

At the time, Vesco was under investigation by the Securities and Exchange Commission for allegedly "looting" a Geneva-based corporation of \$224 million.

In a statement issued by the White House, Ehrlichman yesterday denied offering to help Vesco.

Ehrlichman also figured prominently in the swift resignation of Gray. Gray's resignation—taken amid indications

that President Nixon may have requested it—came after it was reported he had destroyed documents belonging to Hunt within three weeks after the Watergate break-in last June at the Democratic National Committee headquarters.

The documents had been given to Gray during a White House meeting with Ehrlichman and John W. Dean III, Mr. Nixon's White House counsel. As The Washington Post reported in Friday's editions, Hunt had compiled files dealing with President Kennedy and his brother Sen. Edward M. Kennedy. The files, FBI and other sources said, included fabricated State Department cables designed to implicate President Kennedy in the assassination of South Vietnamese President Ngo Dinh Diem in 1963. The Edward Kennedy files were said to have dealt with the Chappaquiddick automobile accident in which Mary Jo Kopechne died while Sen. Kennedy was driving the car.

Ehrlichman, in a statement issued Thursday night, confirmed that the documents had been turned over to Gray at a White House meeting in June. He said, however, that "neither then, nor at any other time, did I give Mr. Gray any request, suggestion or instruction regarding what should be done with the contents. I do not know the nature of the contents. Up until April 15, I assumed the FBI director still had the contents."

Gray said he resigned "to preserve in both image and fact the reputation, the integrity and the effectiveness of the FBI."

The charge in the Ellsberg case has broad implications. If proven, it raises a distinct possibility of a mistrial in the celebrated case. It was made public at the trial by Judge Byrne, who disclosed a memo from Earl Silbert, the Watergate prosecutor in Washington, to Assistant U.S. Attorney General Henry E. Petersen.

"This is to inform you that on Sunday, April 15, 1973, I received information [that] at a date unspecified, Gordon Liddy and Howard Hunt burglarized the office of a psychiatrist of Daniel Ellsberg to obtain the psychiatrist's files relating to Ellsberg," Silbert's report to Petersen read.

There were indications that the extraordinary air of crisis surrounding the Watergate case threatens to paralyze the highest levels of American government.

An Associated Press survey found Watergate cited by official sources as a reason for the White House's inability to fill nearly 50 top-level jobs. The survey, stretching into widespread sections of the federal establishment, turned up instances of paperwork piling up and employee morale plummeting.

For the President, however, for a time yesterday it was business as usual. He went to Mississippi to dedicate a naval training center, accompanied by Haldeman and Ehrlichman, and heard Sen. John C. Stennis tell him publicly:

"I think you know what it is to tough it out, tough it out."