

Stans Scathes Report

Calls Findings On GOP Funds 'Rubbish'

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Maurice H. Stans, the finance chairman of President Nixon's re-election campaign, yesterday denounced a confidential House Banking and Currency Committee report that is highly critical of his handling of campaign funds. He described the report as "rubbish," "transparently political" and full of "deliberate falsehoods, misrepresentations and slanted conclusions."

The 58-page preliminary staff report of the House Committee, which is chaired by Rep. Wright Patman (D-Tex.), charges that Stans personally "cleared" a complicated—and perhaps illegal—transfer of campaign funds through Mexico to insure the anonymity of contributors.

Stans' statement came as the many investigations into the Watergate bugging incident have begun to focus on him and the broad issues of Republican campaign finances in addition to the alleged bugging itself.

In related developments:

- The Republicans yesterday filed a \$2.5 million counter-suit against the Democrats who they charged with using the courts "to create political headlines for partisan ends."

- In a new development, the FBI was summoned to Democratic National Committee headquarters at the Watergate late yesterday after tele-

phone company employees discovered a foreign device inside the telephone of a party official.

The device, described as a "small black box" by Democratic communications director Blair Clark, was found inside the telephone of the same party official—Spencer Oliver—whose phone was found tapped some time before five men were arrested in the Watergate on June 17.

Democratic Party officials said they could not determine if the device discovered yesterday represented a new bugging device installed since

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June 17, or whether it was related to the previous eavesdropping attempt.

The "black box," about 1 by ¾ inches in size, was described as resembling a "listening device"—the term used for electronic equipment that picks up conversation in a room and transmits it elsewhere.

In a prepared statement, Republican finance chief Stans said that he knew of no plan to transfer campaign funds through Mexico as charged in the Banking and Currency report. Stans' statement added:

"The obvious political purposes of the report are best revealed by the fact that I was not permitted to see it, but copies were quickly made available to two known critics of our committee — Jack Anderson and The Washington Post."

Though Patman requested that the report be kept confidential, copies were obtained by Anderson, The Post and others on Tuesday. An article based on the report appeared in late editions of yesterday's Post.

Stans also charged that some of the Patman Committee staff members "were rude and insulting to the point of using foul obscenities" while they interviewed him.

The staff behavior "in this entire matter is the most shocking example of partisan misbehavior and discourtesy that I have encountered in all my years in public life," Stans said.

Patman, a member of Congress for 44 years, is one of

the most powerful Democrats on Capitol Hill. Republican members of the Banking and Currency Committee have objected to Patman's decision to investigate Republican campaign funds linked to the Watergate incident. The Patman report was prepared only by Democratic staff members of the Committee.

The Banking and Currency staff report claims that there are sharp contradictions in various statements that Stans made to Committee investigators, particularly in regard to the transfer of at least \$100,000 in campaign contributions through Mexico.

In a section of the report entitled "The Shifting Positions of Maurice Stans," the report claims that Stans "repeatedly" denied knowledge of the Mexican transactions during an interview with the Committee staff on Aug. 30.

In his Sept. 5 letter to Patman, however, Stans acknowledged that he "learned" of the transactions last April.

The report also says that William Liedtke, the chief Nixon fund-raiser for the Southwestern states, told Committee investigators that Stans himself gave the "OK to bring the money to Washington" in early April.

The Patman report says the Mexican money was part of \$700,000 in secret campaign gifts placed in a suitcase in Texas and rushed to Washington to beat an April 7 filing deadline. Contributions received prior to April 7, when the 1972 campaign disclosure act took effect, could be legally made without revealing the identity of donors.

Included in the \$700,000 were \$89,000 in Mexican checks that later were deposited in the bank account of one of the five men in the June 17 Watergate bugging case.

Though Nixon committee officials have said the \$89,000 originally came from American citizens who wanted to channel the funds through Mexico to insure their anonymity, the Patman report says there is no documentation of this.

"It became apparent," the reports says, "that there is a possibility that these funds were raised in Mexico from some unknown sources."

The report notes that it is illegal for a foreign national to give money to a political cam-

paign in the U.S., or for an election committee to receive such foreign funds.

"Secret foreign bank accounts and secret foreign financial institutions have permitted proliferation of 'white collar crime,' the report says, adding that foreign bank accounts can be used "to evade taxes, conceal assets illegally . . . to avoid the law and regulations governing securities and exchanges . . .

and have served as the cleansing agent for 'hot' or illegally obtained monies . . ."

In addition, the report says:

- The Nixon campaign funds, including the \$89,000 in Mexican checks and another \$25,000 check later deposited in the bank account of one of the Watergate suspects, "have been cloaked in mystery and the finance officials in the Republican Party have done little to shed light on the transactions."

- There appears to be a lack of accurate accounting of Nixon campaign funds as exemplified by the apparent inability of any of the officials to say exactly how much money arrived in the suitcase from Texas. In addition, two top Nixon committee aides told investigators that contributions were turned over without receipts because "in the fund raising business you don't deal in receipts."

- In a section of the report titled, "Attempts to locate the Texas Finance Chairman, Robert H. Allen," a series of broken appointments by Allen's attorney are described. The attorney Richard Haynes, last month told a reporter that the entire suitcase of campaign money, which he said contained \$750,000 was funneled through Mexico. Stans has denied this and said the \$89,000 was the only Nixon money that come via Mexico.

- Dwayne Andreas, a Minneapolis businessman who gave the \$25,000 contribution traced to the Watergate suspect, received a federal bank charter after the comptroller of the currency "deviated from normal practices" by approving the charter while a competing banking group had a pending request for a charter in the same shopping center.

It has previously been re-

ported that the decision to award the Andreas bank charter was made in 88 days, about half the normal length of time. William B. Camp, the comptroller of the currency, has vehemently denied any irregularities in the award of the charter.

- Stans has previously said he would not disclose the names of the donors who gave the \$89,000 because they had been guaranteed anonymity, but told the Banking Committee in a letter, "I do not know the names of the donors of the \$89,000."

In another matter, L. Patrick Gray, the acting director of the FBI, said on Tuesday that his agents are "still running leads" in the Watergate case "though we are near the end of the line"

Last week sources close to the Justice Department investigation said the FBI probe was complete.

"I've given no order, and there is only one man, the man sitting in this chair, that can give the order to stop the investigation," Gray said in a telephone interview.

He said that he has placed no limitation on the investigation, because it is impossible to control fully, but added, "I wouldn't let them (the agents) wander all over." Gray declined to comment on whether he would let the agents probe into possible violations of the new campaign disclosure law.

He said the FBI "couldn't find out" the names of the donors of the \$89,000 in Nixon campaign funds linked to the case. The U.S. attorney in D.C. who is in charge of the grand jury investigation into the Watergate case could have opened a separate investigation into possible campaign finance violations, Gray said. "He didn't," Gray added.

The grand jury here has been investigating the case for nearly three months and is expected to return indictments within the next week.

In addition, Gray was asked if the individual who is allegedly supplying the Democrats with inside information on the case is known by the FBI.

Gray said that "we've interviewed so many people that I can't recall." He added that it is "possible" that the individual was a participant in the alleged bugging operation.

This self-described participant has provided the Demo-

crats with information in the party's \$3.2 million invasion of privacy suit against the five suspects.

The suit is designed to bring the facts in the case to light prior to the Nov. 7 election the Democrats have said.

However, U.S. District Court Judge Charles R. Richey said this week that he may dismiss the suit because the Democrats failed to meet a filing deadline.

In addition, Richey halted the taking of formal, sworn statements in the case until at least next week. Richey has previously ordered these sworn statements sealed with the court and kept secret to protect the rights of those who are being investigated for possible criminal charges.

In a related matter, the Committee for the Re-election of the President yesterday filed a \$2.5 million counteraction to the Democrats' invasion-of-privacy suit.

The Republican suit, filed by the Committee for the Re-

election of the President and Stans, charges that the Democrats' civil suit against the five men charged in connection with the June 17 Watergate break-in was inspired by "unlawful purposes, all political in nature."

Among those purposes, the suit alleges, were using the court "to create political headlines for partisan ends," exploiting the court's power to compel testimony, and thus force prominent witness to give depositions, "to create thereby an inference of 'guilt by association' in the mind of the public that said witnesses had knowledge of or were participants in the unlawful activities," using the court proceedings to make privileged statements that would be libelous

if given out of court; diverting members of the re-election committee from the campaign, and obtaining information that the Democrats could not otherwise get.

The Republicans asserted that the re-election committee and some of its members have been forced to spend large sums of money to respond to the Democrats' suit. As a result, they asked the court to assess \$500,000 in compensatory damages and \$2 million in punitive damages.

A spokesman for O'Brien said yesterday, "It's obviously a frivolous suit and an attempt to intimidate us against pursuing our own suit against the Republicans. We will not be intimidated by such desperation tactics."
