

Washington Post
**\$100,000 Gift to Nixon Campaign
Is Traced to Texas Corporation**

By Bob Woodward
and Carl Bernstein

Washington Post Staff Writers

The FBI has established that \$100,000 given to President Nixon's campaign—a donation that surfaced during the Watergate investigation—originally came from a corporate bank account in Houston.

Campaign contributions by corporations are illegal. FBI sources said this week that this contribution was so well disguised that it is virtually impossible to prove wrongdoing.

The \$100,000 came from the First City National Bank account of the Gulf Resources and Chemical Corp. on April 3.

At the time, Gulf Resources' major subsidiary, an Idaho mining operation, was under pressure by the Federal Environmental Protection Agency to correct extensive water and air pollution problems. Since then the pressure has diminished.

The \$100,000 contribution came to light when it was learned that \$89,000 of it, in the form of four Mexican cashier's checks, was deposited in the bank account of Bernard L. Barker, one of the five men seized in the Watergate raid on the Democrats' headquarters June 17.

The money has been traced from Gulf Resources to the Nixon re-election committee in a series of four complicated steps. Government law enforcement sources, in describing the procedure, said it is similar to that used by organized crime leaders to conceal secret payments.

Maurice H. Stans, the finance chairman of the Nixon re-election campaign, personally approved the secret transfer of the funds through Mexico, according to a confidential report prepared by the House Banking and Currency Committee staff last month.

"The entire transaction involves the payment of an apparently inflated fee to a Mexican lawyer through the company's subsidiary—which has been out of busi-

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ness for two years. We'll never figure it out and it's the hardest kind of case to prove," one law enforcement official said.

Richard Haynes, attorney for Gulf Resources, said all the transactions involving the \$100,000 were perfectly proper and include no illegal activity.

Haynes confirmed the findings of the FBI, in which the money reportedly moved in these steps:

1. Gulf Resources, whose president, Robert H. Allen, is the chief Nixon fundraiser in Texas, transferred \$100,000 on April 3 from its corporate account to its subsidiary in Mexico called Compania de Azufre Veracruz, S.A. (CAVSA), a sulfur company.

(CAVSA discontinued operations in December, 1969, and Gulf Resources took a \$12,688,000 tax write off that year because the business became inactive according to records at the Securities and Exchange Commission. The subsidiary, however, maintains administrative personnel in Mexico City for financial transactions.)

2. CAVSA then turned the \$100,000 over to Manuel Ogarrío Daguerra, a Mexico City attorney, saying it was payment for legal services.

FBI sources said they strongly suspect the legal fee was inflated. Haynes, the Gulf Resources attorney, did not deny this, but noted that it would be "nearly impossible to penetrate" because the reason for such fees is protected by the confidentiality of the attorney-client relationship.

3. Ogarrío, or a representative, then converted \$89,000 of this money to four cashier's checks and \$11,000 to cash. The \$100,000 was then sent back to Texas and became part of \$700,000 in Nixon contributions that were rushed to Washington in an oil executive's suitcase on April 5, just two days before a stricter campaign contribution disclosure law took effect.

4. Donations by foreign nationals are illegal. Ogarrío—at least on paper—made loans amounting to \$100,000 to several Texans. These persons, the names of

whom have not been publicly revealed, then became the contributors to the Nixon committee.

Haynes, the Gulf Resources lawyer, said as a result of these transactions the \$100,000 was "not a corporate contribution or one from a Mexican national."

He said the money was not a campaign contribution when it reached Ogarrío. "Then if it is his dough, he can do anything with it," Haynes said.

Government sources said the four Mexican cashier's checks were later deposited in the bank account of Barker, one of the Watergate suspects, to avoid the federal gift tax. On \$89,000, the gift tax would be about \$6,300, according to an Internal Revenue Service spokesman.

"It had nothing to do with the financing of the Watergate," one knowledgeable Republican source said. He said the checks were converted to cash so the \$89,000 could be divided into separate contributions of \$3,000 or less, the maximum that can be given free of gift tax.

The government sources said that G. Gordon Liddy, at the time the finance counsel to the Nixon committee, had Barker cash the checks so they could never be traced as campaign contributions by IRS.

Barker, a Miami real estate agent with extensive CIA contacts, and Liddy, a former White House aide and FBI agent, are two of the seven men who were indicted Sept. 15 in the Watergate bugging incident.

In the weeks before the \$100,000 transfer of funds from Gulf Resources, environmental problems over air and water pollution were mounting for the company's chief subsidiary, the Bunker Hill Co.

On March 29, five days before the transfer began, EPA informed Bunker Hill that it would impose stiffer air pollution control standards on the company's lead and zinc mining operation in Kellogg, Idaho.

Bunker Hill had \$86 million in sales last year. Ray Chapman, director of public relations for the firm, said last week that "the survival of the company could be determined by the decision on

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air pollution standards."

Bunker Hill's position with the EPA has improved considerably since the transfer of funds from Gulf Resources to Mexico.

First, no stiffer air pollution standards have yet been imposed.

Second, the EPA has recently reversed an earlier

decision and will not sue Bunker Hill on water pollution, according to the EPA regional general counsel.

On April 18, when a suit was still threatened, Bunker Hill signed a consent agreement with Idaho, adopting the state's water pollution control standards.

At least one EPA official, Leonard A. Miller, director of enforcement in the Northwestern states region, criticized the Idaho standards, calling them insufficient.

Ted Rogowski, general counsel for EPA in the region, said EPA officials were unaware of the Bunker Hill-Idaho agreement when it was made. "Goddamn, what's going on!" Rogowski said was the general reaction when EPA representatives learned of the agreement.

Nevertheless, Rogowski said, EPA will not press for stronger water standards. "Within two weeks we'll agree . . . we're on the verge of agreement for quite the same (water standards) as the state," he told a reporter last week.

Asked why EPA seemed satisfied with the relaxed standards, Rogowski said:

"They are a good company. They are spending more money, millions of dollars to correct the problems."

Miller, head of the enforcement division of EPA said that Bunker Hill "is one of the most significant water polluters in the area," discharging an average of 93 per cent of all zinc and lead found in the Coeur d'Alene River.

This makes the river "very, very, very toxic," killing all the fish in it and bringing the levels of zinc in the river to the point where the water becomes unsafe to drink, according to Miller. He said Bunker Hill discharges 12,000 pounds of zinc in the river each day.

The U.S. Attorney for Idaho, Sidney E. Smith, was contacted last week by telephone to inquire why the proposed water pollution suit against Bunker Hill was dropped. Smith said he would check his file and call back. He never did, and four separate attempts to reach him again were unsuccessful.

The stiffer air pollution control standards proposed on March 29 have not been imposed on Bunker Hill.

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