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U.S. Begins a New Inquiry on Vesco

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By ROBERT J. COLE

United States Attorney Whitney North Seymour Jr. has begun criminal proceedings against Robert L. Vesco, the New Jersey financier who made a secret \$200,000 contribution to the Finance Committee to Re-elect the President.

The disclosure came in court papers filed yesterday in United States District Court here by the Securities and Exchange Commission, which has charged Mr. Vesco and 41 others with the looting of at least \$224-million from four mutual funds.

The S.E.C., without identifying any one by name, said it had been informed that two "witnesses" in its lawsuit against Mr. Vesco had been subpoenaed to appear before a Federal grand jury here.

It was understood that the grand jury inquiry was entirely unrelated to the political con-

tribution that Mr. Vesco had made to the Nixon campaign but would deal with the fraud charges brought against Mr. Vesco and 41 others by the S. E. C.

Arthur Liman, Mr. Vesco's lawyer, said last night that he was in the "untenable position" of having to deal with a civil and a criminal case at the same time.

Although no one in a position to know would identify the witnesses who will testify before the grand jury, sources said that it would "someone who wants to spill his guts against Vesco."

The possibility of criminal proceedings was raised initially by the S.E.C. about two weeks ago when it told Judge Charles E. Stewart Jr. here that it intended to recommend such action to the Department of Justice.

Subsequently, to protect Mr. Vesco against self-incrimination

in a criminal case, Judge Stewart told the S.E.C. that it would not be permitted to question Mr. Vesco prior to a court trial unless the Government agency was prepared to grant the financier immunity from criminal action.

The S.E.C., which refused to accept that decision, took its case to the United States Court of Appeals here, asking for the higher court to overrule Judge Stewart to permit the commissioner to question Mr. Vesco without granting the immunity.

The Court of Appeals will conduct a hearing on that question Monday afternoon.