

Grand Jury Probe Of Vesco Turns to Mitchell and Stans

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By Philip Greer
and Stephen D. Isaacs
Washington Post Staff Writers

NEW YORK, April 23—Former Attorney General John N. Mitchell and former Commerce Department Secretary Maurice H. Stans have become focal points of a federal grand jury investigation here, it has been learned.

The investigation may culminate in criminal indictments this week.

The jury is investigating why a \$200,000 payment—made in \$100 bills—was made secretly by Robert L. Vesco to President Nixon's re-election campaign April 10, 1972.

The money, paid when Vesco was under intensive investigation by the Securities and Exchange Commission—and after a series of meetings between a Vesco representative and both Stans and Mitchell—was placed in a safe in Stans' office at the Finance Committee to Re-Elect the President.

Money from that safe was used to finance the Water-



ROBERT L. VESCO
... defies subpoena

gate bugging operation, as well as other facets of the Republicans' alleged espionage campaign in 1972.

The grand jury investigation began after Harry L. Sears, a prominent New Jersey politician (who headed the Committee for the Re-Election of the President in

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New Jersey) testified that he helped arrange for the contribution. Sears was once an attorney for Vesco.

Sears testified that he along with another former associate of Vesco, delivered a suitcase to Stans in Washington. The suitcase contained the 2,000 one-hundred-dollar bills.

Sears' deposition came in connection with a civil complaint by the SEC charging Vesco and a group of associates with swindling \$224 million from mutual funds operated by IOS, Ltd., the Geneva-based financial complex.

Stans was given the money three days after the new law on reporting campaign contributions went into effect, but the gift was never reported. The GAO has referred the case to the Justice Department as an "apparent violation" of law.

Six months later, Vesco contributed another \$50,000 (by check), which was reported.

The entire \$250,000 was returned to Vesco nearly three months ago, with the Committee for the Re-Election of the President saying that, in view of the charges against him and his firms, "We believe it is in your best interest, as well as ours, that the contributions be returned."

The \$250,000 was returned two months after the SEC filed its charges against Vesco, and almost two years after the beginning of the SEC's investigation into his dealings.

About six weeks after delivery of the \$200,000 to Stans, Sears has testified, he met with the then-SEC chairman, William J. Casey, and with G. Bradford Cook, then general counsel of the SEC and now its chairman.

Both Mitchell and Stans have appeared before the grand jury here. In public

statements, both have denied that there was any connection between the contribution and the meetings with SEC officials.

In federal court here today, it was revealed that Vesco failed to answer a subpoena to appear before the grand jury.

James W. Rayhill, executive assistant to U.S. Attorney Whitney North Seymour Jr., asked District Judge Edmund L. Palmieri for a show-cause order why Vesco should not be held in criminal contempt of court.

The government affidavit says that an assistant U.S. attorney, James A. Lowe, flew to Vesco's home in Nassau, in the Bahamas, to serve the subpoena on April 15.

Lowe said he saw a man he recognized as Vesco, who "turned and ran" toward the house. With Vesco yelling, "Get him! Get him!" to guards at the house, Lowe chased Vesco and threw the subpoena at him, hitting him in the back. Lowe said the guards caught him and forcibly ejected him from the grounds and "threw the envelope (containing the subpoena) into the road, saying 'We don't want this.'"

Lowe said he threw the envelope over the guard's head into the driveway and "told the guard that he better see that Mr. Vesco got the envelope or Mr. Vesco would be in a lot of trouble." Lowe then left.

In court today, Vesco's attorney, Edward Bennett Williams of Washington, asked for a 30-day postponement on the government's request for the contempt citation.

Williams said that by that time he could produce documents which he believed would prove that Vesco is "neither a resident nor a citizen" of the United States, and thus immune to a subpoena from a U.S. court.

Vesco's family lives in Roanoke, N.J., while he has been living in Nassau and Costa Rica.

Judge Palmieri denied Williams' request for the 30 days, ordering him to return in 72 hours, on Thursday.

At the same time that

Vesco was subpoenaed, an appearance before the grand jury was ordered for Richard E. Clay, a very close Vesco associate who also lives in Nassau, although his family is in Barnardsville, N.J.

It could not be learned this afternoon whether Clay actually testified, but the U.S. attorney did not ask for a contempt citation against him.

Others who have appeared before the grand jury include Sears, Lawrence B. Richardson Jr. (former president of a Vesco-controlled company who accompanied Sears when the money was delivered to Stans), and Ralph P. Dodd, (another

former Vesco associate, who picked up the cash from a branch of Barclay's Bank here).

Although it is not known exactly when the grand jury will take final action, it is expected to be before Seymour leaves office. He has submitted his resignation and will leave when Paul Curran, his successor, is confirmed by the Senate. That is expected next week.

At the time the \$200,000 payment was made, the SEC was investigating links between International Control Corp. of Fairfield, N.J., of which Vesco was chairman, and 105, the complex founded by Bernard Cornfeld.

According to the SEC's complaint, filed last Nov. 27, Vesco launched his plan to "loot" the IOS funds shortly after asking the \$200,000 payment. The scheme, the SEC alleged, consisted of

creating dummy corporations, controlled by Vesco and his associates, to receive investments of fund money. The bulk of the SEC's complaint involves actions Vesco allegedly took after the secret payment.

Recently, it was learned that Vesco secretly gave more than \$50,000 in cash to the Nixon campaign in 1968 and then tried to make contact with administration figures when the SEC began its investigation. Those approaches were rebuffed, however, with the word that nobody knew anything about the payment.

Last year, according to the Sears deposition, Vesco personally met with Stans and brought Richardson with him. One source said the reason for that visit was to give Vesco a witness in case the Republicans denied knowledge of the 1972 contribution.