

G.A.O. AGAIN CITES NIXON FUND UNIT

APR ~~MAY~~ 28 1973

Report Lists Violations in
'72 Drive—Kleindienst Is

Pressed to Prosecute
NYTimes

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Special to The New York Times

WASHINGTON, April 27—President Nixon's principal 1972 re-election committee was formally cited today for a fourth time for violations of the new campaign finance reform act that Mr. Nixon, in signing last year, had predicted would "restore public confidence in the electoral process."

The General Accounting Office, an auditing arm of Congress responsible for enforcing the Federal Election Campaign Act, said in a new report to the Justice Department that the Republicans' Finance Committee to Re-elect the President, headed by former Secretary of Commerce Maurice H. Stans, had concealed or failed to report "substantial expenditures" in cash.

In bureaucratic language that was a thinly veiled criticism of the Justice Department's inaction in prosecuting other G.A.O. referrals involving the Republicans, the accounting office urged the department "in the strongest terms to take the initiative" in investigating what it called reports of "additional cash in huge amounts," still not accounted for by the Nixon campaign.

The accounting office has no

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subpoena or enforcement powers under the campaign finance law. The act directs it to refer findings of violations to the Justice Department for prosecution. It is up to Attorney General Richard G. Kleindienst, a Nixon appointee, to decide which cases will be presented to a grand jury.

Both Phillip S. Hughes, the outspoken director of the G.A.O.'s Office of Federal Elections, and his superior, Controller General Elmer B. Staats, took the unusual step in the report of reminding Mr. Kleindienst that the accounting office had had "no direct response from the Department of Justice as to the nature of its efforts or intentions, if any," in obtaining full financial disclosure from Mr. Nixon's campaign treasurers.

The G.A.O. said it was recommending the prosecution of Hugh Sloan Jr., a former White House aide and the former treasurer of the Finance Committee to Re-elect the President, "for knowingly and wilfully" submitting a false Federal report of campaign receipts and expenditures that had failed to account for \$11,000 in cash. The maximum penalty for conviction on the charges, the most stringent and punishment in the act, is a \$10,000 fine or five years in prison, or both.

Failures Charged

The report noted that the Nixon committee had failed to "furnish us with any statement as to the total amount of cash funds held for the committee on or after April 7, 1972"—the effective date of the reporting and disclosure requirements of the new law.

The report went on to say: "Our findings today substantiate our earlier concern and indicate that the responsible officials of the Finance Committee to Re-elect the President have failed to report to this office substantial expenditures made in currency after April 7."

Mr. Hughes's office had previously referred to the Justice Department audit reports citing the following violations by the committee:

¶An undisclosed \$350,000 cash fund kept in Mr. Stans's office safe and used, according to other Government discov-

eries, in part to finance the Watergate burglary and wire-tapping incident.

¶The acceptance of a \$15,000 contribution from Eric Ho Tung of Hong Kong, not an American citizen. Contributions by foreign nationals are forbidden. The committee said it had returned the money.

¶An unreported, \$200,000 cash contribution from Robert L. Vesco, a New Jersey financier who had sought the private intervention of former Attorney General John N. Mitchell in his release from a Swiss prison and who later obtained Mr. Mitchell's intercession with officials of the Securities and Exchange Commission.

The S.E.C. charged Mr. Vesco with massive securities fraud. The committee returned the \$200,000 to Mr. Vesco, but only after keeping it for nine months, and also returned an additional \$50,000 that he had contributed later.

No Comment on Criticism

The Justice Department had no immediate comment on the G.A.O. criticism.

In a separate case that grew out of the Watergate break-in investigation and trial, the department did indict the committee for eight counts of unreported cash payments to G. Gordon Liddy, one of the Watergate defendants. The committee pleaded no contest to those charges last January and was fined \$8,000 in the United States District Court here.

The G.A.O.'s new report, based on auditors' interviews with Republican officials, added some details to previously published accounts of Republican political spying and the sponsorship of spurious advertisements and "spontaneous" rallies supporting President Nixon's decision in May, 1972, to blockade with mines the Haiphong Harbor in North Vietnam.

It confirmed reports that Kenneth Reitz, the 1972 youth director of the Nixon campaign, had been the "paymaster" for the \$450-a-month "spy" operation to infiltrate "radical groups" conducted in May and June, 1972, by Theodore F. Brill, the chairman of the Young Republicans at George Washington University here.

Mr. Reitz, who resigned suddenly earlier this week from the Republican committee post, was said in the report to have

obtained funds to pay Mr. Brill from Herbert L. Porter, the scheduling director of the Committee for the Re-election of the President, and to have routed the money to Mr. Brill through George K. Gorton, the committee's national college director.

Reports Not Filed

Without filing the report required by law covering any of these transactions, the G.A.O. said, Mr. Porter obtained \$11,000 in cash from Mr. Sloan, the finance treasurer. In addition to payments to Mr. Reitz and Mr. Gorton, the G.A.O. said, Mr. Porter paid \$4,000 to Robert Odle, another committee functionary, to finance "rallies and vigils" supposed to demonstrate "public support" for Mr. Nixon's Haiphong decision.

The report said that \$4,400 more in \$100 bills was given to Robert Joanou, a Los Angeles advertising executive then in the Republican special media advertising center, called the November Group, for an apparently spontaneous "citizens" advertisement supporting the mining placed in The New York Times of May 17, 1972.

The report quoted Mr. Porter as saying that Jeb Stuart Magruder, a former White House aide and the former deputy director of the Committee for the Re-election of the President, had authorized these cash disbursements.

The agency said that Mr. Sloan had declined to talk to G.A.O. investigators. It quoted Mr. Sloan as saying that he was "unaware of" the expenditures "until he read news reports" about them.

Late today, Mr. Stans issued a statement saying, "I had no knowledge that any of these alleged incidents were taking place, and I note that the G.A.O. specifically cites that fact."

"Our major concern in this matter is not with the relatively small unreported disbursements," the report to the Justice Department concluded. "Rather, we regard the events outlined above as yet further indication of the substantial amounts of cash under the control of the Finance Committee to Re-elect the President on April 7, 1972, or thereafter, which have not as yet been accounted for and disclosed as required by the act."