

Mitchell Testifies in Texas Fraud Case

By Gayle McNutt  
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DALLAS, Oct. 3—Former Attorney General John N. Mitchell today testified that he met twice with President Nixon in 1971 to discuss the involvement of then-Assistant Attorney General Will Wilson with a key figure in a Texas stock fraud scandal.

At that time Wilson, a one-time Texas attorney general, was chief of the Justice Department's Criminal Division.

Before accepting the Nixon appointment, Wilson had been the attorney for Frank W. Sharp, Houston financier and central figure in a stock and banking scandal that involved a number of leading Texas Democratic officials.

Mitchell said he and Mr. Nixon met about July 1, 1971, and again about Oct. 1, to discuss the increasing publicity about Wilson's involvement with Sharp. Mitchell said that he and the President decided at the second meeting that it would be necessary for Wilson to resign. The resignation was turned in later that month.

Mitchell, who resigned as Attorney General to direct Mr. Nixon's 1972 re-election campaign, testified in federal court under subpoena obtained by six Texas defendants who are charged with mail and securities violations.

The defendants, including a former state attorney general, Waggoner Carr, are seeking dismissal of the charges. They allege the indictments were motivated by a "dirty tricks" scheme of the Nixon re-election committee.

Mitchell denied any knowledge of Justice Department manipulation of the case for political purposes. He said his only concern was that the involvement of Wilson could cause the President embarrassment.

Without telling exactly what Mr. Nixon had to say about the Wilson involvement, Mitchell said he and the President agreed to stand behind Wilson and urge him to remain in his job after discussing the case at the White House in mid-summer.

"Our obvious concern was not what Mr. Wilson might have done or not have done, but what the public might think about the situation," Mitchell said. "I still have the utmost confidence in Mr. Wilson."

Wilson, who had removed himself from the Justice De-

partment's investigation of the Sharp case because he had formerly been Sharp's attorney, was the subject of a Justice Department "executive inquiry" during the summer of 1971. The inquiry was directed by L. Patrick Gray III, at that time an attorney in the Civil Division and later acting FBI director.

Gray, another witness here Tuesday, backed up the statement by Mitchell that the White House interest in the case was only to keep the President from being embarrassed.

Major controversy had been generated in Texas about a Justice Department decision to allow Sharp to plead guilty to two federal violations—for which he received a suspended five-year prison term—and then received a full grant of immunity in return for his testimony against others, especially Democratic officeholders.

Mitchell said he was made aware of the involvement of public officials, but except from newspaper reports could not remember how he got the information.

"It seems to me that the names involved were the governor, Preston Smith, a gentleman by the name of Mutscher (former Texas house speaker Gus Mutschr), former attorney general Waggoner Carr, and the lieutenant governor, Ben Barnes," Mitchell testified.

Asked if he was aware they were all Democrats, Mitchell answered, "Yes, sir, I had that information." But he said that in his conversations with Mr. Nixon, or anyone else, he did not recall any discussion of Republican benefits of having top Texas Democrats involved in a scandal.

Gray testified that while Wilson had removed himself from any participation in the Texas case, he did make one recommendation concerning the handling of possible indictments of Carr, an old political foe in Texas.

Carr had unsuccessfully opposed Wilson for attorney general in 1969 and had then run against Sen. John Tower (R-Texas) in 1966. Wilson, a former Democrat turned Republican publicly supported Tower in that race.

Gray testified that shortly

before Wilson resigned from the Justice Department he had made the suggestion that any indictments against Carr be handled cautiously. Gray said he was surprised that Wilson would "bring up his enmity" toward Carr in connection with the case, especially when Wilson asked him not to reveal the conversation.

Gray said he determined that it was necessary to report Wilson's statements to Richard G. Kleindienst, then deputy attorney general, and Mitchell in the course of his executive inquiry. Gray said copies of his reports about Wilson also went to White House counsel John W. Dean III, on instructions from Mitchell.

Gray said that Wilson told him he had learned that the Securities and Exchange Com-

mission was probably going to bring indictments against Carr containing 40 or 50 alleged violations. Wilson recommended temperance in indicting Carr rather than "heavyhanded multi-count indictments," Gray testified.

"He (Wilson) said there was no point in kicking an individual when he is down (and that) because Mr. Carr had a large following in Texas, his indictment could hurt the President," Gray said.

He said that was the only conversation he had with Wilson concerning political ramifications of the case.

Gray testified as far as he knew Dean's only interest in the case was to keep up with the facts about a possible scandal involving a Nixon appointee.