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**Rebozo Sale
Of Stocks
Held Legal**

By Ronald Kessler

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The Justice Department said yesterday it has decided that Charles G. (Bebe) Rebozo, President Nixon's close friend, did not engage in criminal conduct when he cashed \$91,500 in stolen stock in 1968.

The department made the comment yesterday after The Washington Post reported last Thursday that a sworn statement and other records in a Miami court case indicate Rebozo cashed the stock after he was told by an insurance investigator it was stolen.

Rebozo's lawyer said the investigator visited Rebozo but did not tell Rebozo the stock was stolen.

The \$91,500 in stock represented 300 of 900 shares of stock that had been stolen from the vaults of E.F. Hutton & Co., a New York stock brokerage firm. The entire 900 shares had been pledged as collateral for a loan from Key Biscayne Bank in Florida.

Rebozo, who is chairman and president of the bank, had handled the loan transaction.

Edward T. Joyce, deputy chief of the Justice Department's organized crime racketeering section, said the department made the decision not to prosecute last Friday, a day after The Post story appeared.

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REBOZO, From A1

He said the department did not conduct any new interviews with the participants in the transaction, including George H. Riley Jr., the insurance investigator, or Rebozo.

Joyce said the department had interviewed Rebozo when it prosecuted eight persons, four of whom were identified as members or associate members of the Mafia, for conspiring to steal the stock. Convictions in the case were obtained in 1971.

"Even assuming Riley told him (Rebozo) the stock was stolen," Joyce said, Rebozo did not violate any laws.

The reason, he said, is that "for there to be a criminal offense, the 300 shares of IBM (International Business Machines Corp.) stock would have to be considered as stolen."

Joyce said that when the borrower, Charles L. Lewis, brought the stock into Rebozo's bank to serve as collateral for a loan, Rebozo had the stock—then in the name of Hutton—transferred into Lewis' name.

At that time, Joyce said, the bank "checked with IBM and Hutton to see if there was anything wrong with the certificates." The answer came back, according to an IBM employee, that the stock had not been reported as stolen.

After Rebozo transferred the stock into Lewis' name, Joyce said, "Lewis, being a holder in due course, without notice, got title to the stock. Thus there were no



CHARLES (BEBE) REBOZO
... transferred stock

stolen stock certificates in the Rebozo bank."

Holder in due course is a legal term that means that under certain circumstances, a person who buys securities and has them transferred into his name may become the legal owner of the securities even if the original securities were stolen, so long as he was not aware they were stolen when they were put in his name.

Joyce acknowledged that Rebozo was not a holder in due course on the 300 shares, but he said that Rebozo was acting as a "fiduciary agent" for Lewis when he sold the 300 shares for him.

Joyce said Rebozo could have returned the 300 shares to Lewis to sell. However, Joyce said that when

Rebozo was visited by the insurance investigator, Rebozo had been told in writing by Lewis to sell all the stock, including the 300 shares.

"If Rebozo and the bank had not sold the 300 shares, Lewis would have good claim against the bank," Joyce said, if the stock had gone down in value.

Records in the civil case show that a day after Riley visited Rebozo, Rebozo wrote to Lewis, asking him if he wanted Rebozo to sell the 300 shares.

"Everything thus far has worked out well for both of us and if I receive any further information with respects to the matter involving the certificates, I will let you know immediately," Rebozo wrote.

Rebozo said in a deposition in the civil case that this was a reference to an inquiry about the stock from the FBI.

Asked if a person acting as an agent could legally sell stock even if he is told it is stolen, Joyce said such an action "is not a violation" if the stock was not stolen.

He said the stock was not stolen because Lewis had become its legal owner as a holder in due course.

Thomas P. Lynch, executive vice president of E. F. Hutton, said yesterday that the reason the insurance company was trying to track down the stock at the bank was that both Hutton and the insurance company considered the stock to be stolen after it was transferred into Lewis' hands.

Joyce also said the civil suit filed against the bank by Hutton's insurance company had been decided in favor of the bank. "The court didn't think there was any negligence on Rebozo's part," he said.

Records in the case, which is being appealed, show Rebozo's lawyer successfully argued that Rebozo's actions after he accepted the 900 shares of stock as collateral were not an issue in the case.

This was because the initial complaint of the insurance company cited only Rebozo's action in transferring the stock into Lewis' name. Rebozo did not cash the 300 shares until nearly three months later.

**Dying Inmate's Plea
Is Turned Down**

Reuter

LONDON, Oct. 31—Three appeals court judges have refused to release from prison a 41-year-old man suffering from cancer so that he could die a free man.

The judges turned down a plea for freedom yesterday by Richard Sullivan whose lawyer said he is expected to die early next year. Sullivan was sentenced to 18 months in jail six weeks ago for killing a woman while driving under the influence of alcohol.

Lord Chief Justice John Widgery said Sullivan's case was disgraceful.