

Senator's Charge On U.S. Funds

Washington

Senator Joseph M. Montoya (Dem-N.M.) made public yesterday confidential White House memoranda that he said document a campaign to reward friends and punish enemies in the awarding of federal grants.

Montoya said he was particularly concerned that Spanish-speaking minorities were taken advantage of by the White House during the 1972 presidential election campaign.

"Much of the conduct appears violative of civil and criminal law," Montoya said during a hearing before the Senate appropriations subcommittee he heads. The subcommittee is considering a 1975 budget request from the Office of Management and Budget.

Montoya named Fred Malek, former key White House staff member and a former deputy director of the Nixon re-election campaign, as playing a major role in the alleged effort to influence awarding of government grants.

Malek, 37, is deputy director of the OMB.

He said he was shocked that Montoya would choose to raise the issue that he said had previously been discussed in executive session of the Senate Watergate committee. Montoya also is a member of that committee.

In one memorandum, dated March 17, 1972, and marked "extremely sensitive — confidential," Malek allegedly urged establishment for each department of government of a program to

"discreetly seek out opportunities for improving services to target groups and geographic areas and then ensure that appropriate action is taken."

The memo was addressed to H. R. Haldeman, then White House chief of staff.

Malek told Montoya, "There was nothing illegal or unethical intended."

Another memorandum, which Montoya said was prepared for a campaign meeting at Camp David, Md., on May 26, 1972, referred to the program as "grantsmanship" and said it "was created to ensure that politically beneficial grants are channeled into high pay-off areas."

This same memorandum described Bill Gifford, the head of legislative affairs for OMB at the time, as the

"key White House contact on this program."

The two "principal thrusts" of the program, the memorandum said, were:

- "All major grants and construction decisions for next fiscal year ('72-73) were reviewed prior to the finalization of the budget to ensure to the extent possible the impact on politically beneficial areas. . . ."

- "On a continuing basis, as other grant opportunities come to attention, Bill works with the departments to ensure that, if possible, the decision is favorable to the re-election effort."

Malek said he did not prepare that particular memorandum, but that it was prepared by a member of his staff "to suggest talking points at a meeting."



AP Wirephoto
SEN. MONTOYA
'Political' grants

Montoya said the memorandum — he released six in all — appeared to support "the expenditures of federal funds for purposes that were essentially political."

"Not only were plans made," he added, "but they were consummated." He said he believes that use of government funds in such a way is illegal.

Associated Press