

# Rebozo Investigation Focuses on \$100,000

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## Hughes Gift

By JOHN M. CREWDSON

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From the time that President Nixon took office in early 1969, Charles G. (Bebe) Rebozo has been popularly viewed as his closest friend, an apolitical "man next door" with whom the President, during weekend visits to the Nixon home on Key Biscayne, can retreat fully from the pressures of international and domestic concerns.

Mr. Rebozo has done little to contradict that image. He modestly shuns the press and the public spotlight. His true value to Mr. Nixon, he said in a rare interview last year, is that "I have given him the common man's impression."

But a year-long investigation by the Senate Watergate Committee of the gasoline station owner who became a millionaire Florida banker has slowly chipped away that facade, revealing a man whose importance to the President has long transcended that of an occasional boating or dinner companion, or even a barometer of middle-American opinion.

The committee's work is nearly at an end. But the special Watergate prosecutor will soon begin a formal grand jury investigation of possible violations by the soft-spoken, affable Mr. Rebozo of Federal income tax and campaign finance laws in his handling of at least \$150,000 in cash "contributions" to President Nixon's 1972 re-election campaign.

A task force in the prosecutor's office has been receiving almost daily reports from the Watergate committee staff, and it is these, as well as subpoenaed financial records of Mr. Rebozo and others, that will form the initial basis for the grand jury's inquiry.

### A Web of Relationships

The Senate panel's investigation of Mr. Rebozo and his association with Mr. Nixon has been complicated by an extraordinarily tangled net of personal and political relationships reaching back to Miami in the early nineteen-fifties. After a year of probing, Senate investigators are only beginning to unravel the threads of money, land and power upon which a full understanding of it.

There have been other frustrating factors. The testimony of some of the witnesses questioned by assistant counsel Terry F. Lenzner and aides Scott Armstrong and Marc Lackritz has led to time-consuming and ultimately futile investigations, such as the hunt for the "secret million-dollar trust fund" that was said to have been held for Mr. Nixon in Mr. Rebozo's bank.

Occasionally, a witness like Lawrence M. Higby, a former deputy to H. R. Haldeman at the White House, will drop a "bombshell" that the committee is unable to corroborate elsewhere—in this case, Mr. Higby's testimony that the President and Mr. Haldeman once had discussed a mysterious \$400,000 fund, controlled by Mr. Rebozo, that could be used for Watergate-related legal fees of White House aides.



United Press International

Charles G. Rebozo, the President's friend

There have been other serious findings and allegations—testimony, for instance, that Mr. Rebozo accepted a \$50,000 cash contribution to the Nixon re-election campaign from a Florida grocery executive, and testimony from the re-election committee official to whom Mr. Rebozo said he gave the money that he never got it.

But the most damaging evidence by far is an allegation by Herbert W. Kalmbach, who was until recently Mr. Nixon's personal lawyer and who was sentenced this week to six to 18 months in prison for campaign fund-raising violations. Mr. Kalmbach says that Mr. Rebozo admitted privately having given members of the President's family and White House staff part of a \$100,000 "campaign contribution" he received from an agent of Howard R. Hughes, the billionaire industrialist.

During his seven appearances behind closed doors—the Watergate Committee has not held public sessions since last year—Mr. Rebozo has insisted that he left the Hughes payment untouched for three years in a safe deposit box in the vault of the Key Biscayne Bank and Trust Company, which he heads.

### Confided in Miss Woods

He told no one of the money before the 1972 election, he has said, except for Rose Mary Woods, the President's personal secretary, whom he notified "just for insurance." Miss Woods has said that she faithfully kept Mr. Rebozo's secret.

It was only after Mr. Nixon won re-election, Mr. Rebozo has said, that he decided the time had come to "acquaint" the President with the \$100,000 "contribution."

His choice of the President's secretary as a confidante was explained by one man, a former White House official, who knows both Mr. Nixon and Mr. Rebozo. "There are six people in the Nixon family," the man said. "The President, his wife Pat, his daughters Julie and Tricia, Rose Woods, and Bebe."

In June of last year, Mr. Rebozo has maintained, he returned the 1,000 \$100 bills—plus an extra \$100 bill unaccountably mixed in with the others—to an associate of Chester Davis, a lawyer for Mr. Hughes.

He held onto the funds since 1970, he explained, after deciding that to turn the money over to the Nixon campaign might prove a political embarrassment because of a growing public rift between Mr. Hughes'



and Robert A. Maheu, the former head of the billionaire's Nevada operations.

In recalling his reluctance, Mr. Rebozo has said that "I began to get memories of that \$205,000 situation," a reference to the celebrated Hughes loan to Donald Nixon, the President's brother, which became a major issue in the President's unsuccessful campaign for Governor of California in 1962. Mr. Rebozo has said he blames the publicity surrounding that loan for Mr. Nixon's defeat.

At a news conference last October, the President endorsed Mr. Rebozo's circumspection and also his version of what had happened to the money, asserting that his friend was a "totally honest man" who had turned back the cash "in exactly the same form" that he received it.

#### Conflicting Testimony

What makes the Senate inquiry significant thus far, however, and promises to give impetus to the special prosecutor's investigation, is the conflicting testimony from others who were involved in or who claim knowledge of Mr. Rebozo's handling of money in the President's behalf.

Mr. Kalmbach, for instance, has reportedly recalled under oath for committee investigators a 1973 conversation in which Mr. Rebozo told him of a "problem" created by his having given or lent some of the \$100,000 from Mr. Hughes to the President's brothers, Donald and Edward Nixon, to Miss Woods herself, and to "others" still unnamed.

Committee sources have said that all three of those named have denied under oath receiving any part of the Hughes money from Mr. Rebozo.

The genesis of the Hughes "contribution" has been recounted for committee lawyers by Richard G. Danner, now the general manager of the Hughes-owned Sands Hotel in Las Vegas, a man who has known both Mr. Rebozo and the President since the nineteen forties.

Mr. Danner, who ultimately delivered the \$100,000 to Mr. Rebozo in two equal installments, has reportedly testified that, while a Nixon campaign aide in 1968, he attended a meeting with the Republican candidate and Mr. Rebozo at which the desirability of obtaining a donation from Mr. Hughes was discussed.

Mr. Hughes is said by those who were involved to have expressed interest in the proposition, but only if he received acknowledgment of the contribution from Mr. Nixon or on his behalf. Mr. Rebozo has said that he recalled again the trouble over the earlier Hughes loan to Donald Nixon and quashed the deal.

#### A Second Attempt Fails

A subsequent attempt by the Hughes organization to give \$50,000 to President-elect Nixon in December, 1968, while on a Palm Springs, Calif., vacation was also unsuccessful when Mr. Maheu and Paul Laxalt, former Governor of Nevada, were told that a change in Mr. Nixon's schedule prevented him from seeing them.

As a result, Mr. Maheu decided to hire someone who could serve as Mr. Hughes's emissary to the Nixon Administration.

He chose Mr. Danner, a former agent of the Federal Bureau of Investigation and Miami city manager who had first introduced then-Senator Nixon and Mr. Rebozo in that city 20 years before.

Mr. Danner was employed by Mr. Maheu in February, 1969, but much of what happened thereafter is unclear. What is agreed to by all concerned, however, is that two cash payments of \$50,000 from Mr. Hughes eventually passed between Mr. Danner and Mr. Rebozo.

What is also agreed is that one of the payments was delivered to Mr. Rebozo while he was visiting the President's San Clemente estate, and that the other was taken by Mr. Danner to the banker's home on Key Biscayne.

Mr. Rebozo recalls receiving the first payment from Mr. Danner in July, 1970, at San Clemente, and the second the next month in Florida.

Mr. Maheu, who was present when Mr. Danner met Mr. Rebozo in Florida, remembers the time of that visit as August, 1969—which would make that payment the first one and the payment at San Clemente the second.

#### Testimony Inconclusive

Mr. Danner's testimony has not resolved the conflict. Asked under oath what he had told Mr. Rebozo upon handing him the \$50,000 at San Clemente, Mr. Danner recalled that he said, "Here is the first installment or the second installment, as the case may be."

One reason the conflict in dates is significant is that if Mr. Maheu is correct—and the first check was in fact handed over in August, 1969—the suspicion that Mr. Rebozo might have spent some of the money would be strengthened.

For it was in August, 1969, that Mr. Rebozo wrote a check for \$11,978.84 on his personal account to pay for air-conditioning Mr. Nixon's Key Biscayne home—the first of several improvements, including a swimming pool, that he reportedly financed for the President in the following weeks.

Moreover, Mr. Maheu has testified about a possible "quid pro quo" involving the second of the \$50,000 payments and a Justice Department decision in March, 1970. It would be an unlikely "quo pro quid" sequence if, as Mr. Rebozo says, the first payment was not received until four months after the action supposedly paid for by the second payment was taken.

Mr. Danner did remember that after giving Mr. Rebozo the \$50,000 at San Clemente he was immediately ushered into the Presidents' office for a chat. He said that his conversation with Mr. Nixon never touched on the transaction that had just taken place. He said the two men talked instead of the difficulty of booking "family-type" stage shows into Las Vegas hotels.

#### Confusion Over Purpose

While Mr. Rebozo does not recall taking Mr. Danner to see the President, he does not preclude the possibility that the meeting did occur.

In addition to the conflict over how the \$100,000 was delivered, there is also confusion about what it was for. Representatives of the Hughes organization have declared that the money was intended to aid Republican Congressional candidates in 1970. But Mr. Rebozo told The Miami Herald in November: "There was no question in my mind what it was ever for. I only had one

candidate and only one race I was interested in. That was in getting him [President Nixon] re-elected."

Considerable speculation has been devoted to the possibility of a "quid pro quo" in the Hughes-Rebozo transaction, and Watergate investigators have developed evidence supporting a number of theories, ranging from Mr. Hughes's wish for a halt to atomic testing in Nevada to his anxiety about stopping Federal shipments of nerve gas by train through the state.

But the theory for which the investigators have gathered the most compelling circumstantial evidence has to do with Mr. Hughes's desire to expand his already substantial hotel holdings in Las Vegas.

In March 1970, Mr. Danner met with John N. Mitchell, then the Attorney General, and was told of the success of his efforts over the last few months to get a reversal of an opinion by the Justice Department's antitrust division that prohibited Mr. Hughes from buying more than the five Las Vegas hotels he then owned.

#### A Political Obligation

When Mr. Danner returned to Nevada to report that the opinion had been reversed, he also mentioned, according to testimony by Mr. Maheu, that the Hughes empire had "incurred a political obligation."

Mr. Hughes, who at the time was living in his impenetrable hideaway atop the Desert Inn in Las Vegas, never acquired the sixth hotel, The Dunes,

that had prompted the negotiations between Mr. Danner and the Justice Department.

But Mr. Maheu, in his testimony, has nevertheless linked the second \$50,000 payment to the "obligation" cited by Mr. Danner.

Mr. Rebozo told The Herald in November that he placed the Hughes money in the vault of his bank immediately after receiving it because the Republicans "had no campaign manager or no finance director at the time and I was waiting for him to be named."

However, Mr. Kalmbach has testified in connection with another matter that, in his role as a fund-raiser for the 1972 Nixon campaign, he began accepting large political contributions in 1969, months before Mr. Rebozo received the first of the \$100 bills from Mr. Danner.

In the newspaper interview, Mr. Rebozo went on to explain that he held onto the money even after Mr. Stans was appointed to head the 1972 Nixon fund-raising operation because of the "flap" that developed in December, 1970, after Mr. Hughes discharged Mr. Maheu.

#### A Libel Suit Is Filed

The dispute intensified in early 1972 when Mr. Hughes charged during a telephone press conference that Mr. Maheu "stole me blind" during his employment, and when Mr. Maheu filed a libel suit against his former employer over the remark, Mr. Rebozo recalled, "I thought I would just sit tight and wait to see if this blew over and then use it [the Hughes money]." "It didn't get any better," he continued, "so then I thought, well maybe it will still quiet down and we can use it in the '74 Congressional races. . . ."



Mr. Rebozo's concern about preventing a possible embarrassment to the President, however, was apparently not shared by the regular Nixon fund raisers. Records of the Finance Committee to Re-Elect the President show that a separate \$100,000 donation from Mr. Hughes was received—and publicly reported—in the days before the November, 1972, Presidential election.

Asked about this, one friend of Mr. Rebozo said that he was "over-protective" of the President, that "he just wanted to make sure nothing like that [the uproar over the Hughes loan to Donald Nixon] happened again."

In May, 1972, Mr. Danner informed the Internal Revenue Service, which was looking into the disposition of some of Mr. Hughes's money, of the \$100,000 that he had given Mr. Rebozo. But it was not until a year later—the reason for the lengthy interlude has never been clear—that agents of the I.R.S. first approached Mr. Rebozo in connection with their investigation of the \$100,000 for tax purposes.

According to Watergate Committee sources, William E. Simon, then Deputy Secretary of the Treasury, alerted the White House that the agency's investigation was about to impinge on Mr. Rebozo and might prove an embarrassment to the President.

After first invoking executive privilege on orders from the President, Alexander M. Haig, the White House chief of staff, relented and told the committee that it was he who had received the call from Mr. Simon.

That signal to the White House, according to one Senator present during Mr. Haig's testimony, prompted "considerable discussion in the White House about the Hughes money."

#### Lawyer Is Consulted

The result, Mr. Haig testified, was that the President directed him to ask Mr. Rebozo to talk with Kenneth W. Gemmill, a Philadelphia lawyer who later served as a tax adviser to Mr. Nixon himself.

Mr. Gemmill has said that, although he had no idea why Mr. Rebozo had chosen to call him "out of the blue," he advised Mr. Nixon's friend to return the funds to the Hughes organization and to make a voluntary disclosure to the I.R.S. about the matter.

Mr. Rebozo did talk with the I.R.S., but not before he spoke with Mr. Kalmbach, on April 30, 1973, about his "problem."

William S. Frates of Miami, Mr. Rebozo's lawyer, has confirmed that his client met with Mr. Kalmbach on that date. But he has denied that version of the discussion attributed to Mr. Kalmbach, saying that the President's lawyer was only one of a number of "people in the White House" whom Mr. Rebozo consulted "about what to do with the money and how to return it."

However, Mr. Kalmbach is understood to have told the committee that he received a telephone call from Mr. Rebozo last January, asking if he remembered "that conversation we had" in April, 1973. Sources said Mr. Kalmbach quoted Mr. Rebozo as having told him that "I was all wrong" about what he said then had happened to the Hughes money.

Sources close to Mr. Rebozo say that he does not remember making the January call, but they also disclose that the banker was nevertheless seeking to expunge Mr. Kalmbach's testimony about the April 30 conversation from the committee's record on the ground that it was protected by the attorney-client privilege.

Mr. Danner has testified that in mid-May, about two weeks after the I.R.S. first got in touch with Mr. Rebozo, the Florida banker tried to persuade him

during a visit to a fishing camp in the Catskill Mountains to take back what was purportedly the same money that he had delivered three years before.

But Robert H. Abplanalp, another close personal friend of Mr. Nixon who was also present during the trip, has said that he overheard no conversation between Mr. Rebozo and Mr. Danner that dealt with the Hughes money.

Mr. Danner reportedly testified that during the Catskills visit, which committee investigators have placed on May 18 or May 19 of last year, he declined Mr. Rebozo's suggestion that he take back the money.

But on May 20, Mr. Danner was invited by Mr. Rebozo to visit the President's Camp David, Md., retreat, where he saw Mr. Nixon for what the White House has described as a "10-minute courtesy call."

Mr. Danner has insisted under oath that his conversation with the President was confined to "the mood of the country," and never embraced his rebuff of Mr. Rebozo's request.

With the assistance of Mr. Gemmill as an intermediary, Mr. Rebozo was finally able, in early June of last year, to return what he said were the same \$100 bills he had received three years earlier to an associate of Chester Davis, a New York City lawyer who represents Mr. Hughes's umbrella organization, the Summa Corporation.

The I.R.S. investigation apparently continued, however, because Mr. Haig told the Watergate Committee that in midsummer of 1973 Mr. Gemmill complained to him that the agency was "harassing" Mr. Rebozo in its investigation.

#### Another Call to Haig

A few months later there was another call to Mr. Haig from Mr. Gemmill. This time the message was different—that the I.R.S. official in charge of the investigation had made assurances that Mr. Rebozo was guilty of no wrongdoing, but that the agency's conclusion could not be made public because Archibald Cox, the first Watergate prosecutor, was looking into the matter.

Mr. Haig then reportedly telephoned Attorney General Elliot L. Richardson to complain about the prosecutor's investigation of the Rebozo-Hughes matter, and was told that the subject fell within Mr. Cox's jurisdiction.

The date of that conversation was Oct. 18, 1973. Two days later, Mr. Cox was dismissed by order of the President and Mr. Richardson resigned after declining to carry out the directive. The Watergate Committee has not established any direct connection between the two events.

One committee source said recently that, based on the testimony of Mr. Kalmbach and other evidence, investigators were proceeding on the "assumption" that there was "no question" that at least part of the Hughes money did not lie fallow in a bank vault for three years, but rather was converted to the use of other individuals.

"The investigation," the source added, "includes an attempt to determine how he replenished the money," before it was returned, "and who furnished the money for that purpose."

The Watergate Committee's inquiry will conclude at the end of this month, and investigators conceded they have little hope of answering the many questions that their researches have raised.

But the special prosecutor's office, with the aid of court-ordered subpoenas and the immunity powers, have all the time it wishes to try to resolve the conflicts in the evidence about the 1,000—or is it 1,001?—pieces of green and white paper that made their way from Mr. Hughes to Mr. Rebozo and then eventually back to Mr. Hughes again.