

McGovern Finances Questioned

Washington

Senator George McGovern enriched his South Dakota Senate campaign by \$340,416.96 in leftover funds raised for his 1972 presidential campaign, according to a staff report to the Senate Watergate committee.

At the same time, McGovern's presidential campaign committees have settled leftover bills from 37 corporations for a total of \$35,322.32 less than the full amounts, the report said.

It said this raises a question of whether the McGovern campaign violated at least the spirit of the federal law forbidding corporate donations to federal political campaigns.

A spokesman for McGovern said the leftover presidential money had been transferred on specific instructions from state and local McGovern campaign committees who left McGovern no choice in the matter.

He also said the presidential campaign committee tried to settle some of its left-over bill for less than the full amount, because the Internal Revenue Service had told the committee it might owe hundreds of thousands of dollars in gift taxes on contributions.

The spokesman, John Holum, said McGovern would contest the Watergate staff's language and try to keep the senators from adopting it. He said that if in the end it is found that there was something wrong with underpaying the corporation bills "We'll pay anything that has a cloud over it."

The staff report was circulated to members of the committee on Thursday and has not been adopted formally by the Senate panel. The Associated Press obtained a copy.

The report said leftover presidential money started flowing from five McGovern committees into the Senate campaign within two weeks after McGovern was defeated by President Nixon on Nov. 7, 1972.

The transfers continued for more than a year. The last one was \$7054 last December 30.

The report said that during this period the McGovern national presidential treasurer, Marian Pearlman, was sending letters to presidential campaign creditors asking them to settle bills for 50 cents on the dollar.

Associated Press

"We do not at this time have enough money to pay all our debts," said her letter dated Dec. 15, 1972. The report said Watergate committee investigators discovered that Xerox Corp. had written off a total of \$9606.02 as uncollectible debts owed by the McGovern campaign. This was the largest unpaid bill cited by the report.