

Ervin Staff Finds Nixon Fund-Raisers Did Not Act to Screen Illegal '72 Gifts

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WASHINGTON, June 28—Fund-raisers for President Nixon's 1972 re-election campaign "made no effort whatsoever" to ensure that contributions they solicited from businessmen were not illegally drawn from corporate funds, the staff of the Senate Watergate committee has charged.

The staff said that, while it had found no evidence that any Nixon fund-raiser had directly solicited an illegal corporate contribution, "the evidence is unmistakable that a number of them either were indifferent to the source of the money" or took no steps to make certain that private rather than corporate funds were involved.

In a draft of its report on Presidential campaign financing practices, the staff says that "the bulk of the illegal corporate contributions" uncovered so far, about \$750,000, was given to the Nixon re-election effort.

So far, 11 corporate executives and an equal number of corporations have been found guilty on charges, brought by the special Watergate prosecutor of having violated Federal laws that prohibit the use of corporate funds to support political candidates.

Two executives and corporations have been charged with that offense by the prosecutor, Leon Jaworski, but have not yet been brought to trial.

In all the cases where pleas of guilty or no contest were entered, however, few details have been made public by the prosecutor's office of the handling of the illegal corporate contributions.

But the Watergate committee examined thoroughly in the final stages of its investigation the manner in which Nixon fund-raisers had approached executives and the means by which the executives went about fulfilling their commitments to support the President's campaign.

'No Clear Pattern'

The staff report, circulated to Watergate committee members yesterday and obtained by The New York Times, states that the evidence gathered on corporate contributions falls into "no clear pattern."

"Some of the solicitations," it noted, "were vigorous, bordering on extortion"; in most cases, corporate donors relied on funds controlled by their foreign subsidiaries to disguise the true source of the money, while some used secret "kitties" that had long been maintained to provide illegal funds to politicians.

In other cases, Senate investigators found, companies used corporate expense accounts and bonuses to reimburse executives for their "personal" contributions.

One contributor, Braniff Airways, which gave the Nixon campaign \$40,000, set aside a stock of blank tickets in its Panama office to be sold only for cash, the report said.

"If a customer wanted to pay by check," it continued, "regular tickets were used. The receipts [from the special ticket forms] were not accounted for as ticket receipts, but were applied" to replacing the corporate funds contributed to Mr. Nixon.

Most of the illegal donations were found to have been in cash, and preceded April 7, 1972, the effective date of the

Federal Elections Campaign Act, which requires the public disclosure of certain sizeable contributions.

The Watergate staff said it had found illegal contributions of more than \$780,000 from 13 corporations to candidates of both parties in 1972.

Of that amount, \$149,000 was given by 12 companies to the Nixon re-election campaign.

Hertz Cited by Staff

The staff also uncovered one transaction that so far has not been a target of the special prosecutor's investigation. The report stated that the Hertz Corporation had provided several thousand dollars' worth of rental car services to campaign workers for Senator Edmund S. Muskie of Maine, an unsuccessful contender for the Democratic Presidential nomination.

The Finance Committee to Re-elect the President took no steps to determine which "individuals" had been the source of the pre-April 7 contributions that had been presented in behalf of corporations until a year later, the report said.

"The main impetus" was a civil lawsuit brought by Common Cause, a self-described "citizens' lobby," to force disclosure of Republican contributions made before the new Federal reporting law took effect.

"When it became apparent that some sort of disclosure would be required," the staff wrote, "letters were sent out by F.C.R.P. seeking enumeration of the individuals who had actually made the contributions."

The responses by the corporations, it said, varied. In some cases, "the corporate executives prepared a list of employees—either with or without their consent—that was false." In other instances, corporate executives were advised by their lawyers to make full disclosure.

'Elaborate Scheme' Cited

"In at least one case," according to the report, "an elaborate scheme to conceal the corporate nature of a contribution was indulged in, and involved lying to the F.B.I. and perhaps other crimes."

Elsewhere in the staff report, Herbert W. Kalmbach, President Nixon's former personal lawyer, emerged as perhaps the premier Republican fundraiser. The report said that between 1969 and 1972 Mr. Kalmbach, a California lawyer, had solicited more than \$13.4-million in campaign commitments, of which \$10.6-million was eventually collected.

Commitments of \$7.5-million were obtained by Mr. Kalmbach in a single evening, according to the Senate investigation. Pledges of \$3-million each were obtained, the report said, from W. Clement Stone, a Chicago insurance magnate, and John Mulcahy, an industrialist, while attending a small White House dinner.

A third guest, Richard Scaife, a Pittsburgh financier, pledged a contribution of \$1-million to Mr. Kalmbach, and two others, John Rollins and Kent Smith, told him afterward that they would provide \$250,000 each.

Mr. Kalmbach pleaded guilty last February in connection with his fund-raising activities to violating the Federal Corrupt Practices Act and to illegally promising an ambassadorship to J. Fife Symington in return for a \$100,000 contribution. He has been sentenced to six months in prison.

The committee's campaign finance investigation, directed by the assistant chief counsel, David Dorsen, was criticized yesterday as a partisan effort biased against Republican candidates, especially Mr. Nixon.

One Republican Senator, James McClure of Idaho, charged that the Watergate committee had virtually ignored the possibility of illegal contributions by labor unions, which traditionally favor Democratic candidates, at the expense of "Republican-oriented companies and contributors."

But the Dorsen Report noted that Questionnaires had been sent to about 100 Republican contributors and 50 Democratic donors who had given more than \$3,000 to any candidate.

A second questionnaire was sent to officers of corporations taken from the Fortune magazine listing of the 500 largest in the United States, and a third to officials of 70 labor unions.

All the corporate and union representatives replied and "no evidence of illegal union contribution activity was disclosed," the staff wrote.

Staff Absolves Connally

WASHINGTON, June 28 (AP)—The Senate Watergate committee staff says bureaucratic bungling and not John B. Connally, apparently headed off an expanded tax inquiry and possible criminal charges against the nation's largest dairy-farmer cooperative in 1972.

The staff said it had investigated allegations that Mr. Connally, who was then Secretary of the Treasury, might have influenced an Internal Revenue Service audit that ran out after uncovering more than \$90,000 in apparently illegal corporate political donations.

"The investigation by the committee has uncovered no evidence of any improper action either with respect to the I.R.S. audit or the case in the Justice Department," the staff's report said.

It said the I.R.S. did not act on staff recommendations for an expanded audit because of a shift in jurisdiction and an error in judgment.

And it said the Justice Department's Criminal Division had failed to follow up a recommendation for a criminal prosecution because the division had lost the records of the case until after the statute of limitations had expired, making prosecution impossible.

The report did state that top I.R.S. officials, including Johnnie Walters, then director of the agency, had taken a personal interest in the dairy cooperative tax case and had pressed to wind it up quickly. It quoted I.R.S. officials as saying the handling of the case was highly unusual.

By failing to expand the audit beyond the fiscal year in which the original political payment was discovered, the I.R.S. missed evidence of massive illegal political donations by the cooperative, Associated Milk Producers, Inc.

These donations included an admittedly illegal \$100,000 to President Nixon in 1969, apparently illegal money to Hubert H. Humphrey's campaigns in 1968, 1970 and 1972, and apparently illegal funding of Representative Wilbur D. Mills's brief 1972 Presidential campaign. The donations were not uncovered until two years after the I.R.S. audit, and then only as a result of Watergate and antitrust investigations.