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# Vesco Used U.S. Agents In Probe, Hill Is Told

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Two former narcotics agents say that financier Robert L. Vesco, through an associate, hired them while they were on the federal payroll to search his home and office for hidden electronic eavesdropping devices.

The agents have told their story to investigators for the Senate Permanent Subcommittee on Investigations. Chairman Henry M. Jackson (D-Wash.) has set a hearing for July 30.

This is the second time in nine months that Vesco's name has cropped up in connection with the Justice Department's Drug Enforcement Administration or its predecessor, the Bureau of Narcotics and Dangerous Drugs.

Last night, the DEA emphatically denied that the agents ever had been "authorized to perform any electronic work in or about the private or business establishments of one Robert Vesco."

The DEA also said that it has issued subpoenas for the two agents, that it had learned of the Vesco episode for the first time on July 2, and that it immediately launched a full-scale investigation.

The Vesco associate, Los Angeles stock broker Thomas H. Richardson, of Richardson & Co., has been subpoenaed to testify before the subcommittee. Yesterday, a member of the firm told a reporter who asked for Richardson, "No one knows where he is exactly." A secretary said he was on vacation.

Under its former name, Dahlgren, Richardson & Co., the firm sold securities from the Investors Overseas Services portfolio after control of IOS had passed from Bernard Cornfeld to Vesco.

The former agents were identified by the DEA as Sergio Borquez, supervisor of an electronics surveillance team in the Los Angeles regional office of the BNDD, and Robert P. Saunders, a member of the team.

They told Senate investigators that, apparently at Richardson's urging, a superior in the BNDD had requested them in June, 1972, to make the electronics sweep, which turned up nothing.

The subcommittee did not name the superior—or the agents—on the ground that they have not yet been served with subpoenas. Other sources identified the superior as John

L. Kelly, former assistant regional director of the BNDD's Los Angeles office.

Broker Richardson paid each agent \$700 and Kelly \$600 for making the sweep. The Washington Post was told.

DEA Administrator John R. Bartels Jr., in his statement last night, said the agency's official records "show that no government-owned electronic equipment was ever issued for such a purpose."

Bartels said the DEA investigation has determined that Borquez and Saunders flew from Los Angeles to New York on a Saturday, June 3, 1972, and checked into the elegant Carlyle Hotel. They stayed through the following Monday, when they were on leaves of absence. *S. J. M.*

The same day, Bartels said, their hotel bills were paid "by the Richardson Co., Inc." DEA is still attempting to identify members of this firm.

The official also said that "persistent attempts by DEA inspectors to question Saunders or Borquez have been unsuccessful. They have refused to answer any questions or offer any cooperation."

Kelly retired June 29, 1973, two days before the BNDD was merged into the DEA, and is now a private detective.

Borquez received a disability retirement on May 10.

Saunders was indicted in Los Angeles for embezzlement of funds seized at the residence of a narcotics suspect. The BNDD terminated him on Jan. 12, 1973, after he pleaded guilty to a reduced charge, violation of civil rights.

Sources said that a fourth employee of the BNDD may also have been involved. This employee resigned last Dec. 17 while under investigation for violation of agency procedures. The particular procedures were not known to the sources.

A major question to be explored at the July 30 hearing, which probably will be public, is whether the Vesco matter was undertaken without the knowledge of the BNDD hierarchy.

Why Vesco wanted the electronics sweep was unclear. At the time, he was the object of complaints from IOS investors around the world, and was under investigation by the Securities and Exchange Commission. However, an SEC spokesman said yesterday that the agency "never, ever used" hid-

den electronic surveillance devices.

A federal grand jury in New York City indicted Vesco in May, 1973, on obstruction of justice and other charges growing out of a secret \$200,000 contribution he made to President Nixon's re-election campaign in an alleged effort to influence the SEC investigation.

Former Cabinet members John N. Mitchell and Maurice H. Stans, who were indicted with Vesco, were tried and acquitted. Vesco never stood trial because the government failed in an effort to extradite him from Costa Rica and the Bahamas.

Vesco's name first came up last October, when Frank Peroff, an undercover narcotics agent, told the subcommittee that he had tape-recorded conversations in July, 1973, with Conrad Bouchard, purported organizer of a scheme to smuggle from Europe into the United States 100 kilograms of heroin with a multimillion-dollar "street" value.

In one tape conversation, Bouchard told Peroff that either Vesco or a close associate, Norman P. LeBlanc, would supply him in Costa Rica with \$300,000 with which to buy the heroin—a charge Vesco has vehemently denied.

Shortly after Vesco's name came up, the DEA abruptly terminated the heroin investigation.

The Jackson subcommittee, after taking almost 50 hours of sworn testimony in seven days of recent closed-door hearings, was unable either to prove or disprove a connection between the naming of Vesco and the termination of the investigation. Neither was the subcommittee able to establish precisely who in the DEA ordered the investigation ended, or why. *(O. J. M.)*

Peroff insisted to the subcommittee—and on Wednesday to the Office of the Watergate special prosecutor—that federal agents sabotaged the investigation and endangered the lives of himself and his family after Vesco's name came up.

But the DEA and the U.S. Customs Service, which shared responsibilities for narcotics control with the BNDD until July 1, 1973, said that Bouchard had deliberately misled Peroff into believing that Vesco was a party to the smuggling scheme.