

Sam Ervin's Last Harrumph

It has been a year and a half since the Senate Watergate committee began its task, and just over a year since the nation watched transfixed as former White House counsel John W. Dean III delivered his *faccuse* to the wary senators. The committee has been reduced to somnolent murmuring for months, and not even a torrent of leaks about its long-overdue final report could rouse much interest in this season of impeachment. But when the three-volume, 2,299-page report finally emerged last week, it showed that Sam Ervin and his band still had a wallop left. In an exhaustive, 350-page section, the report provided the most damaging evidence yet that Richard Nixon had secretly and possibly illegally enhanced his personal wealth with political campaign contributions—and it suggested the existence of a “slush fund” of unknown size, managed by the President’s longtime friend, C.G. (Bebe) Rebozo.

The report was otherwise a long retracing of the path that the committee had blazed a year ago in its probe of wrongdoing during the Presidential campaign of 1972. That period, the senators said, had been “characterized by corruption, fraud, and abuse of official power,” but they refused to assign individual responsibility. “Some people draw a picture of a horse and then write ‘horse’ under it,” chairman Ervin explained. “We just drew the horse.” Still, the committee’s conclusions showed through in its 37 specific legislative recommendations for preventing future abuses. The proposed legislation would rein in the President, subject the Justice Department to scrutiny and give Congress more authority over a runaway executive branch.

RADICAL RECOMMENDATION

The most radical recommendation was for a permanent office of public attorney, to be named by the judiciary and approved by the Senate. The attorney, the report suggests, “would not be only a ‘special prosecutor’ but an ombudsman,” with access to executive records and a franchise to investigate any apparent misconduct by the Administration. Reflecting on the “plumbers” operation, the committee would ban intelligence gathering by the White House; it would also increase Congressional supervision of the FBI, IRS and CIA, while severely restricting all communication between the IRS and the White House. The committee offered a list of restrictions on dirty campaign tricks. And to the section on Rebozo, the committee attached a recommendation that Presidents and Vice Presidents be required to make full disclosure annually of all income and gifts.

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Ervin signing off: A picture of a horse—or baloney?

It was in the unraveling of Rebozo’s intricate financial ties to Mr. Nixon that the report covered new ground. The thrust of the charge was that, from 1968 to 1972, Rebozo had used a complex set of bank accounts in the name of his lawyer, Thomas H. Wakefield, to funnel more than \$50,000 to the President’s personal use—and the implication was that at least part of that sum may have come from the mysterious \$100,000 cash gift of billionaire Howard Hughes. According to the report, Rebozo had deposited sizable funds—including at least \$20,000 in \$100 bills—in three trust accounts held by Wakefield. Out of those he had paid \$45,621.15 for improvements on Mr. Nixon’s Key Biscayne properties, including a swimming pool, a fireplace and an Arnold Palmer putting green. There might have been more such expenditures, the report speculated, but Rebozo had refused to comply with subpoenas for his financial records.

Possibly the most damning single charge by committee investigators was that \$4,562.38 in campaign funds had gone toward the purchase by Mr. Nixon of some platinum-and-diamond earrings for his wife’s 60th birthday in 1972. Long before, money left over from the President’s 1968 campaign had been deposited in the account of the Florida Nixon for President Committee, controlled by Rebozo, in Rebozo’s Key Biscayne Bank & Trust Co. In 1969 Rebozo had transferred \$6,000 from that account to another in his bank, the latter in Wakefield’s name. There were some withdrawals that year, then none until June 28, 1972, the report charged, when Rebozo transferred the remaining balance—\$4,562.38—to a trust account of Wake-

field’s law firm; then \$5,000 was moved from there to a fourth account in First National Bank of Miami. Later that day, \$5,000 was withdrawn in a cashier’s check, payable to Harry Winston, the New York jeweler. Winston’s records also show a \$560 check from Mr. Nixon’s Washington bank and a \$90 check from his secretary, Rose Mary Woods, apparently to cover an unanticipated difference in the price of the earrings.

SWIMMING POOL

Rebozo conceded that the \$4,562 came from campaign funds, the report said, but he maintained that the money was owed to him for his own undocumented expenditures during the campaign. But if Rebozo was making Mr. Nixon a gift totaling about \$50,000, the report said, he failed to pay the necessary gift tax. While the transfer might have been a loan, the only record of reimbursement by the President noted in the report was a \$13,642.52 check for the swimming pool—issued in mid-1973, when the committee was already probing the Hughes contribution. The Coopers & Lybrand audit of Mr. Nixon’s finances last year reflected no such debt to Rebozo. The auditors, in fact, had not been told of the \$45,621 worth of improvements on Key Biscayne, although the report said that Mr. Nixon knew that the improvements had been made and had met once with a contractor.

Even more potentially damaging was the report’s suggestion that the \$50,000 may have been only the tip of the iceberg. Only one month after the first Nixon Inauguration, the report disclosed, H.R. Haldeman wrote John Ehrlichman: “Bebe Rebozo has been asked

by the President to contact J. Paul Getty in London regarding major contributions . . . The funds should go to some operating entity other than the [Republican] National Committee so that we retain full control of their use." That plan was later abandoned, but two months later Rebozo wrote to Herbert Kalmbach, the President's lawyer and fund raiser, about a fund he would maintain in Florida to "take care of frequent administration-connected costs." That fund began, Senate investigators suspect, with the relatively modest transfer of \$6,000—but Wakefield and former Haldeman aide Laurence Higby have mentioned amounts between \$200,000 and \$400,000. Whatever the size, NEWSWEEK's Nicholas Horrock learned, committee investigators believe that secret donations may have come from individuals seeking government favors.

The mystery surrounding Rebozo's handling of the \$100,000 gift from Hughes, the probers charge, was only deepened by an IRS investigation into the matter. The agency delayed its inquiry for months after learning of the fund, and then handled Rebozo gingerly. Only days before Mr. Nixon fired special Watergate prosecutor Archibald Cox, the IRS told Rebozo that Cox was investigating him; the same day, the report said, White House chief of staff Alexander Haig tried to stop Cox's investigation.

The IRS's leniency with Rebozo was in marked contrast to its investigation of Democratic Party chairman Lawrence O'Brien. It began, the report said, when

Ehrlichman learned that O'Brien's public relations firm had received a retainer from a company owned by Howard Hughes. Although the IRS had finished a routine audit of O'Brien, Ehrlichman has testified that he prodded the agency into reopening the case. "I wanted them to turn up something and send O'Brien to jail before the election," Ehrlichman told the committee. When the then Treasury Secretary George Shultz and IRS Commissioner Johnnie M. Walters telephoned Ehrlichman to report that O'Brien was clean, Walters said, Ehrlichman raged at him. It "was my first crack at [Walters]," Ehrlichman said. "George wanted to stand between me and his commissioner and this was the first time I had a chance to tell the commissioner what a crappy job he had done."

ETHICAL QUESTIONS

The committee had made other discoveries, but most had been leaked by the time that the report appeared. Investigators found evidence that the Presidential campaign committees of Democratic Sen. George McGovern were settling bills with creditors at 50 per cent of face value—while making substantial transfers of funds to McGovern's 1974 senatorial campaign. While the report presented no evidence of illegal intent, it raised a conspicuous question of

ethics. And investigators charged that both Sen. Hubert Humphrey and Rep. Wilbur Mills had received thousands of dollars in illegal corporate contributions to their unsuccessful 1972 primary campaigns for the Democratic Presidential nomination.

There were also few surprises in the senators' individual reports. Most shunned the question of the President's role in the cover-up; only Sen. Edward Gurney, a Florida Republican, concluded that Mr. Nixon had no advance knowledge of the break-in and first learned of the cover-up in March 1973. (Last week Gurney was charged by a grand jury with bribery and conspiracy concerning a secret fund for his benefit.)

The report also contained a letter from Presidential counsel James St. Clair, replying to some of the charges and disparaging the rest. Mr. Nixon, he concluded, "never instructed C.G. Rebozo to raise and maintain funds to be expended on the President's personal behalf, nor, so far as he knows, was this ever done." Presidential spokesman Ron Ziegler added that the Rebozo charges were so much "warmed-over baloney"—a phrase that led the jovial Ervin to brandish an 11-pound sausage at the committee's final session in the Senate Caucus Room. But the White House response begged the question of whether campaign money had actually been diverted to Mr. Nixon's private use—and the charge promised to be yet another factor in the growing case for the impeachment of Richard Nixon.



BAUBLES FROM BEBE

Platinum-and-diamond earrings given by President Nixon to his wife on her 60th birthday, the Senate Watergate committee charged, were really purchased with campaign funds that had been laundered by Mr. Nixon's friend C.G. (Bebe) Rebozo through bank accounts in the name of Rebozo's lawyer, Thomas H. Wakefield.

