

Evidence of Nixon Fund Diversion by Rebozo

Washington

Evidence indicates Charles G. Rebozo diverted at least \$41,000 in Nixon campaign funds to the personal benefit of former President Nixon, according to an affidavit filed in federal court here yesterday by the special Watergate prosecutor's office.

The affidavit, signed by assistant special prosecutor Paul Michel, alleged that \$4562.38 of the money was used to purchase a set of platinum diamond earrings for Mr. Nixon's wife and that more than \$36,000 was used to pay for improvements on houses occupied by Rebozo and Mr. Nixon at Key Biscayne, Fla.

Michel confirmed that a federal grand jury is investigating possible violations of 12 different sections of the Criminal Code in connection with "receipt and expenditure for personal purposes of political campaign contributions."

The affidavit was filed along with a memorandum by the prosecutor's office in support of a subpoena it issued for three Rebozo attorneys—Thomas H. Wakefield, Robert Hewitt and Garth A. Webster—to produce records bearing on the money transactions.

The attorneys had filed a motion to quash the subpoena on grounds the records related to confidential communications with a client. However, in a memorandum opposing the motion, the prosecutor argued that the records relate to business rather than legal transactions and that they are relevant to the grand

jury's investigation.

In his affidavit, Michel said evidence indicated that the money in question was diverted from \$150,000 in Nixon campaign funds collected by Rebozo, a Key Biscayne banker and Mr. Nixon's friend.

The funds included \$100,000 given by billionaire Howard Hughes and \$50,000 contributed by food chain owner A. D. Davis, Michel said.

Between May, 1972, and April, 1973, he said, Wakefield received more than \$36,000 from Rebozo. During the same period, Michel continued, Wakefield and his partners, acting on instructions from Rebozo, issued checks on various trust accounts to pay local firms "mostly for improvements to homes occupied by Mr. Rebozo and by former President Nixon at the former presidential compound in Key Biscayne, Fla."

During that period, Michel said, Rebozo "apparently did not have sufficient cash available to make these deposits from any known source other than the political campaign contributions. . . ."

Michel also noted that the \$150,000 in contributions was in \$100 bills and that Wakefield had stated in staff interviews with the Senate Watergate committee that the currency furnished him by Rebozo was in \$100 bills.

The trust accounts covered by the prosecutor's

subpoenas, Michel said, "were used to conceal the source of payments made at Mr. Rebozo's instructions and to 'launder' political campaign contributions."

Michel also described a "complex four-stage process" by which campaign funds were transferred through three different accounts on the same day, apparently to conceal the fact they were being used to purchase the earrings for Mrs. Nixon.

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