

## Watergate Prosecutor

# Ford Cleared in Probe Of His Campaign Funds

## Case Is Closed

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### Washington

The Watergate special prosecutor's office announced yesterday that it has closed its investigation of President Ford's finances after finding no evidence to substantiate an allegation that he mishandled campaign funds as a congressman.

In a brief written statement tracing the course of the investigation, Special Prosecutor Charles R. Ruff concluded:

"The evidence developed ... was not corroborative of the allegation on which it was predicated. Nor did evidence disclosed during the inquiry into that allegation give reason to believe that any other violations of law had occurred. Accordingly, the matter has now been closed."

The announcement, three months after the special prosecutor's inquiry began, removes a political cloud that has been hanging over the President's head since the Wall Street Journal disclosed on September 21 that Mr. Ford's campaign finances were under investigation.

The probe, according to Ruff's announcement, centered on allegations by an informant that contributions from "certain named unions" had been transmitted to political committees in Mr. Ford's home district "with the understanding that they would be passed on to Mr. Ford for his personal use."

The informant, who originally made his allegation to an agent of the FBI, was not identified in the statement. "Investigation has revealed no apparent motive on the part of this individual to fabricate," the statement said.

Knowledgeable sources have identified the unions in question as the Seafarers International Union and the Marine Engineers Beneficial Association, two powerful maritime groups that were Mr. Ford's largest political contributors in the period under investigation, 1964-74.

Records from both unions, as well as three Republican political committees in Mr. Ford's old congressional district, were subpoenaed by the special prosecutor during the probe.

Yesterday's announcement disclosed that the special prosecutor also sought, and received from the White House, "certain information relating to the President's personal finances."

In addition, the statement said, White House Counsel Philip W. Buchen authorized the Internal Revenue Service to provide — at Ruff's request — a report of its 1973 audit of Mr. Ford's income tax returns for the years 1967-72.

Information from all those sources, plus FBI interviews with officials of the campaign organiza-

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tions and grand jury testimony by at least one union official, turned up no evidence to corroborate the allegation that Mr. Ford had mishandled campaign funds.

Ruff's statement constituted the first public exoneration ever given by the special prosecutor's office to the subject of an investigation since the office was created in May, 1973.

The facts contained in Ruff's terse explanation of the investigation appeared consistent with information from knowledgeable

sources who had previously described the allegation involving Mr. Ford as "substantial" and "serious."

The allegation, Ruff noted, was brought to the attention of Attorney General Edward H. Levi in a memorandum, dated July 13, from FBI director Clarence M. Kelley.

Levi then formally referred the matter to the special prosecutor for investigation. According to Justice Department sources, the matter would not have been sent to the special prosecutor had not Levi and Kelly been convinced it warranted full investigation.

Ruff's statement, similarly, appeared to go out of its way to discount any possible political motivation for undertaking the inquiry in the midst of the presidential campaign.

The informant's information, said the prosecutor's statement, "concerned a previously unreported allegation" of which the informant had only recently become aware.

Those facts would tend to undercut suggestions by many of the President's aides that the FBI's previous investigation of Ford made a new inquiry superfluous.