

PROSECUTOR REPORTS NO VIOLATION BY FORD ON POLITICAL FUNDS

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RUFF SAYS MATTER IS CLOSED

Finds No Evidence to Support an Allegation That Contributions From Unions Were Misused

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Special to The New York Times

WASHINGTON, Oct. 14—Charles F. Ruff, the Watergate special prosecutor, said today that he had found no evidence to support an allegation that President Ford had misused political contributions from maritime unions or a "reason to believe that any other violations of law had occurred."

In a prepared statement issued by an aide, Mr. Ruff said that, in addition to examining records of the unions and those of political committees in Kent County, Mich., he had reviewed records of Mr. Ford's personal finances and the report of an Internal Revenue Service audit of Mr. Ford's tax returns from 1967 to 1972.

Based upon this investigation, Mr. Ruff said he had concluded that no violation of the law had occurred and, "accordingly, the matter has now been closed, and the counsel for the President so advised."

Campaign Issue Involved

In a news conference at the White House tonight, Mr. Ford said in a prepared statement that he was "very pleased" that "this morning the special prosecutor has finally put this matter to rest once and for all."

Mr. Ford noted that since his selection as Vice President in 1973, his life had been placed under "microscopic" scrutiny and that Mr. Ruff's conclusion confirmed the findings of earlier investigations of his integrity in political activities.

The alleged misuse of funds supposedly took place from 1964, when Mr. Ford was a United States Representative from Michigan, to early 1974, shortly after he was sworn in as Vice President. The allegation was that Mr. Ford had converted the funds to his personal use.

Carter Had Issued Challenge

Mr. Ruff's statement appeared to abate one issue over which the President had come under attack from the Democratic Presidential candidate, Jimmy Carter. Though Mr. Carter had treated Mr. Ruff's investigation gingerly as a political issue, last Saturday he challenged Mr. Ford to explain "discrepancies" that he said had been raised by information in the I.R.S. audit.

While campaigning today in Rochester, Mr. Carter told newsmen he had "no reason to dispute" the conclusions reached by Mr. Ruff. He said, however, that he would not apologize for earlier statements.

"I never used his violating or not violating the law as a campaign issue," Mr. Carter said, "I just said he ought to hold a press conference to explain these things rather than hide in the White House."

Under questioning by newsmen tonight, Mr. Ford tended to handle questions about the Watergate prosecutor's investigation, his personal finances and his golf-

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ing trips with lobbyists in a good-natured manner. He reiterated several times that a number of Government agencies and Congressional committees had investigated his actions and found no wrongdoing.

He used this record of investigations to skirt the question of whether a new investigation of his alleged role in stifling a House investigation during Watergate should be opened by Mr. Ruff. Though he said the decision was up to Mr. Ruff, he added that "there was no substance to those allegations then" and that he did not believe there was any now.

Later in the press conference he said he would give one questioner "the same answer I gave the House committee and Senate committee" because "the matter was fully investigated by those committees and I think that is a satisfactory answer."

Democrats Request Inquiry

Some Democratic Congressmen have asked Mr. Ruff to investigate charges by John W. Dean 3d, a White House counsel in the Nixon Administration, that Mr. Ford used his influence as minority leader to halt an investigation by the late Representative Wright Patman's House Banking Committee in 1972 at the behest of the Nixon White House.

Mr. Dean said Mr. Ford had agreed to help block the Patman inquiry at the request of Richard K. Cook, at that time a Congressional aide at the White House. Mr. Cook has denied the allegations.

Mr. Ruff is expected tomorrow to advise the Democratic Congressmen whether he intends to open an investigation of the matter.

Mr. Ford answered questions about an Internal Revenue Service audit of his tax returns in a good-humored vein, noting once that a mysterious debit in his own bank book, but not in his banking account, had occurred because he had written the checks before his pay check had been deposited, but had not mailed the checks.

"I think a few people in this country have written checks and then waited until the end of the month and then mailed the checks," he said. Later, he told another reporter that his bank account had never been "overdrawn."

Mr. Ford said again that he had accepted no free golfing trips, greens fees or other gifts since becoming Vice President or President, and that all such trips he could remember were on the public record.

Mr. Ruff's crisp, two-page statement today supplied few details that had not already been reported.

He said that on July 13 Clarence M. Kelley, Director of the Federal Bureau of Investigation, referred an allegation of misuse of campaign funds by President Ford to Attorney General Edward H. Levi. Three days later, under the powers specified when the special prosecutor's office was created in 1973, the matter was formally referred to Mr. Ruff for investigation.

"The information furnished to the Attorney General by the F.B.I. concerned a previously unreported allegation that political contributions from certain named unions had been transmitted to political committees in Kent County, Michigan, with the understanding that they would be passed on to Mr. Ford for his personal use," Mr. Ruff said.

He did not name the informant but said that it was "an individual who had recently become aware of the underlying information."

"Investigation has revealed no apparent motive on the part of this individual to fabricate," Mr. Ruff said.

Mr. Ruff issued subpoenas on Aug. 19, the day after Mr. Ford was nominated, for the records of the Kent County Republican Finance Committee and the Kent County Republican Committee from 1964 through 1974. Officials of those committees also voluntarily turned over records of the Fifth Congressional District Committee, for the district formerly represented by Mr. Ford, which receives and dispenses some of the Republican funds in the Kent County area.

Union Records Subpoenaed

Mr. Ruff also subpoenaed the records of the Marine Engineers Beneficial Association and the Seafarers International Union, the largest of the nation's maritime unions. Mr. Ford had received and reported contributions from these two unions during the 10-year period.

In his statement, Mr. Ruff said that his office and the F.B.I. had conducted interviews with "person who might have relevant information" on the case.

He did not mention, presumably because of prohibitions against public discussion of matters before a grand jury, that he had called Jesse Calhoun, president of the marine engineers, to testify before a grand jury on this matter last week.

Mr. Calhoun told newsmen after his appearance that he had testified that he knew of no instance in which Mr. Ford had improperly used marine engineers contributions. Mr. Calhoun said that his union had made the contributions legally from its voluntary collections for political action.

In Mr. Ruff's statement today, he said that on Sept. 30 he made contact with Philip W. Buchen, Mr. Ford's counsel and a long-time friend, and obtained some of the President's personal financial records.

He said he had also obtained Mr. Buchen's permission for the I.R.S. to release a 13-page audit report that it wrote after investigating Mr. Ford's tax returns in 1973.

As a result of that audit, Mr. Ford was assessed \$435.77 additional in taxes because he had paid \$871.44 from a political and office account for clothes for himself and his wife. The revenue service also disallowed \$1,167 paid from this account for a Vail, Colo., vacation for the Ford family. Mr. Ford rectified this expenditure by transferring money from his personal finances.

The audit report raised the question of how little out-of-pocket money Mr. Ford appeared to spend. In 1972, while a Congressman, for instance, Mr. Ford spent \$225, or \$5 a week. But the audit report also notes that Mr. Ford's family and living expenses at home were paid for properly, out of other bank accounts and that during campaign years and in connection with some Capitol Hill activities his meals were properly paid for by

On Sept. 30, several days after the first news reports, Mr. Ford told newsmen during an informal White House news conference that he had never converted campaign contributions to his personal use.

There is no indication that Mr. Ruff, the F.B.I. or any member of the special prosecutor force directly questioned Mr. Ford on the matter.

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