

Third Secret Nixon Re-Election

By Edward Walsh *4/24/73*

Washington Post Staff Writer

Herbert W. Kalmbach, President Nixon's personal attorney, maintained a bank account containing about \$500,000 in Nixon re-election campaign funds, at least some of which was used to pay for political espionage and sabotage, according to government sources.

The sources said investigators have concluded that this was the fund from which Kalmbach paid at least \$30,000 to Donald H. Segretti for alleged espionage and sabotage in the 1972 presidential campaign.

The Kalmbach fund, first revealed by the Washington Star-News yesterday, represents the third Nixon campaign account discovered by investigators in the Watergate investigation. The largest of

the three contained a fluctuating balance of between \$350,000 and \$700,000 and financed the Watergate bugging, as well as other espionage and sabotage activities, according to federal investigators.

It was kept in the office safe of former Commerce Secretary Maurice H. Stans. A second cash fund of \$350,000 was kept in the White House on orders of White House chief of staff H.R. (Bob) Halderman.

The sources of the funds, collected as campaign contributions by Kalmbach, and the uses of most of the money have not been determined, according to investigators. Kalmbach shifted money between two banks near his law office in Newport Beach in an apparent attempt to conceal the source of the funds and their eventual uses, the investigators said.

Attempts to reach Kalmbach at his office and home were unsuccessful yesterday.

The account was in Kalmbach's name at the Newport Center branch of the Bank of America in Newport Beach. Records from the bank obtained by The Washington Post show at least 26 transactions involving the account, beginning Jan. 28, 1971, and continuing for a year.

One check drawn on the account was made payable to former Secretary of Commerce Maurice H. Stans, who later was finance chairman of the Committee for the Re-election of the President and the chief Nixon fund-raiser.

The amount of the check to Stans was not known.

Another check, for \$105,340.78, was made payable to the Security Pacific National Bank, which maintains a New-

Phone 223-6000

Classified 223-6200
Circulation 223-6100

Fund Bared

port Beach branch in an office building where the Bank of America branch is located.

Kalmbach transferred money between both the Bank of America branch and the Security Pacific branch, according to government sources. Both banks have had certain records subpoenaed by the Senate select committee that is investigating the Watergate bugging and allegations of related political espionage and sabotage.

One highly reliable source said that Kalmbach collected the \$500,000 for the President's re-election, reported the collection to campaign officials in Washington and received Stans' approval to keep the money in the California account.

Apparently all transactions in the ac-

See FUND, A10, Col. 7

FUND, From A1

count took place before April 7, 1972, when the new campaign finance disclosure law took effect and accordingly did not have to be reported to the General Accounting Office.

One legal source said yesterday that the bank account represented no violation of the campaign law.

The Bank of America records obtained by The Post show that monthly statements of the account were issued by the bank between Jan. 28, 1971, and Jan. 28, 1972. However, it was not clear from the records whether the account had been opened prior to January, 1971, or whether it was closed in January, 1972.

The records show that the account has been closed, but do not show the date.

Of the 26 transactions contained in the records, 17 are for checks drawn off the account and made payable to Kalmbach.

In addition, the records show six checks made payable to "Herbert W. Kalmbach, Trustee for Clients." At least three of these checks were cashier's checks, which are checks usually drawn by a bank to an individual.

According to government sources, Kalmbach deposited money in the Bank of America bank account with cashier's checks purchased from the nearby Security Pacific bank. The cashier's checks were purchased at Security Pacific with cash in an apparent attempt to conceal the route the money was taking, the sources said.

The two banks are located in twin office towers adjacent to one another in a commercial section of Newport Beach known as Newport Center. Kalmbach's law office is on the top floor of the building in which the Security Pacific branch bank is located.

Except for the \$105,340 check payable to Security Pacific, the records obtained by The Post do not show the amounts of the individ-

ual transactions or their dates.

The records, however, do show that Kalmbach granted power of attorney in dealing with the account to Frank DeMarco Jr., one of his law partners, and Anne Harvey, his secretary.

In telephone interviews yesterday, officials of the two banks, which investigators say were used by Kalmbach in transactions involving the campaign contributions, said records from their Newport Beach branches have been subpoenaed by investigators from the Senate investigating committee headed by Sen. Sam J. Ervin Jr. (D-N.C.).

Spokesmen for the two banks said the subpoenas for "certain banking records," which they would not identify, were served on the managers of the Newport Beach branches on April 9.

A spokesman for Bank of America said copies of its records sought by the committee already have been turned over to investigators. Russell Freeman, general counsel for Security Pacific, said its records had not yet been turned over to the committee but would be within two weeks. He said there was no specific reason for the delay and that the bank had not objected to turning over the records.

The Bank of America spokesman, a public relations official to whom all questions were referred, also said that the records in the bank's Newport Beach branch had been subpoenaed by federal investigators as early as last November.

The first order to produce records was served last Nov. 28 by an investigator from the office of Sen. Edward M. Kennedy (D-Mass.) chairman of the Judiciary Subcommittee on Government Operations which at that time was probing the Watergate affair. Last December, the Newport Beach branch received "several subpoenas" to produce bank records from the Kennedy Subcommittee, he said.