

# White House Says Nixon Knew of Lawsuit When

By LINDA CHARLTON

Special to The New York Times

WASHINGTON, Dec. 18—The White House acknowledged today that President Nixon was aware at the time he nominated William P. Clements Jr. as Deputy Secretary of Defense that Mr. Clements was a defendant in a civil suit charging conspiracy and fraud. "At the time Mr. Clements was under consideration, he advised the White House of the lawsuit in question," Ronald L. Ziegler, White House press secretary said. He added that it had been decided that nothing in the case "in any way disqualified Mr. Clements from assuming the position." Mr. Clements is chairman of Sedco, Inc., formerly Southeastern Drilling Company. It was disclosed yesterday that he, several business associates and Southeastern were defendants in a civil suit by an Argentine businessman who

charges that they cheated him out of full commissions due him for his aid in obtaining a huge oil-drilling contract.

Mr. Ziegler added that the suit had been filed against the company's Argentine partners, and described it as involving a "complicated business venture." The suit involves references to a dispute with the Internal Revenue Service. However, Mr. Clements told the Dallas Times Herald today, "There is nothing pending between us and the Internal Revenue Service that is not completely cleared up."

### Mrs. Armstrong Named

Toward the start of his briefing, Mr. Ziegler announced that Mrs. Anne Armstrong, the outgoing co-chairman of the Republican National Committee, would be appointed a counselor to the President and "a full-member of the President's Cabinet."

He said that it was not un-

usual for counselors to be members of the Cabinet. However, he said that Mrs. Armstrong would not be in the line of succession to the Presidency, which extends through Cabinet officers who are heads of departments.

In reply to another question, Mr. Ziegler said that Mr. Nixon was aware of recent protests by women's groups about the lack of a woman in the Cabinet. He said that members of the White House staff "met with women's organizations to discuss this" last week. But he also added to his brief résumé of Mrs. Armstrong's background a reference to her marital status and supplied her husband's name, a bit of biographical addenda that he has

not supplied orally in the case of any of the male appointees thus far.

Mr. Ziegler also announced a number of resignations, many of which had been previously, if unofficially, reported, and the retention of several White House staff members.

### Chapin Will Stay

Among those will be continuing in their present posts are Dwight L. Chapin, deputy assistant to the President and his appointments secretary. There had been speculation about Mr. Chapin's future because of newspaper reports linking him with alleged Republican political espionage during the last year.

Others whose continuation

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# He Nominated William Clements for Defense Post

Mr. Nixon was also said to be "very pleased" to announce were Richard A. Moore, a special counsel to the President and Michael J. Farrell, special assistant to the President.

Four White House aides were said to be returning to private life with Mr. Nixon's appreciation for their services. They were Brig. Gen. Robert L. Shulz, retired, who has held the post of special assistant to the President for liaison with former Presidents; Desmond J. Barker, George T. Bell and Mark L. Goode, all special assistants to the President.

Several previously reported departures from the Department of the Interior were confirmed officially by Mr. Zieg-

ler's announcement today. They were Hollis M. Dole, Assistant Secretary; James R. Smith, Assistant Secretary for Water and Power Resources; Ellis L. Armstrong, Commissioner of Reclamation, and Mitchell Melich, solicitor.

Also announced were the accepted resignations of three Commerce Department high-level officials. They were Harold G. Passert, Assistant Secretary for Economic Affairs; Robert A. Podesta, Assistant Secretary for Economic Development, and George Hay Brown, Director of the Census.

### Denial by Clements

DALLAS, Dec. 18 (UPI) — William P. Clements denied to-

day that his drilling company was involved in any conspiracy to hide \$7-million in profits on an Argentine oil well contract.

He called "unfair and misleading" published reports about a six-year-old civil lawsuit against him and his company, Sedco, Inc., charging conspiracy and fraud. The suit has gone through one trial and two appeals and apparently is due for another trial in Federal District Court in the spring.

Antonio A. Diaz, a Buenos Aires businessman, filed the suit in 1966. It asserts the defendants netted \$25-million on contracts for drilling 1,000 Argentina oil wells but claimed a profit of only \$18 million.

Mr. Clements said Charles R. O'Neal, a Washington lawyer,

learned that Argentina wanted bids on drilling the wells and "they brought the deal to me."

"It was all pie in the sky at that time but we agreed they would get 20 per cent of net profits that could be made on the tract," he said. "Beyond whatever help they gave in telling of the international public tender, they did nothing and they made a lot of money because we paid them as per contract on net profits."

"All parties agreed to take the audit of Price-Waterhouse as the final word on what the profits were. They told us everything was clean."

The contract was with YPS, the government agency that handles Argentina's oil business.