

Skeleton in the GOP Closet

The distant rattling of a closeted skeleton called Watergate set up an increasingly disturbing counterpoint to the Republican victory party in Miami Beach. All through the week, investigators in Washington and Florida kept turning up new details about campaign funds that had found their way through the Finance Committee to Re-Elect the President to the bank account of one of the ex-CIA men caught breaking into Democratic headquarters in June. At the weekend, the General Accounting Office, the Congressional watchdog agency, issued a report charging "apparent and possible" violations of the new Federal campaign-financing law by the committee.

The GAO named no high-up names—and recommended no action beyond further investigation by the Justice Department. But it charged the finance arm of the campaign with having failed to keep adequate books on \$350,000 in funds—including the \$114,000 that passed through the committee in two packages to Watergate suspect Bernard R. Barker. One of the parcels—\$25,000 in cash—was traced last week to a longtime Hubert Humphrey bankroller named Dwayne Andreas, a soybean millionaire from Minneapolis. The remaining \$89,000 came, investigators say, from four Texas Democrats who wanted anonymity—and got it when the checks were routed through Mexico to the CRP treasury. Neither Andreas nor the Texans knew they were financing Barker's shadowy activities. And the GAO conceded that the committee's top finance officers—among them former Commerce Secretary Maurice Stans—may not have known where the money was going, either.

Shorthand: The most tantalizing aspect of the report was the \$350,000 fund. According to the GAO, this money was kept in a safe in Stans's secretary's office. Only Stans and Hugh Sloan Jr., the committee's since-resigned treasurer, had access to it. The GAO happened on it only with the discovery of a bank deposit slip dated May 25, which described the money as "cash on hand prior to 4/7/72 from 1968 campaign . . ." April 7 was the cut-off date after which all campaign money had to be accounted for under the new law. As Stans and Sloan told it to GAO investigators, the "1968 campaign" was only a shorthand way of describing money contributed before April 7 by people who wanted to remain anonymous. But the GAO suggested that Andreas's \$25,000—and possibly more—came in after the cut-off.

GAO sources also suggested that the money was held out of the visible cash flow to avoid requirements under the new law that not only income but outgo be accounted for beginning April 7. Thus, the \$350,000 might have been a financial "wild card" for any ad hoc purpose—presumably including financing covert operations against the other side.

The Republicans rushed out a blanket denial calling the report "inaccurate" and disputing it even on its single most detailed case history—the matter of Andreas's \$25,000. As Andreas and the Republicans told it, he telephoned GOP Midwest fund raiser Kenneth Dahlberg on April 5—two days before the deadline—and offered Dahlberg \$25,000 for the Nixon campaign. The money was to be left in a safety-deposit box in a Bal Harbour, Fla., hotel, earmarked for Dahlberg. Moneyman Dahlberg said he tried to pick it up on April 7 but got there after hours and found the box locked up. So he didn't claim the money until April 9. Next day, he converted the cash—which he didn't want to



Bernard Gotfryd—Newsweek

Stans: 'Nothing to do with me'

carry—into a cashier's check, and subsequently delivered it to Stans. (Andreas and a group of investors soon thereafter applied for a Federal bank charter in Minneapolis and got it last week in unusually short time, though all parties denied his gift had anything to do with it.) The Republicans argued that the \$25,000 was pre-April 7 money. But the GAO said that it didn't change hands until April 9 and so had to be reported.

The GAO study, originally due at mid-week, was held up for several days when Stans suddenly telephoned a top GAO official from Miami Beach and said he wanted to talk. This immediately prompted speculation that the report was being watered down. GAO sources insisted that it hadn't been, that no charges were dropped from the original draft and some, in fact, were added. Stans along

with Dahlberg was subpoenaed away from the GOP convention for questioning by Dade County, Fla., prosecutor Richard Gerstein. The prosecutor by then had subpoenaed bank records in the case. Five days after the papers came in, Newsweek's Nicholas Horrocks learned, the office of senior investigator Martin Dardis was broken into and searched. Nothing was taken, but the fact that the intruders picked out Dardis's office from the dozen on the floor persuaded investigators that they were interested in the Watergate raid.

Stans showed an unruffled front. "None of this has anything to do with me," he told CBS's Mike Wallace. Still, a Federal grand jury investigation in Washington was expected to result in indictments of lesser figures in the case. And in Miami Beach last week, top Republicans were already talking as if sacrificial heads might have to roll. "If there is responsibility to be assigned to the lesser echelons of the Republican Party because of this," said Spiro Agnew, "we have to take that responsibility."

Whether or not heads roll, the Watergate affair promised to become a prime political issue for the Democrats this fall. The GAO report was the first formal charge of any wrongdoing to flow from the inquiries. But as Texas Democrat Wright Patman of the House Banking Committee put it, that low-key study was "nothing more than chapter one."

Newsweek

9-4-72