

# G.A.O. Investigating Secret Gift Of \$200,000 to Nixon Campaign

NYTimes

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Special to The New York Times

WASHINGTON, Feb. 28—The General Accounting Office is investigating an unreported \$200,000 contribution solicited by and secretly given to President Nixon's re-election campaign by Robert L. Vesco, a New Jersey financier who is under Federal charges of securities fraud, G.A.O. officials said today.

In Morristown, N. J., former State Senator Sears said that he had dissuaded Mr. Vesco from contributing \$500,000 to President Nixon's re-election campaign, but added that he had agreed to arrange for a \$250,000 contribution after he was asked to do so by Mr. Vesco and Maurice H. Stans, chairman of the Finance Committee to Re-elect the President. [Page 15.]

One spokesman for the G.A.O., an auditing and investigatory arm of Congress that also administers the 10-month-old Federal campaign spending law, described the Republicans' failure to disclose the previously unknown Nixon contribution as an "apparent violation" of the Federal Election Campaign Act. The Justice Department, however, will make the final decision on whether to prosecute.

Asked to confirm reports that it, too, is investigating the secret Nixon contribution, the Justice Department said through a spokesman that it would have "no comment."

The Nixon finance organization has already been fined

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\$8,000 in the United States District Court here for other violations of the campaign spending law uncovered by the G.A.O., but none of them involved the names of so many, or such well-known, former or present Nixon Administration figures as does the Vesco case.

The "apparent violation" occurred because the unreported donation was made last April 10, or three days after the effective date of the new law. Thereafter political organizations were required to file periodic reports at the G.A.O. de-

scribing all receipts and expenditures.

The Finance Committee to Re-elect the President contended yesterday that because Mr. Vesco had intended to make his contribution before the April 7 effective date of the new law, the fact that the money arrived in the committee chairman office on April 10 meant that it was "constructively in the hands" of the committee before the public reporting deadline.

In its investigation of what Fred Thompson, the deputy director of the G.A.O.'s Office of

Federal Elections, described today as an "apparent violation" of the campaign spending law, the General Accounting Office will have to delve further into a sworn statement by Harry L. Sears, a Republican party leader in New Jersey who was a former candidate for Governor.

In a deposition, or sworn pre-trial statement, taken by investigators of the Securities and Exchange Commission in connection with the S.E.C.'s securities fraud case against Mr. Vesco, Mr. Sears linked to his behind-the-scenes activities for Mr. Vesco the names of the former Attorney General, John N. Mitchell; the former Secretary of Commerce, Maurice H. Stans, and President Nixon's youngest brother, Edward C. Nixon.

The S.E.C. was reported today to be seeking a court order to prevent Mr. Vesco from transferring his assets out of the country.

The Sears testimony alleged that Mr. Sears, acting as a lawyer for Mr. Vesco, had telephoned Mr. Mitchell to see what the Attorney General could do to inquire about Mr. Vesco's brief incarceration in a Swiss jail, and later to arrange an appointment on the Vesco securities investigation with the former S.E.C. chairman, William J. Casey, who is now Under Secretary of State for Economic Affairs.

Mr. Sears's statement said that Mr. Stans had asked that Mr. Vesco's \$200,000 contribution be made in cash, and that it was Mr. Nixon's brother who

confirmed by a telephone call to Washington that it would be in cash. The contribution was never reported or disclosed.

Efforts to reach M. Vesco or his wife at their home in Boonton, N.J., were unsuccessful. It was not even possible to determine whether they were in this country. His attorneys, Arthur Liman of the New York firm of Paul, Weiss, Rifkind, Wharton & Garrison, was reported to be "out of town." A secretary said that he was

"not talking to the press."

In an interview at his New York law office today, Mr. Mitchell confirmed that Mr. Sears, whom he called "an old friend," had telephoned him about Mr. Vesco's imprisonment in Switzerland—not seeking intervention, Mr. Mitchell said, but information on the nature of the charge.

Mr. Vesco, the head of International Controls Corporation of Fairfield, N. J., was jailed briefly in Switzerland in 1971 on the complaint of a stockholder in Investors Overseas Services, a failing mutual fund complex purchased by Mr. Vesco that year.

Later, the S.E.C., in a complaint filed in New York last Nov. 27, charged that Mr. Vesco and 41 other defendants had "spirited away" \$224-million in cash and securities from mutual funds under their control.

Mr. Mitchell acknowledged today that after Mr. Sears's phone call he had tried to reach Shelby Davis, the United States Ambassador to Switzerland, whom the former Attorney General called "a personal friend." The Ambassador was not available, Mr. Mitchell said, so he gave his inquiry about Mr. Vesco to Richard D. Vine, then the chief of mission at the embassy in Berne.

Before Mr. Vine could return the call the next morning, Mr. Mitchell said, Mr. Vesco was released from jail. The call to Switzerland, Mr. Mitchell said, was merely a favor to Mr. Sears, whom he called "one of the finest people I have ever met in public life."

About the Sears request last March for the Attorney General's help in gaining an interview with Mr. Casey, the former S.E.C. chairman, Mr. Mitchell said that Mr. Sears had been "concerned that the S.E.C. might take some precipitous action" against Mr. Vesco before it had fully and fairly examined the matter.

So, Mr. Mitchell said today that he had called Mr. Casey "and told Casey about Sears's concern and that he would like to talk to him."

Mr. Mitchell said that the Vesco investigation by the S.E.C. was then not yet "a very important thing."

But reached at the State Department in Washington, Mr. Casey described it "one of the major matters before the S.E.C. for the last seven or eight years." "You could hardly call it unimportant," he said.

"I see anyone," Mr. Casey said, denying that the Attorney General's phone call about an appointment for Mr. Sears had influenced his decision to see him—once at the S.E.C. office here and a second time during the Republican National Convention in Miami Beach last summer. "Sears could have called me direct," Mr. Casey

said, "but maybe he didn't think he could."

The former S.E.C. chairman said that Mr. Sears had had "some complaint about the hostility of the S.E.C. staff" in its investigation of Mr. Vesco's financial affairs. "I saw him and turned him over to the staff," he said.

Mr. Mitchell and Mr. Casey both denied any knowledge of the Vesco contribution, which came later. "My policy is to spend the money," said Mr. Mitchell, the former chairman of Mr. Nixon's campaign in 1972. "I let somebody else raise it."

Mr. Stans, who left the Commerce Department early last year to become chairman of the Finance Committee to Re-elect the President, the prin-

ciple Nixon fund-raising organization in 1972, denied in a statement yesterday Mr. Sears's testimony that it was he who had asked that the Vesco contribution be made in cash. He could not be reached for further comment today.

Finance Committee Statement  
The finance committee in a statement said that it was Mr. Vesco who suggested a gift of cash, and that he "was told that his contribution would be accepted in that form if preferred."

Edward Nixon, described by Mr. Sears as an intermediary who had telephoned from New Jersey to Washington and who had then reported that the Vesco contribution was desired "in the form of currency," also could not be reached today.

The contribution, in any case, was not reported, as was a later \$50,000 gift from Mr. Vesco. And it was this omission, together with the timing of the \$200,000 gift on April 10, that was the focus of the G.A.O. investigation into an infraction.

The finance committee, which contended that the money was "constructively in the hands" of the committee before the reporting deadline, had used this argument previously in another disclosure dispute. It lost the argument then in the judgment of the G.A.O., but convinced the Justice Department, which decided not to prosecute.

In the Vesco case, G.A.O. officials made clear today, the "constructive" argument was "even less" persuasive than in the earlier one.