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Security Issue Is Disputed

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Gen. Vernon A. Walters was a veteran of the Fifth Crisis, Richard Nixon's stormy tour of South America in 1958.

L. Patrick Gray III was a political foot soldier in the Sixth Crisis, the 1960 quest for the Presidency.

On June 23, 1972 the two men came face-to-face at FBI headquarters in Washington as the Seventh Crisis began to thicken and swirl around the White House.

As the episode was portrayed in nine memoranda by Walters, a professional linguist and interpreter, the

two Nixon loyalists were to become central figures in a White House plan to shut off impending Watergate disclosures under a cover of national security.

Walters acknowledged that he first acquiesced in the White House plan, propounded to him by H.R. (Bob) Haldeman, the President's chief of staff. But in the face of persistent pressures by high-ranking presidential aides, he resisted the cover-up scheme with the full backing of his boss, former CIA Director Richard M. Helms.

The plan, as has already been widely reported, was to

invoke a national security pretext for abandoning an imminent FBI investigation into the "laundering" of Nixon re-election funds through a Mexican bank.

That inquiry threatened to bring to light for the first time the connection between the Watergate burglars and the Committee to Re-Elect the President.

The Walters account documents that the chief obsession of White House aides was not national security but rather the specter of massive political embarrassment to the President in the burglary and bugging episode.

See DOCUMENTS, A7, Col. 1

"Haldeman said the whole affair was getting embarrassing and it was the President's wish that Walters call on (FBI) Acting Director L. Patrick Gray and suggest to him that, since the five suspects had been arrested this should be sufficient and that it was not advantageous to have the inquiry pushed, especially in Mexico, etc."

At that point, Walters said, Haldeman told him to go to Gray and tell him "that I had talked to the White House and suggested that the investigation not be pushed further. Gray (was) receptive, as he was looking for guidance in the matter."

These instructions were given to him, said Walters, despite repeated assertions by CIA Director Helms that the agency was not concerned about the FBI investigation exposing any covert programs.

In his meeting with Gray, Walters related, he followed Haldeman's instructions. The acting FBI director replied that "his problem was how to low-key the matter now that it was launched." And Gray acknowledged that "it was a matter of a check on a Mexican bank for \$89,000." That was the total of four checks donated to the Nixon campaign and passed through the Mexican bank account, allegedly to conceal the origin of the money.

"Gray then said that this was a most awkward matter to come up during an election year and he would see what he could do," Walters related.

By his own admission Walters then directly contradicted the judgment his boss, Helms, had early that day given Haldeman and John D. Ehrlichman at the White House.

"I repeated that if the in-



VERNON A. WALTERS
... 5th Crisis veteran



L. PATRICK GRAY
... 6th Crisis veteran

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It also describes intense and persistent pressures from the highest political level on two men who were almost unquestioning in their loyalty to the President. At the time Gray aspired to become permanent director of the FBI and Walters occupied the CIA's No. 2 spot.

Under the plan first proposed by Haldeman, the CIA through Walters was to warn the FBI, namely Gray, that the prospective investigation in Mexico would expose covert CIA activities—and therefore should be called off.

At the initial June 23 White House meeting that set the stage for the Walters-Gray contacts, Haldeman's role was so described by the general:

"Haldeman said that the 'bugging' affair at the Democratic National Committee headquarters at the Watergate apartments had made a lot of noise and that the Democrats are trying to maximize it.

"... The investigation was leading to a lot of important people and this could get worse. He asked what the connection with the agency (CIA) was and the director repeated that there was none.

vestigations were pushed 'south of the border,' it could trespass on some of our covert projects and, in view of the fact that the five men involved were under arrest, it would be best to taper off the matter there."

In fact the investigation was under the supervision of neither Gray nor Walters but immediately the United States Attorney for the District and ultimately the Attorney General, who was at the time John D. Mitchell.

Three days later Walters was summoned to the White House by presidential counsel John W. Dean III.

Walters related: "He (Dean) said the investigation of the Watergate 'bugging' case was extremely awkward and that there were a lot of leads to important people . . ."

At that point, according to the Walters account, Dean brought up previously reported suggestions that the CIA might pay the bail of the Watergate suspects or pay their salaries out of covert funds if they were sent to jail.

Walters maintained that he put his foot down and insisted that the CIA would not become implicated in a Watergate cover-up.

Walters said he told Dean that if the CIA were to go along with the scheme "as big as the troubles might be with the Watergate affair . . . the scandal would be ten times greater." It could, he suggested, implicate the President.

He quoted Dean in a subsequent conversation on June 28 as saying that "the problem was how to stop the FBI investigation beyond the five suspects." Walters said he warned the White House counsel that Watergate "was a high-explosive bomb but intervention such as he suggested could transform it into a megaton hydrogen bomb . . . Direct intervention by the agency would be electorally mortal if it became known.

"I noted that scandals had a short life in Washington and that other newer, spicier ones soon replaced them. I urged him not to become unduly agitated by this one," Walter consoled.

A July 5 memorandum records a phone conversation with Gray. "He said that the pressures on him to continue the investigation were great. Unless he had documents from me to the effect that their (FBI) investiga-

tion was endangering national security, he would have to go ahead with the investigation" of the money transaction.

The two men met the next day. And it was at that time, according to the Walters account, that both agreed the FBI investigation of the Watergate money laundering in Mexico could not be stopped.

"I had a long association with the President and was as desirous as anyone of protecting him. I did not believe that a letter from the agency asking the FBI to lay off this investigation on spurious grounds . . . would serve the resident," Walters said.

So the two Nixon loyalists spoke of their respective readiness to resign rather than comply with the White House pressures to stop the FBI investigation in Mexico.

Gray insisted during the conversation that "he had told Ehrlichman and Halde- man that he would prefer to resign, but his resignation would raise many questions that would be detrimental to the President's interest," according to Walters.

Nor did Gray see the need to protect "some mid-level White House figures who had acted imprudently," the CIA deputy added. "He said he was anxious not to talk to Mitchell because he was afraid that at his confirmation hearings he would be asked whether he had talked to Mitchell about the Watergate case and he wished to be in a position to reply negatively.

"He said he would like to talk to the President about it but he feared that a request from him to see the President would be misinterpreted by the media."

Later that day, however, the President called Gray, and the FBI director said he warned Mr. Nixon of efforts to implicate the FBI and CIA in the Watergate scandal.

In his book, "Six Crises," President Nixon related the incident when in the course of his South American tour, in which Walters accompanied him as interpreter, a mob attacked his car with an iron pipe.

"The shatterproof glass did not break but it splattered into the car," the President related. "Walters got a mouthful and I thought for an instant, 'There goes my interpreter'."