

Ruling on Vesco Extradition Set This Week in Bahamas

By Philip Greer

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NEW YORK—The U.S. government's battle to bring Robert L. Vesco back from the Bahama Islands is reaching its first "crunch" stage.

Sometime this week, a Bahamian magistrate is expected to make the first of two rulings that could bring the 37-year-old fugitive financier here to face charges that he defrauded a company he formerly controlled.

Behind that relatively simple case, though, lurks the whole mystery of Vesco's story—a trail of financial maneuverings that have touched off investigations by the U.S. attorney here, the Watergate special prosecutor, the Securities and Exchange Commission and the Internal Revenue Service:

- Charges that he secretly paid \$200,000 in cash to President Nixon's re-election campaign to obstruct a Securities and Exchange Commission investigation.

- Claims by his associates that the money was "extorted."

- His relationship with the President's brothers, Edward and Donald Nixon.

- His use of millions of dollars belonging to foreign mutual fund shareholders.

- His flight from the United States that has resulted in four federal arrest warrants.

- His new-found haven in Argentina, where he has been granted permanent residence and immunity from extradition.

In Nassau last Thursday, attorneys for the United States finished presenting their case for extradition and asked that Vesco's bail be revoked and he be jailed. Magistrate Emmanuel E. Osadebay denied the request.

On Monday, lawyers for both sides will begin oral arguments, after which Osadebay will decide whether evidence presented by the United States warrants extradition. If he decides it does, Vesco may present a

defense. Then a final ruling—from which Vesco may appeal but the United States may not—will be handed down. Under Bahamian practice, Vesco is likely to be jailed during the appeals if the magistrate orders extradition.

Last May, Vesco was indicted with former Attorney General John N. Mitchell, former Commerce Secretary Maurice H. Stans and New Jersey political leader Harry L. Sears on charges that they tried to obstruct the SEC investigation of Vesco's affairs in return for the secret contribution. Vesco, who left the country in February, did not appear to answer the charge.

Mitchell and Stans, who were also charged with lying to the grand jury that investigated the payment, pleaded innocent and are scheduled for trial on Jan. 7. Sears also denied his guilt and will be tried at a later date.

Meanwhile, Vesco has established a second base in San Jose, Costa Rica, where he has invested more than \$60 million belonging to mutual funds operated by Swiss-based IOS, Ltd. (Bernard Cornfeld, the founder of IOS who was ousted by Vesco and arrested in Geneva in May, was denied bail again last week and sent back to Saint Antoine Prison.)

Among Vesco's investments in Costa Rica were \$2.15 million in a company founded by that country's president, Jose Figueres. Last June, a Costa Rican court turned down a U.S. extradition request based on an indictment for attempted fraud.

Last week, it was revealed that Vesco also has established another haven in Argentina. Dealings with the Argentine government have been in progress since last June, when Richard E. Clay, a close Vesco associate, spent two weeks in that country. Donald Nixon Jr., nephew of the President and a Vesco aide, has also

spent time in Argentina on Vesco's behalf.

When Vesco was arrested in Nassau on Nov. 6, government investigators, who had been on his trail for nearly three years, expressed surprise that he did not flee the country.

But they have concluded that he could not leave Nassau because his entire financial operation is tied to Bahamas. Commonwealth Bank, which he controls through an associate, Canadian accountant Norman P. LeBlanc. Investigators here are concerned, however, that the length of the hearing—it was expected to last a few days and so far has gone for nearly two weeks—will give him time to prepare to leave, if he decides on that course.

So far, Vesco has appeared at all the extradition hearings, accompanied by a small army of lawyers ranging from associates of Washington attorney Edward Bennett Williams to Sir Elwyn Jones, who in Great Britain held a position similar to the U.S. Attorney General.

While staying far from U.S. prosecutors, Vesco has leveled a barrage of charges that he is being "persecuted," first for taking IOS' money out of the U.S. stock market and, secondly, for his claimed possession of Watergate-related information. (The Argentine judge who granted him immunity from extradition said any charges against Vesco would be considered political.)

Last May, when Archibald Cox was appointed Watergate special prosecutor, Vesco offered to tell what he knew of the case, in return for immunity from prosecution, but the idea was rejected. According to reports here, the current extradition effort was begun after a second round of negotiations for immunity failed.

Vesco's relationship with President Nixon's brothers has also led to some little-

known corners. According to testimony presented in the SEC's \$224 million civil fraud suit against Vesco and 41 other individuals and corporations, at the time the secret \$200,000 payment was made, Edward Nixon went to the headquarters of International Controls Corp., of which Vesco was chairman, and made several telephone calls to determine whether the money was to be in cash. Edward Nixon was called by ICC by Howard Cerny, a New York and Washington attorney who has represented the two Nixon brothers in the past and now works largely for Vesco.

In 1968, Cerny, a former chief assistant district attorney in Queens County here, was instrumental in another Vesco contribution of \$50,000 to the Nixon campaign.

The questions surrounding Robert Vesco go on and on—and most of them have remained mysteries because of the inability, so far, of the U.S. government to bring him back here where he can be questioned. (In presenting its case in Nassau, the United States said Vesco, if extradited, will be tried on the fraud charge. The extradition treaty specifies that he can only be tried on the charge on which he is extradited.)

Many of these votes were for continuation or expansion of health, welfare and civil rights enforcement programs that drew many votes from Byrd and were opposed by Scott in the House.

Although Scott has disagreed with Byrd on roll call votes almost as often as did Spong, most of the disagreements can be attributed to an increased loyalty to the Democratic majority in the Senate on Byrd's part.

Most of Scott's votes "cancelling" Byrd have been in support of the President on such issues as Senate confirmation of the budget director, impoundment of funds and other issues in the center of this session's confrontation between the President and the Congress.

Byrd's support of congressional authority in this confrontation has entailed a shift to the left in the eyes of conservative groups. The Conservative Union, for instance, gave Byrd a rating of 81 for his votes in the 92d Congress, 1971-72, but gave him only 63 for his performance before the August recess this year.

Byrd's support of the President, according to the CQ survey, fell from 83 per cent last year to 53 per cent this year.

Byrd received a double minus from the ACU for voting for the combat cutoff in Laos



ROBERT L. VESCO
... indicted in U.S.

and Cambodia. Last year, Byrd voted against a Vietnam pullout deadline while Spong voted for it.

Although the ACU regards the votes limiting Presidential authority to wage war as a liberal vote, it is a debatable area. In announcing an end to his support of U.S. armed intervention in Asia and in opposing U.S. aid to Israel during the 1st Mideast war, Scott said that it was time for the U.S. to shun the role of world policeman.

He thus took a conservative stance taken by many Republican leaders in Congress in 20th Century. And unlike many moderates and liberals who opposed continued U.S. intervention in southeast Asia, Scott consistently applied the same theory to the U.S. role in the Mideast.

Once in American hands, Vesco will be asked a host of questions about the other cases. It is also likely that the United States will attempt to have him tried on all three existing indictments. But prosecutors concede that court rulings conflict and the determination of whether he can be tried on all three will be made by a hearing judge.