

\$100,000 Hughes Payment

New Watergate Theory

Washington

A still-secret report of the Senate Watergate committee staff sets forth a theory that the Watergate break-in and the intelligence-gathering plot that inspired it were the end result of a White House effort to suppress public knowledge of a \$100,000 payment from Howard Hughes to Charles G. Rebozo, President Nixon's principal business associate.

The 42-page document, the only part of the committee's final report not yet released, is based on an analysis by Senate staff lawyers of millions of words of published and unpublished evidence gathered during the panel's recently concluded 18-month investigation.

Watergate investigators have never developed a credible motive for the creation of the Nixon campaign's "Gemstone" bugging and burglary unit, and the Senate report makes clear that it does not attempt to set forth definitive conclusions about the intent of those involved in establishing or carrying out the illegal operations.

But the evidence assembled in the report, which was made available to the New York Times, presents a strong circumstantial case that the still-elusive motive for the bungled Watergate burglary involved high-level White House fears that disclosure of the Hughes-Rebozo transaction would damage the President's chances for re-election in 1972.

When captured, the Watergate burglars carried copying cameras as well as bugging equipment. They presumably intended to photograph, as they had during an earlier entry into the Watergate, documents in the files of Lawrence F. O'Brien, the chairman of the Democratic National Committee.

SFChronicle

AUG 5 1974

A Report of Belated Tax Plot

Washington

President Nixon's former personal attorney has told the House Judiciary Committee that John D. Ehrlichman was trying to leak a story that the Democratic party chairman, Lawrence F. O'Brien, was in trouble with the Internal Revenue Service weeks after Ehrlichman knew that IRS had found no basis for auditing O'Brien's tax returns.

Herbert W. Kalmbach, the California lawyer who gave the testimony, also said that Ehrlichman had told him that "I am being pressured" to get the story defaming O'Brien printed.

Ehrlichman did not state where the pressure was coming from.

At the time of the episode, September, 1972, Ehrlichman's job as Mr. Nixon's chief domestic policy adviser was such that no one was in a position to give him an

order except the President himself or the White House chief of staff, H. R. Halde- man, acting on behalf of the President.

Kalmbach's testimony, which was given to the committee behind closed doors in mid-July but made public only last week, dovetails with the earlier testimony of others that Mr. Nixon was discussing an audit of O'Brien as late as Sept. 15, although the IRS had closed the case on August 29.

Ehrlichman and Halde- man have both stated that they believed O'Brien was the only effective politician involved in the Democrats' 1972 campaign against Mr. Nixon.

For this reason, Ehrlich- man have both stated that gate committee, he had wanted the IRS "to turn up something and send O'Brien to jail before the election."

New York Times

Before assuming that post, the report pointedly notes, O'Brien had worked for 16 months as a highly paid public relations adviser to the Hughes organization. The implication is that O'Brien was perhaps thought to possess documents relating to

the \$100,000 payment, which was made while he worked for Hughes.

The Senate report was not released with the Watergate committee's other findings because of reported objections by the chief minority counsel, Fred D. Thompson,

that it was inconclusive. Committee officials have said that they expect to make it public later, however.

The evidence that was published by the committee, however, included sworn allegations that Rebozo had privately conceded giving or lending part of the \$100,000 he received from a Hughes employee to Donald and Edward Nixon, the President's brothers, Rose Mary Woods, his White House secretary, and others.

The committee's public evidence also raised the possibility that part of the cash was deposited in trust accounts at the Key Biscayne, Fla., bank and trust company, which Rebozo heads, and elsewhere, and that it was to finance more than \$30,000 in improvements to the President's Florida homes.

As the evidence assembled in the unreleased report points out, the first public mention of the \$100,000 payment from the Hughes organization to Rebozo was made by Jack Anderson, the syndicated columnist, in August of 1971, about a year after the last of two \$50,000 installments had been placed in Rebozo's hands.

That article, according to the report, gave rise to the initial concern that some of the less easily explained details of the murky Hughes-Rebozo transaction might surface to create political difficulties for the President the following year.

New York Times