

Life Magazine Says Administration Halted Action on

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Campaign Donors and Nixon Friends

in San Diego

By ROBERT D. McFADDEN

The Nixon Administration was accused by Life magazine yesterday of having "seriously tampered with justice" in San Diego to protect highly placed campaign contributors and friends of President Nixon from criminal prosecutions over the last two years.

In a nine-month investigation, the magazine said, it learned that "the Administration has in several instances taken steps to neutralize and frustrate its own law enforcement officials" by squelching investigations, delaying prosecutions and other means.

This was done by the Administration "in an effort to protect certain of its most important friends," Life said in a cover story entitled "How the Nixon Administration Blocked Justice," in the current issue dated March 24.

Named in the allegations were officials of the White House, the Justice Department and the Internal Revenue Service; the United States Attorney for the Southern District of California; two major San Diego fund-raisers for Mr. Nixon's election campaign and the former Mayor of San Diego.

Follows Anderson Charge

The Life article, written by Denny Walsh and Tom Flaherty, associate editors of the magazine, was the second investigative report in recent weeks linking the Administration and San Diego, site of the 1972 Republican National Convention.

Jack Anderson, the columnist, earlier had charged that a Justice Department antitrust suit against the International Telephone and Telegraph Corporation had been settled out of court in return for a pledge of hundreds of thousands of dollars in convention expenses.

The magazine's report, made public last night, charged that Administration officials had intervened in three cases, these involved C. Arnholt Smith, a self-made San Diego multimillionaire who has been a close friend and supporter of Mr. Nixon since his first campaign for Congress; John Alesio, a real-estate speculator who owns horse and dog tracks, runs a legal bookmaking opera-

tion in Mexico and is currently in jail for income tax evasion, and former Mayor Frank Curran, who was cleared of a bribery charge a year ago but was defeated in his race for a fourth term last September.

Details of Investigations

The magazine said that its investigations had disclosed that Harry Steward, the United States Attorney for the Southern District of California, who had been appointed by Mr. Nixon in 1969 on Mr. Smith's recommendation, "squelched" an investigation of Mr. Smith and several other San Diegans in 1970. At the time, the magazine said, a Federal organized crime force was "putting together a case" against them "for conspiring to violate Federal tax laws and the Corrupt Practices Act.

The investigation was said to have been triggered by a \$2,068 contribution that was allegedly funneled illegally to Mr.

Nixon's 1968 campaign fund through a company controlled by Mr. Smith, the Barnes-Champ Advertising Agency. The magazine said that, over the objection of Federal investigators, Mr. Steward had canceled a subpoena for Frank Thornton, Mr. Smith's "political lieutenant" and vice president of the advertising agency and chairman of the Nixon campaign in San Diego.

Life said that Mr. Steward also had been accused of having "stopped in and ordered" David Stutz, a special I.R.S. investigator, "to lay off" an investigation that had purportedly turned up evidence that the \$2,068 was "part of a

much larger scheme to illegally funnel thousands of dollars into political campaigns" from companies controlled by Mr. Smith. It is a violation of the Corrupt Practices Act for a corporation to contribute to the campaign of any candidate for Federal office.

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The magazine said that Federal Bureau of Investigation had examined this case for "possible obstruction of justice" by Mr. Steward. But it noted that, after an evaluation by the Deputy Attorney General and now Mr. Nixon's nominee

for Attorney General, announced that Mr. Steward had been cleared.

Asked about this judgment yesterday in an interview with Mike Wallace of the Columbia Broadcasting System, Mr. Kleindienst replied:

"I'm no penny-ante two-bit little crook. I testified under oath on I.T.T. and I'll do the same on this matter. I came to Washington with my honor and a little money. I still have my honor and less money. If anyone can produce just one iota of evidence that I've done anything dishonest in this job, or that I have tampered with justice for political reasons, I'll resign this job."

Life said that after former Mayor Frank Curran was indicted in 1970 for allegedly taking a bribe from the San Diego Yellow Cab Company to help raise taxi fares, Mr. Stutz was to be a key prosecution witness. However, the magazine said, Randolph Thrower, the I.R.S. Commissioner in Washington, ruled that he could not testify. The Mayor was subsequently acquitted, and was quoted by the magazine as having said that President Nixon telephoned and congratulated him after the trial.

During a criminal investigation for tax evasion of Alessio

in 1970, the magazine said, Mr. Smith "went to Washington to plead Alessio's cause in person to President Nixon."

Mr. Smith, in an interview with Life, denied this. He also denied that any of his companies had channeled money illegally to political campaigns and said he had never had a financial interest in Barnes-Champ Advertising.

Within days, Life said, the Federal grand jury investigation was suspended. It was later resumed, after the F.B.I. director, J. Edgar Hoover, personally notified the White House that the case should be prosecuted, and ultimately Alessio was indicted, convicted

and sentenced to a three-year jail term.

Finally, Life accused a White House official of having side contact with Mr. Stutz and asked that he directly provide information about Mr. Smith, Alessio and Mr. Steward—this would without consultation or notification to his superiors in the I.R.S. The White House official who made the contact, Life said, was Jack Caulfield, an aide to John Ehrlichman, the President's chief assistant for domestic affairs.

Mr. Caulfield told Life that he had made inquiries about Alessio, but he denied ever having talked to Mr. Stutz.

Last night, the director of

public information for Justice Department, John W. Hushen,

issued a statement that said:

"The Department of Justice states unequivocally that there has been no White House influence, direct or attempted influence, direct or indirect, in the department's investigations and prosecutions. The department has proceeded properly and vigorously and without favoritism to anyone. For example, Mr. John Alessio is in Federal prison, convicted of tax evasion in the very proceedings which Life has chosen to criticize."

Mr. Hushen said that the department would issue a further statement after studying the full text of the Life article.