

# G.A.O. REPORT ASKS JUSTICE INQUIRY INTO G.O.P. FUNDS

—AUG 27 1972—

Says 'Apparent Violations'  
Were Committed By Nixon  
Re-election Committee

'CERTAIN GAPS' FOUND

Republicans Say Document  
Omitted Data Committee  
Delivered to Agency

NYTimes

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Special to The New York Times

WASHINGTON, Aug. 26 —

The General Accounting Office said today that "apparent and possible violations" of the Federal Election Campaign Act had been committed by the Finance Committee to Re-elect the President.

The alleged violations, involving up to \$350,000 in contributions to President Nixon's campaign, were referred to the Justice Department for further action.

The Republican re-election committee, in a statement issued within three hours of the report's release, said the document was "inaccurate."

"It is also incomplete in that it omits mentioning important information given to the G.A.O. by the finance committee bearing on the transactions," the committee said.

Can't Close 'Gaps'

The report by the accounting office, which is the auditing and investigative agency of Congress, said that "it was impossible to close certain gaps" in the record.

It left unclear the reported connection between the "apparent violations" and the activities of the five men who were arrested two months ago while allegedly breaking into Democratic National Committee headquarters here.

One of those arrested, Bernard L. Barker, a Miami real estate operator, later turned out to have possessed funds that were traced as contributions to the re-election committee. Another of the five, James W. McCord Jr., was a security coordinator for the committee.

## Lists Apparent Violations

Specifically, the General Accounting Office report listed these apparent violations:

¶The committee's failure to keep detailed and exact account of a \$25,000 contribution made to the Republicans by a Minnesota businessman, Dwayne O. Andreas, through Kenneth H. Dahlberg, chairman of the Minnesota re-election committee. The report said that the Republicans said the contribution was made prior to April 7, the effective date of the campaign act making disclosure of contributions mandatory. But the accounting office said "we have concluded that the contribution was not made until April 9.

¶The committee's failure to keep a detailed and exact amount not only of the amount

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expended from the \$25,000 "Dahlberg check," but also that from four other checks drawn on a Mexican bank, totaling \$89,000. The report charged that the committee failed to provide necessary information about the sums totaling \$114,000 in its June 10 report to the G.A.O., as provided by the campaign act.

¶The committee's failure to keep and maintain adequate books and records on a current basis with respect to the \$25,000 check and its proceeds, the proceeds of the four "Mexican" checks totaling \$89,000, and the balance of some \$350,000 in cash that was deposited on May 25 to the bank account of the Media Committee to re-elect the President, an affiliate of the re-election committee.

More 'Possible Violations'

In addition to these "apparent violations," Phillip A. Hughes, director of the watchdog agency's Office of Federal Elections, which conducted the inquiry listed "additional possible violations" that were turned over to the attorney general "for further investigation."

These are:

¶The committee's failure to keep a detailed and exact account of the \$350,000 cash fund and the contributions that may have been received after April 6.

¶The committee's lack of accounting control over the funds involved "indicates the possibility" that unauthorized expenditures may have been made or that funds may have been mixed up with personal funds of committee aides.

As a result of the break-in at Democratic committee headquarters, located then at the Waergate Hotel in Washington, a Federal grand jury has been investigating possible criminal violations dealing with that

affair, which apparently involved an attempt by the five men arrested to install eavesdropping devices in the offices of the committee.

### Possible Removal

Some reports have also alleged that the men were also in the process of removing bugging devices already installed when they were apprehended shortly after midnight on June 17.

Because of the Republican connections of Mr. McCord and Mr. Barker, charges have been made by Democratic party officials and by Senator George McGovern, the party's Presidential nominee, that the Nixon re-election committee was directly involved in the incident.

The investigation of the re-election committee's finances was begun after it was learned that Mr. Barker had 53 \$100 bills in his possession when arrested. Those bills were traced to a Miami bank and it was subsequently learned that Mr. Barker had deposited in the bank the \$25,000 "Dahlberg check" and the four "Mexican" checks worth \$89,000.

The general accounting office report said that because the campaign act did not give it the right to subpoena witnesses or records, and because of the grand jury investigation in progress, it was "impossible to close certain gaps in the information we have been able to obtain."

"Our auditors have been able to obtain very little information on transactions prior to April 7, 1972, the effective date of the act," it said. "Also, some individuals who may have knowledge of the matter involved have not been available to discuss the subject with us. Others were not available to us until late in the audit: for instance, Hough W. Sloan Jr., former treasurer of the committee, was not available until Aug. 23."

### Only 'Chapter One'

Representative Wright Patman, Democrat of Texas, whose Committee on Baking and Currency is also looking into the issues involved, said this afternoon that the report "can be considered as nothing more than chapter one of what must be a top-to-bottom investigation of all the allegations involved in the Watergate incident and the closely related areas of political fund raising."

Mr. Patman, who had earlier complained about the delay in the release of the report, indicated his unhappiness with the Justice Department's being brought into the case by the G.A.O.

"We are now faced with another dilemma," he said. "We are asking Richard Kleindienst, a strongly partisan Attorney General, to prosecute wrongdoings of the political party which boosted him to such a high place in government." He suggested the appointment by the courts of a "special prosecuting team."

On another matter, Mr. Patman said he was "deeply dis-

turbed" by press reports this morning that Mr. Andreas, who supplied the \$25,000 to Mr. Dahlberg, was one of a group of Minneapolis investors who were granted a Federal bank charter on Wednesday in a Minneapolis suburb. He said he had asked the Controller of the Currency for information on the case.

### O'Brien Unhappy

Lawrence F. O'Brien, Mr. McGovern's national campaign chairman, also expressed displeasure at the Justice Department's being asked to play a role in the investigation. He said: "I continue to be pessimistic about the likelihood of a fair, thorough and speedy investigation of the G.A.O. allegations, for on Attorney General Kleindienst's calendar, it appeared that nothing will be permitted to happen before election day."

The G.A.O. report was divided into three basic hearings under the section "findings and conclusions." The following are summaries of those sections:

### "The \$25,000 Dahlberg Check"

Mr. Dahlberg told the G.A.O. that he got a phone call on April 5 from a man who wanted to remain anonymous — later identified as Mr. Andrews — who said he wanted to make a cash gift of \$25,000 to Mr. Nixon's campaign. He said that

### \* ANDREAS.

Mr. Andreas specifically stated that he wanted to remain anonymous and that was why he was making the gift on April 5 — two days before the campaign act went into effect, requiring disclosure.

Maurice H. Stans, chairman of the finance committee, was told about this on April 5, Mr. Dahlberg said.

Mr. Dahlberg agreed to pick up the cash that weekend in the Miami area. He told the G.A.O. that Mr. Andreas had said he was placing the money in the custody of a third party in a Miami area hotel. William Norman, an employe of Mr. Dahlberg's company and treasurer of the Minnesota committee, confirmed Mr. Dahlberg's story.

Mr. Dahlberg told the accounting office that after arriving in Miami he picked up the money on April 9 and, for security, had a cashier's check made out to himself on April 10 at the First Bank and Trust Company of Boca Raton.

### Gave It to Stans

On April 11 Mr. Dahlberg flew to Washington, endorsed the check and personally gave said he promptly gave it to Mr. Sloan, the committee's treasurer.

Mr. Sloan said that either the same day or the following day he conferred with G. Gordon Liddy, then counsel for the committee, who advised that the check was a pre-April 7 contribution and suggested that it be turned back into cash. Mr. Sloan said he gave the check to Mr. Liddy to do

count on the same day as the Dahlberg check.

"Mr. Stans has told us that the four checks were pre-April 7 contributions from donors in Texas who wished to remain anonymous, and therefore would not reveal their names," the report said.

pleted until after the effective date of the act."

The accounting office said that four bank checks drawn on the Banco Internacional of Mexico City to the order of Manuel Ogarrío in the amounts of \$15,000, \$18,000, \$24,000 and \$32,000, were deposited in the Barker Associates bank ac-

"Based on the facts stated above," the G.A.O. said, "we have concluded that the donor retained control over the contribution until April 9, 1972, when he delivered the cash to Mr. Dahlberg as agent for the committee. Therefore the \$25,000 contribution was not com-

on April 9 on a golf course in the Miami area. There was no explanation for the inconsistency in Mr. Dahlberg's story. The G.A.O. said the Republicans, in a memorandum dated yesterday, said the contribution was completed on April 5 when the cash was placed in the hotel safe deposit box.

Liddy did return currency to him but not until the middle of May and not in the exact amount. Mr. Liddy has refused to talk to the G.A.O. investigators, the report said. In a later interview, Mr. Dahlberg told the agency that the donor was Mr. Andreas and that he handed the money

this. Mr. Stans's affidavit says that he was told this several weeks later by Mr. Sloan. The G.A.O. said that it had no proof of this, but bank records show that it was credited on April 20 to "Barker Associates, Inc., Trust Account" in the Republic National Bank of Miami. Mr. Sloan said that Mr.

\* See JACK ANDERSON

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