

multiple loose ends and to unearth details of the affair never before exposed. The team's report:

THE WHITE HOUSE 'PLUMBERS'

The four former CIA operatives and the Cuban locksmith arrested at gunpoint inside the Democratic National Committee headquarters were no isolated band of zealots. And the Watergate raid was by no means an isolated incident. As early as the summer of 1971, a small, tight, political intelligence team was forming up in the basement offices of the Executive Office Building next door to the White House. And its impact would soon be felt all across the 1972 election campaign.

The team was originally formed strictly as a pack of in-house watchdogs. In the fall of 1971, increasingly concerned about a rash of security leaks that began with the Pentagon Papers, Presidential assistant John D. Ehrlichman quietly tapped his able, aggressive deputy, Egil (Bud) Krogh, 31, to plug the leaks. Thus the White House "plumbing" crew was born. Presidential troubleshooter Charles W. Colson rang in an old Army-Navy Club friend named E. Howard Hunt, a retired CIA career spy, prolific pulp novelist and public-relations speechwriter, as a \$100-a-day consultant. From Treasury came G. Gordon Liddy, 42, a bright, ambitious former FBI agent and Dutchess County, N.Y., prosecutor with a flair for the dramatic (once, to make a point in a summation, Liddy fired off a pistol loaded with blanks in the courtroom).

The plumbers stuck to their assigned task—tracing leaks in the newspapers and eavesdropping on the phone conversations of White House staffers to detect signs of disloyalty. But as fall turned to winter and re-election strategy became a more urgent concern, Hunt's and Liddy's attention began to shift from internal Administration security to intelligence-gath-

ering that might be used against the Democrats. They began carefully assembling potentially damaging dossiers on any and all possible Democratic Presidential and Vice Presidential candidates—and Hunt in particular launched a fresh investigation into Sen. Edward Kennedy's tragic automobile accident at Chappaquiddick. *

At about the same time, the focus of the operation began to shift toward the newly formed Committee to Re-elect the President. In October, a husky, balding electronic eavesdropping specialist named James W. McCord Jr., 53, who had spent nineteen years debugging CIA installations, joined the committee as security coordinator. In December, Liddy himself moved over to the committee. In November, Hunt began a series of phone conversations with a Miami man he had known as a CIA contact during Bay of Pigs preparations, 53-year-old, Cuban-born Bernard L. Barker.

Barker, the moneyed son of a Cuban mother and an American father, began assembling a loosely knit team of his own from the Cuban community in Miami. From his own real-estate firm, Barker tapped Eugenio Martinez, a friend of fifteen years who, like Barker, had helped smuggle refugees out of post-Batista Cuba. Frank Sturgis, 49, (formerly Frank Fiorini), an ex-marine given to gun running and girls, joined him. And at Miami's Missing Link Key Shop Barker found a 45-year-old locksmith named Virgilio Gonzales.

To what extent GOP higher-ups knew of the team—and approved of its activities—is unclear. "I suppose it was a 'Do it, don't tell me how you do it' situation," said an insider. The full extent of the team's operations will likely remain a mystery, too. But by last spring a pattern of anti-Democratic espionage had begun to unfold in Washington.

On May 16, the law offices of the eventual Democratic Vice Presidential

candidate, R. Sargent Shriver, and the party's credentials committee chief, Patricia Harris, across the yard from the Watergate, were broken into—though nothing appeared to have been stolen. There is no proof that the Watergate five were involved in this or any other break-in before June 17. But on May 26, five men checked into the Watergate Hotel under the same names that the Watergate Five were first to give to the police after their arrest.* They stayed through the Memorial Day holiday. While they were there, two attempts were made to break into the DNC.

On the night of the 27th, Lawrence O'Brien charged last week, some of the same people later arrested at Watergate made an abortive attempt to plant an eavesdropping device in Sen. George McGovern's preconvention headquarters on Capitol Hill. O'Brien also charged that his own phone and another DNC line had been tapped for weeks before the raid, and monitored "on a regular daily basis" from Room 723 in the Howard Johnson Motor Lodge across the street.

Only a single hint as to the fruits of all this snooping has so far come to light. A fortnight ago, Michael Richardson, 29, who works in a Miami photo shop, told Miami authorities that two men came to his shop on June 10—a week before the Watergate arrests—with 38 frames of 35-mm. film to be rush-developed. The pictures, said Richardson, showed surgical gloved hands holding a series of documents against a shag rug. Some bore the DNC letterhead; some, the signature of Larry O'Brien. At least one, Richardson stated, appeared to be a dossier on a prominent woman Democrat—possibly Patricia Harris. Shown a random assortment of mug shots, Richardson unhesitatingly identified Bernard Barker and Frank Sturgis as the men who brought the film. A mysterious third man with red hair, he added, had come along with them to pick up the developed pictures.

While all this was going on, the Democrats—incredibly enough—took no steps

*Curiously, several of these names weave through the pages of Hunt's novels, which are often set in the Miami-Cuba area. McCord, for example, first told police he was Edward Martin—the same pseudonym at least two of Hunt's characters adopted in fictional jams. In "Stranger In Town," a beautiful woman named Valdes reminds the hero of a girl named Jean. Martinez, when arrested, gave police the name Jean Valdes. The hero of a novel called "Bimini Run" is a man named Hank Sturgis.

* SEE NOTE THIS FILE
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The Spies Who Came in For the Heat

Three months ago, the predawn raid on the Democratic National Committee headquarters inside Washington's elegant Watergate complex seemed little more than clumsy political derring-do pulled off by overzealous, aging and inept James Bonds. In the time since, the tangled affair has turned into the political hydra of the Presidential campaign. Each time Republicans have tried to smother the controversy, some fresh embarrassment has popped up to bring it back to life. And as the revelations continue to pile up, the Watergate affair has emerged as the most dramatic clear-cut disclosure of major political espionage in the history of U.S. Presidential elections.

It is a curious and instructive tale, offering rare glimpses into the back rooms of American politics and the antics of obscure soldiers of fortune embarked on a spy-thriller escapade. It features, in addition to the bizarre Watergate break-in, a special squad of White House investigators eavesdropping on the Administration's own telephone calls; a series of espionage coups against the Democrats involving electronic eavesdropping and photographs of documents from Democratic files; \$114,000 in GOP campaign contributions apparently diverted to one of a team of adventurers with CIA and anti-Castro connections; an intricate "money washing" operation aimed at hiding the identities of political donors by channeling funds through a Mexican bank; the secret transfer of \$25,000 in cash on a Miami golf course, and \$350,000 stashed—and apparently unaccounted for—in a Republican Party office safe.

The affair has been painfully embarrassing to the Administration on several counts. Besides the spying issue, it has focused attention on the whole Nixon campaign fund-raising operation—especially the \$10 million raised from big givers before the April 7 deadline under the new law that requires donors to be listed. It has also put the Administration into the position of having to investigate itself while resisting demands for a special independent inquiry.

The full scope of the Watergate caper itself will be charted only when indictments are returned and the case comes to trial—and even then some of its darker byways may never be illuminated. But for a period of weeks, a special NEWSWEEK investigative team led by Nicholas Horrock and Evert Clark has been at work—in Washington, Miami, Mexico City, Houston, Minneapolis and elsewhere—to try to stitch together the

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room 723. Barker and his crew were left holding the bag alone.

But not for long. Among the burglars' possessions, police discovered two small black address books listing the name Everette Howard Hunt, along with the notations "W.H." and "W. House." And eleven days after the arrests, Liddy was fired from the Re-election Committee by its chairman, former Attorney General John Mitchell, for refusing to answer FBI questions about the raid. Over the next two weeks, both Re-election Committee treasurer Hugh W. Sloan Jr. and Mitchell himself resigned, both citing "personal reasons."

THE MONEY LAUNDRY

It was the 53 \$100 bills that opened up one of the first big leads. U.S. Treasury records showed that the bills had been part of a batch of crisp new hundreds that had been sent to Miami banks—including Republic National of Miami, where Barker's real-estate firm kept an

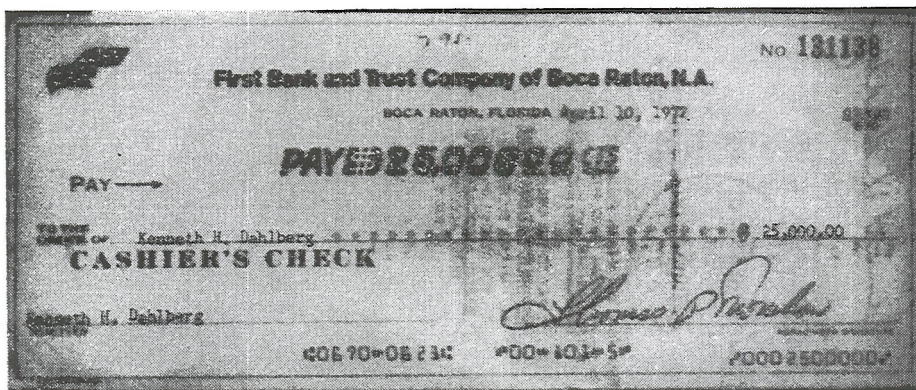
erations in 1969, telephoned \$100,000 to the very same branch of Banco Internacional—to the account of a Mexican firm owned in part by Allen and Ogarrio's law partner. And the day after they were issued, Ogarrio's checks were personally carried to Washington by Allen's Republican colleague, Roy J. Winchester of Houston, the co-chairman of the GOP fund-raising drive for the entire Southwest. Winchester delivered the checks to committee treasurer Hugh W. Sloan Jr. The money originally came from four Texas Democrats.

THE DAHLBERG CONNECTION

The fifth check that Barker deposited was laundered, too. Two days before the new campaign spending law went into effect, prohibiting large anonymous donations, Dwayne O. Andreas, a Minneapolis-based soybean millionaire and longtime Hubert Humphrey supporter, phoned Kenneth Dahlberg, Mr. Nixon's Midwestern fund-raising chief, from his

bank vice president balked at accepting the Dahlberg check on the ground he could not verify the endorsement, Barker resourcefully—but probably illegally—used his power as a notary to authenticate the signature and deposited all \$114,000 in Barker Associates' account.

Over the next two weeks, Barker withdrew exactly \$114,000 in three separate drafts: \$25,000 on April 24; \$33,000 on May 1, and the final \$56,000 one week later. Meanwhile, Sloan told GAO investigators, he was trying to get the money back from Liddy—and having trouble doing it. Sloan said that Liddy finally returned the money (less about \$2,500 in what were said by Liddy to be check-cashing charges) around the middle of May—a full month after he had received it. Interestingly enough, on the day Barker made his last withdrawal his office made two telephone calls to Howard Hunt and one to the offices of the Re-election Committee in Washington. When he finally managed to get the cash



Dahlberg and \$25,000 check: High stakes on the golf course



New York Times

account. And a check of Republic's photostats opened up a new dimension in the case.

On April 20, it turned out, Barker deposited four checks totaling \$89,000 that had been drawn on the Banco Internacional, S.A., in Mexico City, by a wealthy, 69-year-old labor lawyer named Manuel Ogarrio Daguerre. Through his son, Ogarrio repudiated the signature on the checks and denied any hand in the entire affair. But the "washing" of campaign contributions by funneling them through obscure surrogate "donors" to shield contributors demanding anonymity has long been a common campaign practice. And Ogarrio's name on the checks seemed more than coincidental. Until recently, his firm, Creel and Ogarrio, operated out of a suite of offices in the same building as the Banco Internacional branch from which the checks originated. And Creel and Ogarrio represented a number of prominent U.S. corporations—including Gulf Resources and Chemical Co., whose president, Robert H. Allen, happens to be the Texas finance chairman for the Re-election Committee.

Curiously, the day before the four checks were drawn, Gulf Resources and Chemical, which closed its Mexican op-

Boca Raton, Fla., vacation home. He offered the Nixon campaign a strictly anonymous contribution of \$25,000. The money, Andreas said, would be left in a safety deposit box in Dahlberg's name at the Sea View Hotel in Bal Harbour. Dahlberg later claimed that he immediately phoned finance chief Maurice Stans in Washington to have the sum recorded—thus beating the disclosure deadline. According to Dahlberg, he arrived at the hotel on April 7—the deadline day—too late to pick up the money, and Andreas turned it over to him on a golf course two days later. Dahlberg said that he converted the cash to a bank check for safekeeping the next morning, then flew to Washington and handed it to Stans.

Stans told General Accounting Office investigators that he immediately gave the check to Sloan, and Sloan declared that he gave it, along with the four Mexican checks totaling \$89,000, to the committee's finance counsel, who was G. Gordon Liddy. Whatever Liddy then did with the checks, neither he nor anyone else has made clear. But a little more than a week later, Bernard Barker walked into Republic National Bank of Miami with all five of them. When a

back, Sloan said, he stashed it along with other funds in Stans's office safe. And on May 25, he related, he and Liddy personally walked the safe's entire contents—\$350,000—over to the First National Bank of Washington, counted the money out before a bank officer, and deposited it in the Re-election Committee's media account. As evidence that the money had been collected before April 7, Sloan could offer the GAO only a duplicate deposit slip bearing the notation: "Cash on hand prior to 4/7/72 from 1968 campaign Per Hugh Sloan." And Stans told the GAO he believed that all other records pertaining to the origin of the money had been destroyed after April 7.

Unimpressed, the GAO issued a stinging report charging the Re-election Committee with three "apparent" and two "possible" violations of the campaign-spending law and recommending a Justice Department investigation to determine whether there had been criminal violations as well. The Justice Department has yet to act on the recommendation. But the GAO report thrust the whole Watergate affair back into the spotlight just when public attention was beginning to wane.

THE FALLOUT

The Democrats have tried hard to make political mileage out of the case. But in the weeks since the raid, they have tasted anew the frustration of being the party out of power. A fortnight ago, Attorney General Richard Kleindienst pledged "the most extensive, thorough and comprehensive investigation since the assassination of President Kennedy." Except to answer direct queries from Washington, however, the FBI bureau in Miami was called off the case more than a month ago. At least one key witness—the Miami photo-shop technician—has yet to be called before a grand jury.

The indictments expected this week, will probably name seven persons, but it is unlikely that their trial will get under way before Election Day. A Federal law requires that major criminal trials must begin within 60 days of indictments—and the Republicans are in no hurry to advance the deadline. As a consequence, the Democrats' \$1 million civil suit against the GOP Re-election Committee is stalled too. Federal District Judge Charles Richey has ordered that all depositions must remain sealed pending the outcome of criminal proceedings, and has yet to rule whether the civil case may proceed at all before that trial. Meanwhile, the Democrats' attorney Edward Bennett Williams has taken testimony on the case from eight persons, including Mitchell last week. A surprise witness coming up: Richard Nixon's old campaign infighter, Murray Chotiner.

While the legal maneuverings continue, a number of investigations are still under way. Dade County Prosecutor Richard Gerstein, who first made public the five checks totaling \$114,000, is looking into possible violations of the Florida banking laws. Rep. Wright Patman's House Banking and Currency Committee is examining the money-washing operation south of the border. The Justice Department, at least officially, is still checking for criminal violations of the 1971 Federal Elections Campaign Act.

There are certainly enough unanswered questions in the case for them all. Who ordered the espionage campaign against the Democrats? How far did it go? And what was contained in the tapes and documents seized in the Watergate arrests (which the Justice Department refuses to reveal even to the DNC, their rightful owners)? What did Barker do with the \$114,000, and, if he did not return it, from what source was the amount made up in the Committee to Re-elect's coffers? Why should Maurice Stans keep so substantial an amount of campaign money as \$350,000 lying around in cash in an office safe? Who besides Dwayne Andreas are the GOP contributors so eager to keep their names secret? The Watergate saga continues—and promises to color the tone and temper, conceivably even the odds, of the Presidential campaign into which it so dramatically intruded.

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