

New Report Ties Mitchell To 'Spy on Demos' Fund

Washington Post Service

Washington

John N. Mitchell, while serving as U.S. Attorney General, personally controlled a secret Republican fund that was used to gather information about the Democrats, the Washington Post has learned.

Beginning in the spring of 1971, almost a year before he left the Justice Department to become Nixon's campaign manager on March 1, Mitchell personally approved withdrawals from the fund, according to reliable sources involved in the Watergate investigation.

Those sources have provided almost identical, detailed accounts of Mitchell's role as comptroller of the secret intelligence fund and its fluctuating \$350,000 - \$700,000 balance.

Four persons other than Mitchell later were allowed to approve payments from the secret fund, it was learned.

Two of them were identified as former Secretary of Commerce Maurice H. Stans, now finance chairman of the President's campaign, and Jeb Stuart Magruder, interim manager of the Nixon campaign prior to Mitchell, and now a deputy director of the campaign.

The other two, according to the sources, are a high White House official now involved in the campaign and a campaign aide outside of Washington.

The sources of the Post's information on the secret fund, and its relationship to Mitchell and other campaign officials, include law en-

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forcement officers and persons on the staff of the Committee for the Re-election of the President.

GOAL

According to the Post's sources, the primary purpose of the secret fund was to finance widespread intelligence-gathering operations against the Democrats. It could not be determined yesterday exactly what individual projects were financed by the secret account.

But sources said FBI agents uncovered several in the course of their Watergate investigation. Those projects were described by one source as "not necessarily illegal," though potentially "very embarrassing if anybody found out what they were."

In addition, the sources said, a relatively small amount of money in the fund was used by a few persons for non-intelligence functions—usually because the money in Stans' safe represented quickly obtainable cash for travel.

REACTION

Asked to comment on the Post report, a spokesman for President Nixon's re-election committee, Powell Moore, said: "I think your sources are bad; they're not going to comment beyond that."

Last night, Mitchell was reached by telephone in New York the beginning of the Post's story was read to him. He said:

"All that crap, you're putting it in the paper? Jesus! Katie Graham (Katharine Graham, publisher of the Washington Post) is gonna get caught in a big fat wrin-

ger if that's published. Good Christ — that's the most sickening thing I've ever heard!"

Told that the Committee for the re-election of the President had issued a statement about the story, Mitchell interjected:

"Did the committee tell you to go ahead and publish that story? You fellows got a great ballgame going. As soon as you're through paying Ed Williams (Edward Bennett Williams, whose law firm represents the Democratic party as well as the Washington Post), we're going to do a story on all of you."

Mitchell then hung up the phone.

Later in the evening, Moore issued a formal statement saying: "There is absolutely no truth to the charges in the Post story. Neither Mr. Mitchell nor Mr. Stans has any knowledge of any disbursement from an alleged fund as described by the Post and neither of them controlled any committee expenditures while serving as government officials."

According to the Post's sources, the federal grand jury that investigated the alleged bugging of the Democrats' Watergate headquarters did not establish that the intelligence gathering fund directly financed the illegal eavesdropping.

Investigators have been told that the only record of the secret fund — a single sheet of lined ledger paper, listing the names of about 15 persons who received payments and how much each received — was destroyed by Nixon campaign officials after the June 17 break-in at the Watergate.

It has been established, however, that G. Gordon Liddy, the former Nixon committee finance counsel who was one of the seven men indicted in the Watergate case, withdrew well in excess of \$50,000 in cash from the fund, the sources said.

Mitchell served as the President's campaign manager for three months and resigned on July 1, citing an ultimatum from his wife, Martha, that he leave politics.

The former attorney general has repeatedly denied that his resignation was related in any way to the Watergate bugging or that he had any knowledge of it.

When asked whether it would be illegal for an incumbent attorney general to control disbursements from a political campaign fund, one federal attorney involved in the Watergate case said yesterday: "I don't know, there's a question."

GAO

Last month, the existence of the secret fund was cited as a "possible and apparent" violation of a new, stricter campaign finance disclosure law in a report by the General Accounting Office, the investigative arm of Congress.

The GAO said the fund contained \$350,000 as of May 25 and was possibly illegal because receipts and expenditures were not publicly reported for a six-week period after the new disclosure law took effect on April 7.

The fund, which was kept in a safe in Stans' office, primarily consisted of cash contributions made to the Nixon campaign over an 18-month period, according to sources.

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