

Lawyer for Nixon Said to Have Used GOP's Spy Fund

By Bob Woodward and Carl Bernstein
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President Nixon's personal attorney, Herbert W. Kalmbach, was one of five persons authorized to approve payments from the Republicans' secret intelligence gathering and espionage fund, according to sources in the Watergate bugging investigation.

The sources said that the FBI has determined that Kalmbach himself either authorized or actually made payments of thousands of dollars to Donald H. Segretti, 31, a California lawyer.

Segretti, a former Treasury Department attorney, has been identified by the FBI as one of more than 50 undercover operatives engaged for more than a year in an apparently unprecedented political spying and sabotage effort staged by Nixon aides against the Democrats.



HERBERT W. KALMBACH
... the President's attorney

The bugging of the Democrats' National Committee headquarters at the Watergate office building was one part of the espionage campaign, and federal investigators turned up other espionage and intelligence-gathering activities apparently aimed at disrupting and damaging the campaigns of Democratic presidential candidates.

President Nixon, after investigation of the Watergate case, announced Aug. 29 that no person "presently employed" in the government or White House was involved in the bugging.

White House Press Secretary Ronald L. Ziegler last week declined to comment on the reports of widespread Republican spying. Despite persistent questioning, he refused to say that the President's statement about the Watergate could be applied to other incidents of political spying and sabotage.

Kalmbach, 50, a Nixon fund-raiser and the lawyer who handles Mr. Nixon's personal legal business, could not be reached for comment in Newport Beach, Calif., at either his home or office.

On Friday, Kalmbach's secretary said he would be unreachable all weekend. She also declined to permit a reporter to talk with other attorneys in Kalmbach's office.

The White House had no immediate comment.

According to federal sources, Kalmbach had authority to approve disbursements from the secret fund which at one time had \$700,000 and was kept in the safe of Maurice H. Stans, the chief Nixon fund-raiser.

The sources said that the five persons who had control over disbursements from the cash fund were Kalmbach, Stans, John N. Mitchell, the former Attorney General and until July 1 the President's campaign manager; Jeb Stuart Magruder, a deputy campaign manager, and a high White House official who the sources declined to name.

Mitchell has denied that he controlled any such funds.

In yesterday's Washington Post, another California lawyer, Lawrence R. Young, said Segretti told him that funds for sabotage activities and a \$20,000 annual salary came from "a trust account in a lawyer's name . . . a high-placed friend of the President, and he was instructed to guard that name zealously."

That description fits Kalmbach, who has been a long time friend of the President's and handled such personal business as the purchase of the Nixon estate at San Clemente.

Kalmbach was vice chairman of the Republican National Finance Committee from 1968 to 1969 and an associate

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chairman of the Nixon re-election committee this year until April 7 when he resigned.

Young, a close friend of Segretti's, quoted Segretti earlier as saying that the President's appointments secretary, Dwight L. Chapin, was a "contact" in the spying and sabotage operation.

Chapin, 31, is in charge of Mr. Nixon's daily schedule and is one of only several White House aides with direct access to the President.

Apparently using different sources than The Post, Time Magazine says in its issue released today that "Justice Department files" show that:

- Segretti "was hired in September, 1971, by Dwight Chapin . . . and Gordon Strachan, a staff assistant at the White House." Strachan, who could not be reached for comment, is an aide to H. R. Haldeman, the President's chief of staff in the White House.

- "For his services, Segretti was paid by Herbert Kalmbach . . . Segretti's recompense included a \$16,000-a-year salary plus expenses. From Sept. 1, 1971, to March 15, 1972, Kalmbach gave Segretti more than \$35,000, including one payment of \$25,000 in cash."

- "Segretti asked a former Army officer friend to infiltrate the George Wallace campaign and work as an informant."

- "The Justice Department investigators, under the command of Assistant Attorney General Henry E. Petersen, did not pursue the Segretti connection."

Spokesmen for the Committee for the Re-election of the President have declined to discuss the secret fund in detail.

When the question of the secret fund was first raised in September, one Nixon committee spokesman said that "there have been and are cash funds in this committee used for various legitimate purposes such as reimbursement for expenditures for advances on travel.

"However," the spokesman continued, "no one employed by this committee at this time has used any funds (for purposes) that were illegal or improper."

Investigators handling the Watergate bugging case have been told that the only record of the secret fund was a single sheet of lined ledger paper listing about 15 persons who received money.

Segretti is not one of those

15, but apparently received the money through Kalmbach or some other middleman in what the federal sources have said is "a complicated series of transactions."

The sources said it has been determined that G. Gordon Liddy, the former Nixon finance committee counsel who was one of the seven men indicted in the Watergate case, was given well in excess of \$50,000 from the fund.

During last August, the existence of the secret fund was cited as a "possible and apparent" violation of the new campaign finance reporting law by the General Accounting Office, the investigative arm of Congress.

The GAO said the fund—put at about \$350,000—was

possibly illegal because receipts and expenditures from it were not recorded after April 7, the date the new campaign finance disclosure law took effect.

This and 10 other possible violations along with three alleged violations by Sen. McGovern's campaign finance organization are in the hands of the Justice Department for further action.

Justice officials have said it is virtually certain that no action will be taken on the alleged campaign finance violations of both parties before the Nov. 7 election.

John Ehrlichman, the President's top domestic adviser, said yesterday on ABC-TV's Issues and Answers that the reports of widespread political sabotage by the Republicans involve "a lot of charges, not much proof, not any proof . . ."

He said that this is the "mud month" when a great number of political charges will be thrown around. From personal knowledge Ehrlichman said that he "cannot affirm or deny" the charge that Chapin was involved in the alleged sabotage and political spying.

Ehrlichman said that it is important to distinguish between the Watergate bugging, which "involved a crime," and the acts of intelligence-gathering such as "finding out the other fellow's schedule . . ."

He said that such activity and so-called political pranks have "been in American politics since I can remember."