

Kalmbach Firm Got Favorable Rule on Fund

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HERBERT W. KALMBACH
... sought convention

A California law firm headed by President Nixon's personal attorney obtained a ruling from the Justice Department last January endorsing the legality of corporate contributions to help bring the 1972 Republican National Convention to San Diego.

The attorney, Herbert W. Kalmbach, has been identified by sources close to the Watergate bugging investigation as one of five persons authorized to approve payments from the Nixon campaign's secret intelligence-gathering fund.

His firm, Kalmbach, De-

Marco, Knapp and Chillingworth, with offices in Newport Beach and Los Angeles, is generally regarded as having great influence within the Nixon administration.

In a letter signed by senior partner Frank DeMarco Jr. "for the firm" last Jan. 3, it asked the Criminal Division of the Justice Department whether it would be legal for San Diego businessmen to contribute money to attract the GOP Convention.

The letter said that the advice was sought by "certain clients," who have never been specifically identified.

Within two weeks, John C. Kennedy, chief of the Fraud Section in the Criminal Division, wrote back saying that the contributions would be legal if they were made "for the primary purpose of bringing the political convention to the community."

According to published reports, Kenney's response was later shown by Kalmbach and other Nixon fund-raisers to potential Republican contributors in California.

Both the Kalmbach firm's letter and the Justice Department response were inserted into the record during last spring's Senate hearings on Richard G. Kleindienst's nomination as Attorney General.

One of the issues in the hearings was a contribution of at least \$200,000 by the International Telephone and Telegraph Corp. to help the San Diego Convention and Visitors Bureau subsidize the convention.

Administration opponents never succeeded in establishing that the contribution was illegal or that it was linked to the settlement of three federal antitrust cases against ITT, as suggested in a memo allegedly written by ITT lobbyist Dita D. Beard.

Citing a labor dispute as the reason, the GOP later moved its convention to Miami Beach. Kalmbach, whose name has

seldom been in the public spotlight, represents The Richard Nixon Foundation and The Stans Foundation, named for Maurice H. Stans, former Secretary of Commerce who heads the Nixon fund-raising effort again this year as he did in 1968.

Other major clients of the Kalmbach firm include the Marriott Corp., headed by Nixon intimate J. Willard Marriott; United Air Lines, the University of Southern California, and Coldwell, Banker and Co., a major California real estate firm.

Kalmbach himself is reportedly a key figure in the little-known Lincoln Club, an exclusive group of wealthy California businessmen whose major function has apparently been the financing and promotion of Mr. Nixon's political career.

Through the Lincoln Club and his role as close associate of Stans, Kalmbach has had a major part in raising some of the secret campaign funds, which, according to the Watergate investigation sources, he was also entitled to disburse.

One published report last winter referred to him as "the covert collector" who was racing to raise money before the April 7 deadline when the new campaign contribution reporting law went into effect.

Among those from whom Kalmbach reportedly raised money over the years were California oil tool millionaire Henry Salvatori, Chicago insurance executive W. Clement Stone, Detroit industrialist Max Fisher and Arthur K. Watson, former U.S. ambassador to France.

At one point in 1970, Kalmbach reportedly flew to Europe to collect Republican contributions from Watson and other U.S. ambassadors, including Walter H. Annenberg in London.