

NYTimes (1972) NOV 1 1972  
**House Report Raises Questions  
On Nixon Campaign Financing**

**\$30,000 Donation Traced**

By E. W. KENWORTHY

Special to The New York Times

WASHINGTON, Oct. 31—A report by the staff of the House Banking and Currency Committee raised new questions today about possible violations of campaign financing, banking and tax laws in connection with several large contributions to the Committee for the Re-election of the President.

The staff reported that it had determined from Washington and Philadelphia bank records that "at least \$30,000" had been channeled to President Nixon's campaign fund "through the Banque Internationale a Luxembourg" before April 7, the day a new law went into effect requiring reporting of campaign donations.

The report said that the President's re-election committee "has successfully hidden the names of the donors," of these "foreign checks." Their origin should be explored, the

Continued on Page 26, Column 6

**The Watergate Mystery**

By WALTER RUGABER

Special to The New York Times

WASHINGTON, Oct. 31—Despite 19 weeks of intensive investigation, sensational disclosure, and heated political debate, the dimensions of the Watergate affair are far from fixed.

A Federal grand jury has charged seven men—three of them associated with President Nixon's campaign organization, the White House, or both—with rigging the Watergate offices of the Democratic National Committee.

Senator George McGovern has charged, and various unnamed Democrats and unidentified Federal investigators have been quoted as suggesting, that the eavesdropping was part of a broader Republican-directed espionage and sabotage effort.

A number of documents and witnesses—not fully rebutted by the Republicans—have indicated that at least some of the money used to spy on the Dem-

Continued on Page 28, Column 1

Continued From Page 1, Col. 1

staff said, because any contributions by foreign nationals would be a violation of the law.

In a response to the report, a spokesman for the Committee for the Re-election of the President termed it a "dishonest collection of innuendo and fourth-hand hearsay" and "nothing more than an eleven-hour attempt to save Mr. Patman's candidate for President from what may be one of the worst defeats in American political history."

This was the second staff report based on an investigation into the break-in at and alleged bugging of the Democratic National Committee headquarters last June 17 and possible financial irregularities in fund collection.

After the first report Sept. 12, the committee chairman, Wright Patman, Democrat of Texas, twice sought the panel's approval for the use of subpoenas to elicit information. He was twice refused.

In the report today, the staff several times complained that its investigators had been hampered by the lack of subpoena power.

**Money Transferred**

Earlier, staff investigators reported that \$100,000 in campaign funds had been traced

from Houston to Mexico, back to Houston and then to Washington in what some observers have since called "the Mexican laundering operation." The staff report hinted today that the money may have been corporate gifts because "it originated in a corporate account in Houston."

The staff learned, the report said, "that on April 3 the \$100,000 had been transferred by telephone from the account of the Gulf Resources and Chemical Corporation in the First

**Questions on Nixon Funds**

City National Bank of Houston" to Account No. 99-600 in the Banco Internacional of Mexico City.

This account is assigned to Compañia de Azufre Veracruz, S.A., a Gulf subsidiary that was placed on the "inactive" list by the Securities and Exchange Commission in late 1969.

"This raises an obvious question: Why would Gulf Resources be transferring large sums to an inactive corporation?" the report said.

The Washington Post on Oct. 6 quoted Federal Bureau of Investigation sources as having said that the subsidiary turned the money over to Manuel Ogarrío Daguerre, the Mexican attorney for Gulf Resources.

The company, according to the same reported F.B.I. sources, insists that the money was for legal services.

But Mr. Ogarrío reportedly converted the deposit into four cashier's checks totaling \$89,000 and \$11,000 in cash. In this form, the money was returned to Houston and became part of about \$700,000 flown to Washington just before the April 7 deadline.

The four checks ended up in the Miami bank account of Bernard L. Barker, one of five men arrested in the break-in at the Democratic offices in the Watergate complex. After being converted to cash, the money was returned to re-election headquarters in Washington.

**Question Raised**

The staff report raised the question today whether the \$100,000 was "an illegal corporate contribution disguised through the use of the Mexican transfer."

The committee staff also reported today that \$305,000 contributed to the Nixon campaign by Walter T. Duncan, a little-known Texas real estate spec-

ulator, had been "in the form of a single promissory note" and not in cash or checks.

On Aug. 21, a few days after the donation, Mr. Duncan was sued for defaulting on a \$2.6-million loan. The loan had been made by an insurance company and a bank controlled by Frank Sharp of Houston. Both concerns collapsed in a scandal that has shaken Texas politics. The Federal Deposit Insurance Corporation has been named receiver for the closed bank, which made half the loan.

The F.D.I.C. has a large stake in the outcome of the case since hundreds of depositors in the closed bank may not get their funds unless the receiver is able to recover unpaid loans such as the one made to Mr. Duncan, the report said.

While unable to pay off the \$1.3-million owed to a Federal agency, the report stated, "Duncan is somehow able to make a \$305,000 contribution in the form of a personal note to the Committee to Re-elect the President."

The staff said it believed "the F.D.I.C. should make claim" on the committee and Mr. Duncan for "the amount of the note" to the committee.

The staff said the note had been discounted "in the amount of \$10,200.55" by the First National Bank of Washington, "which holds large balances for the Committee to Re-elect the President."

The report also said that one of the committee's investigators had been told by a witness that Hugh W. Sloan, former treasurer for the Finance Committee to re-elect the President, had said that someone had called him to say "they could monitor the deposits of Democratic Senators and Congressmen to learn of any illegal financing that might go through personal (checking) accounts."

The witness was quoted as having said that Mr. Sloan "was pretty elated that they could do this."

# After 19 Week

Continued From Page 1, Col. 2

ocrats was diverted from Nixon campaign funds.

The Republicans have said that there was no high-level involvement, no "secret fund," and no massive spying campaign sanctioned by them. The Justice Department has said there is no evidence to incriminate anyone other than those indicted.

There has been no public indication that either the President or any of his close advisers played roles in or had advance knowledge of an illegal assault upon the opposition party.

## No Conclusive Answers

With the election only a week away, there are still no definitive, conclusive answers to either of the key questions posed by the Watergate affair from the beginning: What are the limits in assessing blame? What were the intentions and actions of those involved?

The staff of the House Banking and Currency Committee, headed by Representative Wright Patman, Democrat of Texas, raised new questions in a report today about possible violations of the campaign finance, banking, and tax laws in connection with several contributions to the Nixon re-election committee.

It reported, for example, that "at least \$30,000 was channeled to the committee from a bank in Luxemburg. There was little new information in the report about the Watergate case, however.

The final answers, if they ever come, may await various official proceedings. The seven men under indictment for the Watergate raid are scheduled to be tried before United States District Court Judge John J. Sirica in Washington on Jan. 8.

A \$3.2-million civil suit filed by the Democrats against the Committee for the Re-election of the President in connection with the Watergate break-in can proceed under a ruling by United States District Court Judge Charles R. Richey only after the criminal case is finished.

The staff of the Senate Subcommittee on Administrative Practices and Procedures, headed by Senator Edward M. Kennedy, Democrat of Massachusetts, is investigating the espionage-sabotage charges and may hold public hearings at some point in the future.

There are at least three main parts to the Watergate affair, and within each there is at the moment a mixture of generally accepted fact, reasonable guesswork and simple assertion. The

situation in each is as follows:

## The Watergate Raid

Seven men, including five who were arrested on June 17 inside the Democratic headquarters, have been charged by a Federal grand jury with conspiring to bug and wiretap the party offices.

One of the seven, G. Gordon Liddy, was a former White House and Treasury department official then serving as counsel to the Finance Committee to Re-elect the President. Another man, E. Howard Hunt Jr., had been a White House consultant.

A third alleged conspirator, James W. McCord Jr., was at the time of the break-in, a salaried security official of both the President's re-election organization and the Republican National Committee.

A major government witness, Alfred C. Baldwin 3d, has said publicly that he took part in the espionage operation and

that information from the wiretaps was sent to the Nixon organization.

Mr. Baldwin, who was granted immunity from prosecution in exchange for his testimony, is a 36-year-old former agent of the Federal Bureau of Investigation from Hamden, Conn., who had served for a time as a security guard for Mrs. John N. Mitchell, wife of the former attorney general.

Mr. Baldwin, in an interview with The Los Angeles Times, said that he had monitored the Watergate eavesdropping devices from a room in the Howard Johnson Motor Lodge across the street. He described one occasion on which he was ordered to deliver "logs" of overheard conversations to the Nixon re-election committee.

## Paper Quoted Baldwin

According to The Los Angeles Times, Mr. Baldwin said "he could not remember the identity of the official" to whom an envelope containing the logs was delivered. The official is not among those under indictment in the case, he was quoted as saying.

The Washington Post said that Mr. Baldwin "is known to have told the F.B.I." that the envelope was, in fact, addressed to Glenn J. Sedam Jr., counsel to the Nixon re-election committee.

In addition, the Post said, Mr. Baldwin told the F.B.I. that "among others" the bugging information had been sent to William E. Timmons, assistant

to the President for Congressional relations, and Robert C. Odle Jr., a former White House aide who is director of administration for the committee.

Spokesman for the White House and for the re-election committee denied that Mr. Timmons, Mr. Sedam or Mr. Odle had received information based on the eavesdropping operation.

## Source Allegedly Hidden

The New York Times, citing sources close to the investigation, reported that the bugging information had been incorporated into reports sent to "high officials" at the re-election committee, including Mr. Mitchell, the unit's onetime director.

Mr. Mitchell made no comment on this report. He has denied any connection with the Watergate raid.

The Times also reported that the bugging reports were

worded so as to disguise the source of the information and that those who received the reports were not made aware of the source of the information.

In his interview with The Los Angeles Times, Mr. Baldwin said that memorandums sent to the re-election committee would begin, "a confidential source reports." Copies of the memorandums have not been made public.

The Democratic National Chairman, Mrs. Jean M. Westwood, said that Mr. Baldwin's delivery of the bugging reports to the Nixon re-election committee dispelled any doubt of high-level Republican involvement.

John W. Dean 3d, counsel to the President, began an investigation of the Watergate break-in almost immediately after the June 17 arrests. He is said to have reported the results to Mr. Nixon, but the details of his findings have never been divulged.

"I can say categorically that his investigation indicates that no one in the White House staff, no one in this Administration, presently employed, was involved in this very bizarre incident," the President said in August.

## Posts Were Last

Mr. McCord was discharged immediately after his arrest. Mr. Liddy was dismissed from his re-election committee post on June 28 after he declined to answer F.B.I. questions about the case. Mr. Hunt last worked as a consultant on March 29,

the White House said.

Early this month, Mr. Nixon said that the Federal inquiry had been so thorough that it made the 1948 investigation of Alger Hiss, a case in which he participated, look like "a Sunday school exercise" by comparison.

"Now, the grand jury has handed down indictments," Mr. Nixon said. ". . . it is now time to have the judicial process go forward and for the evidence to be presented."

The issue could be resolved in several ways, including disclosure of copies of the memos, detailed testimony by Mr. Baldwin or others, and a showing that Republicans knew things that could only have come from the wiretaps.

## The Broader Espionage

Democratic leaders and various newspapers began charging

early this month that the Republicans had unleashed large numbers of espionage and sabotage agents against the Democrats across the country.

The Washington Post, for example, charged at different times that "50 undercover operatives" and "more than 50 undercover operatives" had been at work during this year's campaigns.

On Oct. 15, The Post said that Mr. Segretti "has been identified by Federal investigators as one of the 50 undercover operatives . . ." On the following day, The Post said that Mr. Segretti had been identified "by the F.B.I. as one of more than 50 undercover operatives . . ."

Newsweek magazine said there were "perhaps as many as 25 G.O.P. agents."

The magazine, in its issue of Oct. 23, cited "Federal investigators" in reporting on the agents.

Senator McGovern has said that "at least 50 people and perhaps more than that have been hired to do some of the shabbiest undercover operations in the history of American politics. . . ."

These charges have reflected reports on the activities of Donald H. Segretti, a 31-year-old California lawyer who served in the Judge Advocate General's Corps in Vietnam and elsewhere before his release from the Army in September, 1971.

A steadily increasing num-

per of Mr. Segretti's friends have said publicly and privately during the last month that he tried to recruit them for political tasks ranging from routine to underhanded to illegal.

#### Most Refused to Help

In most cases, those who talked about what Mr. Segretti had wanted done, said that they had refused to oblige him and that, therefore, they were unable to certify that any of the things he suggested had ever taken place.

More or less simultaneously, evidence began to be assembled dealing with specific instances of spying and disruption that had occurred, notably in the campaign of Senator Edmund S. Muskie.

It was recalled, for example, that Mr. Muskie had been embarrassed during the Florida

primary when copies of his letterhead were used to charge Senator Henry M. Jackson and Hubert H. Humphrey with sexual misconduct.

The origin of the letter, currently under investigation by the F.B.I., has not been disclosed. Similarly, few of the other illegal or unethical activities reported so far have been successfully traced.

Two or three people have acknowledged working in the anti-Muskie drive. A Tampa secretary, for example, has told a Florida newspaperman that she was recruited by a man who, in turn, told her he worked for Mr. Segretti.

The secretary, Patricia E. Griffin, was reported to have said she helped prepare a bogus "news release" accusing Senator Muskie of using Government-owned equipment in his campaign. Such a release was circulated on Senator Jackson's letterhead.

#### Charges by Californian

Also, a young California businessman has said that Mr. Segretti paid him to hire pickets to disrupt Muskie rallies nonviolently and to hand out leaflets attacking the Senator's stands on subjects such as the busing of school children.

The young businessman, who refused to allow himself to be identified publicly, said in an interview with The New York Times that he had also met on about six occasions with people who had agreed to work in Senator Muskie's campaign in order to spirit out information.

A number of others to whose telephone calls were known to have been placed from Mr. Segretti's home or to have been charged to his credit card refused to comment on any dealings with him.

The search for links between improper activity and Mr. Segretti and other figures will, presumably continue.

At the same time, there is the matter of those above Mr.

Segretti and any others in the field. Most of the people he approached said he had indicated that his efforts were on behalf of President Nixon.

Time magazine, citing Justice Department sources, has reported that Dwight L. Chapin, deputy assistant to the President, admitted to the F.B.I. that he had hired Mr. Segretti to disrupt Democratic efforts.

While a student at the University of Southern California, Mr. Segretti was a close

associate of Mr. Chapin, and was associated with several other men who are now White House aides.

Another California lawyer, Lawrence Young, has told The Washington Post and The New York Times that Mr. Segretti once had said Mr. Chapin was "a person I reported to in Washington."

Mr. Young said Mr. Segretti has also told him that unnamed Presidential aides showed him copies of the reports of two interviews he had had with the F.B.I. and briefed him on what to say when he appeared before the Federal grand jury investigating the Watergate case.

The New York Times has established that one call to Mr. Chapin's unlisted home phone, seven to the White House, and 20 to Mr. Hunt's office were charged to Mr. Segretti's telephone or to his credit card.

The Washington Post reported today that Mr. Segretti apparently made a telephone call to Mr. Chapin minutes after he learned that a reporter wanted to question him.

The call was charged to Mr. Young's credit card, and Mr. Young was quoted by The Post as saying that only Mr. Segretti could have made the call to Mr. Chapin's home and three other calls, a second to Mr. Chapin's home and two to the White House.

The White House press secretary, Ronald L. Ziegler, when asked today about the calls, said, "I don't have anything further to say."

He said the same thing when he was asked to explain the Chapin-Segretti relationship, when asked whether the F.B.I. had talked to Mr. Chapin, and when asked whether he would make public the White House telephone log.

Mr. Segretti has been unavailable for questioning since the initial disclosures. It has been denied on Mr. Chapin's behalf that he hired Mr. Segretti for espionage or sabotage efforts.

The young Californian will presumably be found and questioned, by Mr. Kennedy's subcommittee or others, about who hired him and what he did. The issue is unlikely to arise in the pending criminal trial.

#### The Financial Threads

On May 25, the President's re-election committee deposited \$350,000 in cash in a Washing-

ton bank. This money was part of more than \$10-million contributed to the committee by donors who, to remain anonymous, sought to supply it before a strict Federal disclosure law took effect on April 7.

The Washington Post, citing, variously, sources such as "the F.B.I." and "investigators," has said that the cash fund totaled as much as \$700,000 at unspecified times before the May 25 deposit. The New York Times has quoted unidentified sources in the Justice Department as saying the fund once totaled \$900,000, and that some of it was used for intelligence gathering and the disruption of Democratic campaign efforts.

Time magazine, citing information in the Justice Department's files, has charged that Mr. Segretti was paid more than \$35,000 from the cash fund through Herbert W. Kalmbach, Mr. Nixon's personal attorney. Mr. Kalmbach has been inaccessible to reporters.

The Washington Post citing "investigators," has asserted that the cash fund, kept in a safe in the office of Maurice H. Stans, Mr. Nixon's chief fund-raiser, "financed an apparently unprecedented spying and sabotage campaign against Democratic Presidential candidates."

But aside from the alleged \$35,000 payment to Mr. Segretti, the only specific accusation involving the "secret fund" involves \$114,000 in checks sent to the Nixon re-election committee in early April.

#### Deposited by Barker

The checks were later deposited in a bank account controlled by one of the men indicted in the Watergate raid, Bernard L. Barker, and withdrawn by him in cash in late April and early May.

In response to charges that these funds were used to finance the break-in, re-election committee officials have told Federal investigators that all but about \$2,500 was returned to them in cash.

The committee has said it is impossible to substantiate its contention that the currency was placed in the safe to make up the \$350,000 and that it then became part of the documented bank deposit of May 25.

If, in fact, the money was not returned to the committee, then the last person known to have control of the funds was

arrested during the break-in. But if the money was returned to the committee, the situation remains unresolved.

Clark MacGregor, director of the re-election committee, has said that Mr. Liddy, counsel to the Nixon finance unit and one of the seven men under indictment, was among those who were authorized to take money from the safe.

Mr. MacGregor has also asserted that because of the criminal charges he cannot get in touch with Mr. Liddy and, as a result does not know whether Mr. Liddy took any money or, if so, what he did with it.

Committee spokesmen have repeatedly denied that any of its funds were used in the raid. But Mr. MacGregor's most recent statements seemingly would make it impossible to maintain so unequivocal a position.

Mr. MacGregor has said the funds were used "for preliminary planning for the primary elections" and for trying to learn "if there was an organized effort to disrupt and to prevent the conduct of the presentation of the President's case in the primary elections."

#### Magruder Was Authorized

Mr. MacGregor said that those with access to the funds included Jeb S. Magruder, a former White House aide who is now serving as a deputy director of the re-election committee; Herbert L. Porter, the committee's director of scheduling; Mr. Liddy and Mr. Mitchell.

The Washington Post citing various unnamed sources such as "federal investigators," has reported that many of President Nixon's advisers were authorized to approve withdrawals from what it called the secret intelligence fund.

These include Mr. Mitchell, Mr. Stans, and H. R. Haldeman, assistant to the President and White House chief of staff. In addition, The Post has said, 15 persons, including Mr. Liddy, withdrew money from the safe.

Mr. Mitchell denounced The Post charge as "crap." Mr. Stans denied through a spokesman that any disbursements were used for spying. Mr. Haldeman issued a statement through the White House saying the charge was "untrue."

No specific transaction by the three men, illegal or otherwise, has been publically described.