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MITCHELL LINKED TO \$199,000 FUND

Watergate Witness Asserts He and Stans Approved of Payments to Liddy

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Special to The New York Times

WASHINGTON, Jan. 23—A witness said today that \$199,000 was paid to a defendant in the Watergate trial during last year's campaign with the approval of former Attorney General John N. Mitchell and former Commerce Secretary Maurice H. Stans.

The money was said to have gone to G. Gordon Liddy, an attorney for President Nixon's campaign organization last year who had been assigned to establish what another witness described as "an intelligence gathering operation."

For the second consecutive day, Chief Judge John J. Sirica indicated dissatisfaction with the prosecution's examination of a witness, excused the jury, and posed a series of questions himself.

It was the United States District Court judge who elicited from Hugh W. Sloan Jr., former treasurer of the Finance Committee to Re-elect the President, the names of Mr. Nixon's two former Cabinet officers.

Mr. Sloan told Judge Sirica

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that he himself was unaware of what Mr. Liddy had done with the money, and he gave no indication that either Mr. Mitchell or Mr. Stans knew the reason for the disbursements.

Mr. Sloan maintained under the judge's sometimes incredulous prodding that no one had even "indicated" how the \$199,000 in campaign funds was to be used. This exchange with Judge Sirica followed:

Q. Now this is a pretty good-sized piece of money. A. In and of itself, but not in the context of the campaign.

Q. You didn't question Mr. [Jeb Stuart] Magruder [a deputy campaign director] about the purpose of the \$199,000? A. No, sir. I verified with Mr. Stans and Mr. Mitchell he [Magruder] was authorized to make those [payments to Mr. Liddy].

At a later point, Mr. Sloan explained that he had talked directly with Mr. Stans about the payments and that it was Mr. Stans who had then "verified" with Mr. Mitchell that they could be made.

Three other officials of Mr. Nixon's political apparatus testified today. They were Mr. Magruder, Robert C. Odle Jr., the director of administration, and Herbert L. Porter, the director of scheduling.

The Government, in outlining its case to the jury two weeks ago, had given no indication that the financial transactions with Mr. Liddy involved officials with higher rank than those summoned today.

Neither Mr. Mitchell, who was the President's campaign manager until his resignation on July 1, nor Mr. Stans, who served as Mr. Nixon's fund-raising chief throughout the campaign, have been subpoenaed for the trial.

Mr. Sloan, under direct examination by Earl J. Silbert, the principal assistant United States attorney here, described an encounter with Mr. Liddy at the re-election committee offices of the afternoon of June 17.

Five men had been arrested early that morning at the headquarters of the Democratic National Committee. One of the five was James W. McCord Jr., a defendant in the trial who was security chief for the Nixon campaign organization until his arrest.

'Boys Got Caught'

"My boys got caught last night," Mr. Liddy was quoted as having said to Mr. Sloan. "I made a mistake. I used somebody from here, which said I would never do. I'll probably lose my job."

The reference to "somebody from here" apparently meant Mr. McCord, whose attorney has acknowledged his client's role in the break-in. Mr. Liddy was in fact dismissed by the Nixon committee later in June.

The judge also took up Mr. Sloan's "claim" that he did not know what Mr. Liddy had meant and asked, "You didn't see anything wrong with that remark?" The witness said he had not "at that time."

Mr. Sloan told Judge Sirica that he began to have suspicions when he read reports of the break-in, and later Mr. Silbert also drew the remark from the witness that "possibilities came to mind" when the witness read the afternoon newspapers.

Mr. Magruder, who preceded Mr. Sloan on the witness stand, said the Nixon organization had budgeted about \$235,000 for an intelligence operation, assigned to Mr. Liddy, which had two main purposes.

To Learn Radicals' Plans
The first, he said, was to learn the plans of radical groups that might disrupt political rallies for Mr. Nixon's leading supporters and that might "possibly bodily harm" the Presidential surrogates.

The second, Mr. Magruder said, was to discover the intentions of demonstrators at the Republican National Convention. The Nixon forces, he added, "did not want the same type of scenes on television" that appeared in 1968 when the Democratic convention was marred by violence.

Mr. Magruder testified that there had been a number of other intelligence assignments. Mr. Silbert inquired about only one, and Mr. Magruder outlined it in only general terms.

A candidate known for his antipollution stand—presumably Senator Edmund S. Muskie of Maine, an aspirant for the Democratic Presidential nomination—was reported to have received money from a major polluter, Mr. Magruder said.

Mr. Magruder said he asked Mr. Liddy to "see if there was any more to it than we read in the newspapers." There was no further discussion of the effort by the witness.

Mr. Magruder established for the first time that Mr. Liddy, a former White House aide, had been hired by the re-election committee on the recommendation of John W. Dean 3d, counsel to the President.

The onetime second-ranking official of the re-election committee said he had instructed all its employes not to do anything "embarrassing or illegal that could make the President's re-election difficult."

Denounces Anderson

The prosecution has appeared increasingly sensitive to questions about its pursuit of any "higher-ups" in the Watergate case. Mr. Silbert excoriated Jack Anderson, the columnist, in court today.

Mr. Anderson said in a column published this morning that initials in a diary kept by

Eugenio R. Martinez, a defendant who pleaded guilty earlier to the charges of conspiracy, burglary and eavesdropping, suggested the names of Mr. Odle, Mr. Porter and Mr. McCord.

Actually, the prosecutor said, the initials were those of agents of the Federal Bureau of Investigation who entered them in the diary when they seized it so as to be able to identify it later.

Mr. Silbert charged that the column was an example of

the "irresponsible, virtually scandalous reporting in this case." Among other things, he called it "the most virulent form of McCarthyism that can exist."

He complained that what he termed "outrageous speculation" had come at the expense of "innocent persons," both those in high positions and those of ordinary station, against whom there was no evidence of wrongdoing.

Judge Sirica said he could not control what the press

wrote and added without explanation that he would continue to ask questions when he thought it was necessary. Mr. Silbert said the Government would not object to that.

Mr. McCord's lawyers, who are trying to establish that his actions in the Watergate affair were justified because of his fear of violence against the Republicans, introduced a number of his intelligence memorandums into evidence today.

A report dated May 30, during the time the Democratic

offices were being wiretapped, cited "a confidential source of known reliability" in asserting that the McGovern for President Committee had leased a station wagon for the Vietnam Veterans Against the War.

It was asserted earlier in the trial, and denied by the peace organization, that Mr. McCord had believed the Democrats were in touch with various radical groups and might know of their potentially violent plans.

The phrase "a confidential

source of known reliability" is the sort traditionally used by the F.B.I. to obscure the fact that information has been obtained through wiretapping.

There was no indication that the May 30 memorandum had been based on wiretapping, however. The other memorandums introduced suggested that much of the information—routine reports of violence and other developments—had not been acquired through eavesdropping.

REMEMBER THE NEEDLE!