

SEC Probe Figure Gave GOP \$200,000

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NEW YORK, Feb. 27—Officials of President Nixon's re-election campaign last year solicited—and got—a secret \$200,000 cash contribution from the key figure in a Securities and Exchange Commission investigation of an alleged multimillion-dollar international swindle, according to sworn testimony filed in federal court here today.

Harry L. Sears, a New Jersey lawyer who headed the President's re-election campaign in New Jersey last year, said he and another man delivered the cash to Maurice Stans the former Commerce secretary who heads the Finance Committee Re-elect the President.

The money was given to Stans April 10,

three days after a new campaign finance reporting law took effect requiring all financial contributions to be reported. The \$200,000 was never reported.

The contribution was made by Robert L. Vesco, the main subject of a SEC suit also filed against 20 other individuals and 21 corporations, charging them with misappropriating \$224 million from mutual funds managed by IOS, Ltd., a Geneva-based financial complex.

Sears said Stans had asked that the contribution be in cash and that Edward Nixon, the President's brother, confirmed that the contribution was to be in cash.

Sears also testified that former Attorney General John N. Mitchell had personally intervened for Vesco by telephoning the American Embassy when Vesco was jailed in Switzerland some months prior

to the \$200,000 contribution, and by arranging meetings between representatives of Vesco and the SEC.

Sources familiar with the Nixon re-election committee's operation said the \$200,000 went into a safe in Stans' office along with \$89,000 in cash from laundered Mexican checks that are the subject of a Justice Department investigation.

The safe was the source of \$235,000 that was given to convicted Watergate conspirator G. Gordon Liddy, the finance counsel of the re-election committee.

Liddy, according to federal sources, used the money to bankroll a widespread political espionage and intelligence-gathering operation that included the bugging of the Democratic national headquarters at the Watergate.

The \$200,000, along with a \$50,000 Vesco

contribution that was reported, was returned to Vesco on Jan. 31, a few days after a newspaper article questioned whether Vesco had contributed heavily to the President's campaign at the same time he was under intensive investigation.

The President's re-election committee, in a statement yesterday, said the contribution did not have to be reported because it was "constructively in the hands of the campaign committee" when the new campaign finance reporting law went into effect April 7.

DeVan L. Shumway, spokesman for the re-election committee, said the committee acknowledges that the \$200,000 was not

physically in the committee's hands by April 7, but that Vesco had promised the contribution in early March and had ar-

See VESCO, A9, Col. 1

VESCO, From A1

ranged to give it to Stans in New York on April 6.

Stans, at the last minute, was unable to keep the appointment but the committee determined that, because arrangements had been made, the money was "constructively" in the committee's hands.

According to Sears' testimony, Daniel W. Hofgren, who worked under Stans as vice chairman of the Finance Committee to Re-Elect the President, approached an aide of Vesco in February, 1972, and suggested that Vesco contribute to the Nixon campaign prior to April 7.

In his deposition, made last Tuesday and Wednesday, Sears testified that he called Mitchell, then attorney general, in November, 1971, after Vesco and two associates had been arrested by Swiss authorities in Geneva. As a result of his call, Mitchell telephoned the U.S. Embassy in Bern to inquire about the reasons for the arrest and called Sears back to tell him that Vesco was likely to be released on bail the following morning.

Vesco and his two associates were released, and as far as can be learned, Vesco has never returned to Switzerland. The charge was later dropped when an underlying complaint by an IOS stockholder was withdrawn.

Sears testified that he received one check for \$5,000 and another for \$10,000 from Vesco about a month after Mitchell made the phone call. "I asked Mr. Vesco about it, and he indicated to me that the check was his way of saying thank you for the favor that I had done, insisted indeed that I retain the check, and I didn't insist otherwise. So I did, and that was it," he said.

Asked about the checks this afternoon, Mitchell told a Washington Post reporter, "I think that would be under false pretenses. To my knowledge, there was never anything done by the Embassy over there that helped Vesco in any way."

Richard D. Vine, former chief of mission at the U.S.

embassy at Bern and now director of Western European affairs in the State Department, said yesterday that he had received the call from Mitchell concerning Vesco but that he "could not honestly comment" on it because "my memory is hazy."

Vine said he "vaguely" remembers that "Vesco was tossed into the clink in Geneva, but it was strictly a routine consulate affair."

Asked if it was strictly routine that the attorney general, rather than someone from the State Department would call on behalf of a U.S. citizen, Vine said, "I can't answer that."

He then said it was probably not unusual in this instance because Mitchell was a close personal friend of Shelby Cullom Davis, the U.S. ambassador to Switzerland.

In the same month that he



JOHN N. MITCHELL ... phoned Switzerland

received the checks, Sears said, he was elected to the board of directors of International Controls Corp., an electronics holding company in which Vesco holds 25 per cent of the stock. Sears was named associate general counsel at a retainer of \$5,000 a month.

In his new post, he said, he had to familiarize himself with the details of the SEC investigation. In March he said, he called Mitchell and asked if he could "obtain an appointment" with William J. Casey, then SEC chairman, or anyone else at



ROBERT L. VESCO ... under investigation



MAURICE STANS ... received contributions



EDWARD NIXON ... named in testimony

the commission.

The meeting was held on May 11, with Sears, Casey, and G. Bradford Cook, then general counsel who has been designated as the new SEC chairman. He said he also met with either Cook or Casey at other times, the last during the Republican

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convention in August, when he went to Casey's suite at the Doral Hotel in Miami Beach.

Casey, who is now under secretary of state for economic affairs, said this afternoon that, at his first meeting with Sears "he was merely told what the procedures were and what his client's rights were." Casey said he was not aware that Vesco had made a large contribution to the campaign the month before.

Cook said today that he met with Sears shortly after returning from a trip to Europe as part of the investigation. "I told him, 'to be quite candid, Mr. Sears, I think your client has been less than candid with us. I'll give you some good advice. This is not likely to stop at the commission.'"

Cook said he knew nothing of the money at the time, although he learned of it later when the facts were uncovered in the SEC staff investigation.

Edward Nixon figured in the contribution when a question was raised as to whether Stans really wanted the contribution in cash.

"It was decided that Mr. (Howard F.) Cerny (an attorney) would call Ed Nixon, the President brother, and ask if he would be the person who would verify this," Sears testified.

"A call was made, as I recall it, and again this is pure recollection, by Mr. Cerny to Washington and

he found out that Ed Nixon was on his way to LaGuardia on the shuttle and it was decided that an attempt would be made to intercept him and ask him to come over to ICC. Mr. Cerny left and Mr. Nixon came to ICC by helicopter from LaGuardia.

Sears said that Edward Nixon "had had some relationship with ICC-oriented companies," but a spokesman for the company denied this this afternoon.

"He was known to Mr. Cerny, known to Mr. Vesco from those business relationships, as far as I knew, from no other source," Sears testified.

"At any case, I left and I was later informed and I have no idea with whom Mr. Nixon talked, that he had verified that the cash was the form in which contribution was desired."

Sears was accompanied by Laurence B. Richardson Jr., former president of International Controls Corp., to Washington on April 10 and they personally delivered the money to Stans, Sears said.

This afternoon, the Nixon Finance Committee issued a statement denying that Stans had asked for the contribution in cash or that the payment violated the reporting law.

"Mr. Vesco inquired as to whether he could contribute in cash, and was told that his contribution would be accepted in that form if he preferred," the statement said.

In addition, the committee released a letter sent to Vesco on Jan. 31, when his contributions totaling \$250,000 were returned to him. "It has come to our attention that you and your business interests are under investigation by the SEC for alleged violations of the Securities and Exchange Act of 1934," the letter stated, adding that "We believe it is in your best interest, as well as ours, that the contributions be returned."

The SEC began its formal investigation of Vesco's ties to IOS in March, 1971, in connection with a registration statement filed by ICC.

When they arrived at Stans' office, Sears said, "there was some light conversation because in that kind of circumstance perhaps the propensity is to be light because you kind of feel it's like a cloak-and-dagger kind of atmosphere on something so far as you are concerned is perfectly proper, but that was the general gist of the conversation. I remember Larry (Richardson) making some kind of light remark about—and again it was in the context of this light conversation—that sure hope that we might get some proper help somewhere along the line, if possible, and immediately interposed to Mr. Stans and to Larry the statement that, look, let us not kid about this, this is nothing but a political contribution, it has no relationship to any matter, it has been worked out hopefully within proper bounds, and that is it, and it was agreed by all sides

and that is all that was said."

Sears said that when Vesco told him of the original approach by Hofgren, he said he had been a substantial donor to the Nixon campaign in 1968, contributing "in excess of \$100,000." General Accounting Office records for that year show Vesco and his wife, Pat, contributed \$20,000.

Sears said Vesco originally indicated an intention to contribute \$500,000 to the 1972 campaign, but later scaled it down to \$250,000. In March, he said, he stopped in to see Stans while on a trip to Washington and discussed the proposed contribution.

He said Stans knew nothing of Vesco's problems with the SEC "although being a man who was oriented in financial and business affairs knew what he had read in the papers."

Sears said Stans "shared the same concern that I had with regard to any contribution that might be made by Mr. Vesco under the circumstances."

At the end of March, Sears said, he learned that Vesco had been in Washington and met with Stans. He said Vesco told him that, as a result of the meeting, he had reduced the size of the proposed contribution.

The Justice Department refused to comment today the possibility of investigating the Vesco contribution. Hofgren and Ed Nixon could not be reached for comment.

Fred Thompson, deputy director of GAO's federal elections office, said yesterday that GAO will study Sears' deposition for possible violations of the campaign reporting law.

Thompson said GAO had not come across the Vesco contributions in the course of an investigation last summer when it reported that the re-election committee had committed 11 "apparent and possible" violations of the campaign finance reporting law.

The re-election committee pleaded no contest last month to eight violations of the campaign reporting law and was fined \$8,000. By pleading no contest, the committee did not have to account for how it spent the unreported money. Court sources said such evidence would have linked it to the Watergate bugging case.