

3/2/73 GOP Fund Panel, Vesco In Conflict on Donation

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President Nixon's campaign finance committee said yesterday it was unaware that Robert L. Vesco was being investigated on federal charges until after last November's election, despite sworn testimony that committee chairman Maurice Stans knew of the probe when he accepted a secret \$200,000 cash contribution last April.

The sworn testimony, given in a deposition filed in federal court in New York last week, conflicts sharply with the statement yesterday from the Finance Committee to Reelect the President. A committee spokesman said, however, that the statement was compiled without consulting Stans and did not include any input from Stans. Stans, the former Commerce Secretary, could not be reached for comment.

In the deposition, Harry L. Sears, a New Jersey lawyer who headed the President's re-election campaign in that state last year, contends that:

• Stans was told by Sears some weeks before the \$200,000 contribution was turned over to Stans, that Vesco was under investigation by the Securities and Exchange Commission. Sears said he warned Stans that a secret, large contribution by Vesco possibly could be improper in light of Vesco's legal problem.

• Stans was reminded again, on the day the \$200,000 in cash was handed over to him, that Vesco was in legal trouble. Sears said he told Stans at the time that he realized there was no "quid pro quo" involved.

• Sears told then Attorney General John N. Mitchell as early as Feb. 11, 1972, about Vesco's troubles and asked if Mitchell might arrange a meeting for him with William J. Casey, then chairman of the Securities and Exchange Commission, to discuss the matter.

• After visiting Mitchell and getting no definite commitment on a meeting with Casey, Sears said he went the same day to visit Stans for the first time. (It was not completely clear from the testi-

mony whether Sears at this time discussed Vesco's troubles in connection with an offer of a campaign contribution.)

• Less than two hours after he turned the \$200,000 over to Stans, Sears said he met with Mitchell and Mitchell told him that he thought Sears could have the meeting he had requested earlier with Casey. Sears subsequently met with Casey and G. Bradford Cook, then general counsel who has been designated as the new SEC chairman, on May 11.

In the deposition, Sears states that he and Vesco were leery of making any large contributions in early 1972 because of the SEC probe. In late January or early February of last year, a Vesco associate was approached by Daniel W. Hofgren, a GOP finance committee vice chairman under Stans who solicited a large contribution from Vesco. While Vesco and Sears were mulling over the possibility of contributing, a second finance committee representative, this one unidentified, approached Vesco about a possible contribution.

After the SEC filed a civil suit against Vesco and his associates on Nov. 27, 1972, a list of people from whom depositions were to be taken was made public. Sears' name was on the list. About the time the list was made public, Sears said, he attended a White House dinner at which Stans was one of the hosts.

At that dinner, Sears said, Stans and he both expressed concern about the Vesco contribution.

"His concern lest this contribution be misconstrued, although we both conceded that certainly the complaint (by SEC) could not have come in as a consideration for the contribution, but it was the whole context of the matter," Sears said.

"... He (Stans) asked, I think this is the significant thing, if I thought it would be expedient and wise for the committee to return Mr. Vesco's contributions," Sears added.

Sears said he told Stans that was a matter for the committee to decide. In early February, he said, word came that the money was to be returned.

DeVan E. Shumway, spokesman for the President's re-election committee, said yesterday that members of the finance unit became aware of Vesco's legal troubles only after seeing newspaper reports in November that Vesco was the main subject of an SEC civil suit filed in New York.

It was shortly after that, Shumway said, that the decision was made to return the \$200,000 contribution, along with another publicly made \$50,000 contribution from Vesco. The money was returned by check on Jan. 31 of this year, with an accompanying letter saying:

"It has come to our attention that you... are under investigation by the Securities and Exchange Commission..."

Asked by a reporter if the matter actually hadn't come to Stans' attention as early as March, 1972, as stated by Sears, Shumway said he could not speak for Stans. Shumway

said he had prepared his answer to a reporter's questions after talking with several finance committee members, but that he had not talked with Stans, the chief fundraiser and head of the committee.

Stans has repeatedly refused to comment on reporters' questions relating to allegations of improprieties in campaign financing, including money allegedly used to finance the bugging of Democratic National Committee

headquarters at the Watergate last June.

Stans did not return a reporter's calls yesterday. A secretary reported that he was in a meeting.

The \$200,000 was given to Stans in a black attache case full of \$100 bills, last April 10, by Sears and Laurence B. Richardson, former president of International Controls Corp. This was three days after a new campaign finance reporting law took effect, requiring all financial contributions to be reported. The contribution was never reported.

Shumway reiterated that the \$200,000 did not have to be reported because arrangements for its delivery had been made prior to April 7. In the committee's view, this constituted compliance with the law, he said.

Shumway acknowledged that the re-election committee previously had contended that certain contributions investigated after the election by the General Accounting Office could not be considered actually received until they were physically in the hands of the committee's treasurer.

Shumway said yesterday that this position was not necessarily contradictory to the finance unit's contention that the \$200,000 contribution from Vesco was considered received before it was physically in Stans' possession.

"There are literally thousands of transactions that go through our treasurer," Shumway said.

"Out of the thousands, there could be slippage in one or two. I'm not saying there was in this case. I'm not saying that from time to time there might not be some conflict among positions we've taken (as to when a contribution is actually received), but we've tried our level best to comply with the law."

In another development yesterday, Phillip S. Hughes, director of GAO's Office of Federal Elections, said that he probably will report within a week as to whether GAO, the investigative arm of Congress, feels the Vesco contribution was actually received after April 7, 1972, and was in violation of the law.