

U.S. Probes Report Vesco Made Illegal Gift to Nixon

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NEW YORK, April 4—Federal investigators are probing reports that accused swindler Robert L. Vesco, who gave a secret, \$200,000 cash contribution to President Nixon's re-election campaign last year, made an illegal, secret contribution of at least \$50,000 in cash to Mr. Nixon in 1968 and tried to buy influence through that contribution.

Investigators in the U.S. attorney's office here and the Internal Revenue Service in New Jersey have questioned past and present Vesco associates about the 1968 contribution.

An informed source said Vesco has told associates that the 1968 contribution was given to Edward Nixon, the President's younger brother, shortly before the election at a meeting arranged by an attorney, Howard Cerny. Cerny has denied this, and attempts to reach Edward Nixon failed.

The President's brother, according to sworn testimony, was instrumental in arranging for the 1972 contribution to be made in cash.

The investigations stem from reports that Vesco's 1968 contribution, which could have been more than \$100,000 in all, was made from corporate funds, which is illegal. In addition, investigators are trying to determine whether Vesco attempted to use the contribution as a means of buying influence from the administration to halt a Securities and Exchange Commission probe of Vesco.

Vesco, 38, is the main subject of an SEC civil suit that is also filed against 20 other individuals and 21 corporations, charging them with misappropriating \$224 million

from mutual funds managed by Investors Overseas Services, a Geneva based international financial complex.

A source familiar with the Vesco operation quoted Vesco as saying he had given a large amount of cash—\$50,000 as the source recalled it—to Cerny and Edward Nixon shortly before the 1968 election. In sworn testimony in the SEC civil suit against Vesco, New Jersey GOP politician and former Vesco attorney Harry Sears says that Vesco said he contributed at least \$100,000 in 1968. Only \$20,000 turns up in published reports of campaign contributions.

Sometime between the two in early 1971, according to the

election campaigns, possibly source familiar with Vesco, Cerny was sent by Vesco to Washington to see Murray M. Chotiner, a former White House special counsel, to discuss the SEC investigation of Vesco. (Chotiner said he never had any conversation with Vesco regarding a 1968 contribution "nor did anybody in his behalf ever contact me.")

The source said that Vesco "was trying to work some kind of influence maneuver" based on his big 1968 contribution. But, according to the source, Chotiner and another unnamed White House aide told Cerny they knew nothing about the 1968 contribution and offered no help with Vesco's SEC problem.

When Vesco heard that, he went into a rage, the source said, and determined that the next time around he would make sure the Republicans remembered who he was. For

membered who he was. For that reason, the source said, Vesco took Laurence B. Richardson Jr., then president of a

New Jersey firm that of which Vesco was chairman, along with him to visit chief Nixon fundraiser Maurice Stans and discuss a 1972 contribution.

According to Sears' testimony in the SEC suit, Vesco's meeting with Stans took place after an aide to Stans and another, unnamed person, had twice solicited a 1972 contribution from Vesco. It also followed a request from Sears to former Attorney General John N. Mitchell to help get Sears an interview with the head of the SEC to discuss Vesco's problems.

After Vesco's meeting with Stans, according to Sears deposition Sears and Richardson went on April 10, 1972, to deliver the \$200,000 personally to Stans, carrying the money in a black suitcase.

The money was handed over to Stans in hundred-dollar bills and placed in a safe at the office of the Committee for the Re-Election of the President. Funds from that safe financed the Watergate bugging and other acts of espionage and sabotage against the Democrats in the 1972 presidential campaign, according to federal investigators and testimony at the Watergate trial in January.

Attempts to reach Stans for comment on the 1968 and 1972 contributions failed. A spokesman for Cerny denied to a reporter that Cerny had any

connection with a 1968 campaign contribution and declined comment on his reported meeting with Chotiner.

Chotiner said that, while in the White House, he had never had any conversation with Vesco on any matter. But Chotiner, an attorney, refused to comment on whether he had ever discussed Vesco's le-

gal troubles with him since leaving the White House in March, 1971, saying that to do so might violate a lawyer-client relationship. He would not elaborate as to whom, if anyone, he is representing.

A spokesman for the Committee for the Re-election of the President said records of 1968 contributions are not available and that there was no recollection by anyone in the finance division that Edward Nixon was an intermediary in such a Vesco contribution as was described. The President's brother has not responded to telephone calls from The Post to discuss the matter.

According to Sears' deposition, Edward Nixon was involved in arranging Vesco's 1972 contribution of \$200,000. In 1972, Sears said, Cerny contacted Edward Nixon who, in turn, contacted some unnamed person in Washington who verified that the contribution was to be in cash.

The secret 1972 contribution came three days after a new election financing law took effect, requiring disclosure of contributors. That contribution has been the subject of several investigations, including one by the General Accounting Office which last month forwarded the matter to the Justice Department for possible criminal prosecution.

As news accounts began to make public Vesco's \$200,000 cash 1972 contribution earlier this year, the President's re-election committee returned the money to Vesco.

At least \$15 million in undisclosed contributions went to the Nixon committee in 1972 and some of them were made public because of challenge after a strict new reporting law took effect April 7, 1971.

In the 1968 campaign, in which Nixon fund raising also was headed by Stans, finance reporting laws were more lax, and undisclosed contributions were legal throughout the campaign.

Publicly filed reports in 1968 listed only 13 persons contributing \$50,000 or more to the Nixon campaign. Vesco was reported as contributing \$20,000 publicly, and with the additional cash donation would have been one of the chief contributors to Nixon that year.

Phillip S. Hughes, director of the Office of Federal Elections of the General Accounting Office, was asked by a reporter what legitimate advantages there could be to a contributor to make a large donation in cash. His answer was that large cash contributions, while "extremely cumbersome," may provide "non-accountability, anonymity or flexibility."

The SEC is continuing to investigate alleged misappropriation of mutual funds, and from that probe, a number of spin-off investigations have developed. Aside from the New York U.S. Attorney's probe, these include:

- An investigation by the Internal Revenue Service in New Jersey into more than \$100,000 that is unaccounted for in the books of International Controls Corp., a firm that Vesco headed as chief executive. The IRS is attempting to determine whether the 1968 cash contribution came from ICC funds. (Corporate contributions are illegal.) The IRS has already filed a lien of more than \$80,000 against Vesco.

- An SEC probe into whether Vesco misappropriated ICC money.

It had previously been reported that the U.S. attorney's office in New York is investigating whether the \$200,000 cash contribution by Vesco last year was given in an effort to avoid prosecution under the SEC investigation.

Meanwhile, it was learned that Vesco has retained prominent Washington attorney Edward Bennett Williams. Williams confirmed he had spoken to Vesco and may represent him later, but refused to discuss any other aspects of the relationship.