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Mr. Vesco's Suitcase

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When one man gives another an unreported political contribution of $200,000 in cash, in a suitcase, two questions spring immediately to mind. What might the donor believe that he is buying? And what might the recipient have led him to believe? The recipient, in this particular case, was Mr. Maurice Stans, Chairman of the Finance Committee to Re-Elect the President. A good deal of attention has already been given to the ethical and legal issues raised by the campaign committee's solicitation of this suitcase full of money. But it is equally illuminating to consider the suitcase from the viewpoint of the man whose money was inside, Mr. Robert L. Vesco.

In November, 1971, when a Swiss judge jailed Mr. Vesco briefly in a securities case, the Attorney General of the United States, Mr. John Mitchell, telephoned the embassy in Bern to try to get him out. The incident establishes, at the least, that President Nixon's campaign managers knew something of Mr. Vesco's record when, a short time later, they approached him for a contribution. They also knew, of course, that he was then the dominant figure in Investors Overseas Services, a huge complex of mutual funds based in Geneva. IOS had been through a recent and spectacular series of financial difficulties. By early 1972, when Mr. Nixon's fund raisers came to him, Mr. Vesco had been under investigation for nearly a year by the Securities and Exchange Commission. The fund raisers also knew that.

Whether they should have asked Mr. Vesco for money, under those peculiar circumstances, is a question that the reader has doubtless answered already for himself. But what might a man in Mr. Vesco's position reasonably conclude from this solicitation? Following the recent disclosure of this large and unconventional donation, spokesmen for both Mr. Vesco and the Committee for the Re-Election of the President have vehemently claimed that it was all a very innocent affair. They concede that Mr. Vesco wanted Mr. Mitchell to arrange a meeting between Vesco representatives and the chairman of the SEC to discuss its investigation. Mr. Vesco got his meeting but, they assert, the meeting was all that he got.

The chairman of the SEC is not inaccessible. Presumably Mr. Vesco's lawyers could have seen him without the intervention of Mr. Mitchell, by then assuming the leadership of Mr. Nixon's campaign. But Mr. Vesco wanted Mr. Mitchell to make the appointment. Could he have thought that this appointment, if arranged through Mr. Mitchell, would be a signal to the SEC?

The events that followed are illuminating. The money was delivered on April 10, 1972, to Mr. Stans by two of Mr. Vesco's agents.

The delivery is described in some detail in the deposition given in February in Federal Court by a New Jersey Republican leader, Harry L. Sears, who at that time was one of Mr. Vesco's lawyers and who accompanied the suitcase to Washington. It was in that same month of April, 1972, the SEC subsequently charged, that Mr. Vesco commenced the "wholesale looting" of four IOS funds. The amounts of money involved in this operation are truly remarkable. Perhaps $200,000 seems like a lot of money to be carrying around Washington in a valise, but it was a very small fraction of the sums in play. The SEC says that Mr. Vesco and several associates took $224 million out of the mutual funds, and at least $125 million of it ended in small companies that they controlled outside the reach of American courts. Some are in the Bahamas, others in Costa Rica where Mr. Vesco himself was last in public view.

The SEC suit against Mr. Vesco and his friends filed last fall, charges them with fraud and evasion of United States securities laws. The SEC is pursuing this case with energy and skill. Whatever Mr. Vesco, in fact, may have bought with his bagful of money, it was not protection from the SEC. Perhaps it will turn out that he actually bought nothing at all. But he obviously had reason to think he was getting something. What else would a sensible man think if, while he was under investigation by the SEC, the President's managers asked him for money? What else would he conclude from the curious fact that, according to Mr. Sears, they wanted the money in cash, unreported, with no receipt given? What else would he conclude from their willingness, after the delivery of the money, to arrange an appointment for his lawyers with the chairman of the SEC?

In a time of blunted proprieties, people sometimes ask whether corruption makes a difference. Was anyone actually hurt? The answer is that the $224 million looted from the IOS funds was real money. It belonged mainly to investors who were innocent, if incautious. They have, quite literally, been robbed. Mr. Vesco apparently does not care to answer questions regarding his part in this affair. He has fled the country to avoid appearing in court to answer the SEC suit. A final question: Does it strengthen the Nixon administration, or the American political tradition, to collect campaign money covertly from a man who may have thought that he was buying a license to disregard the securities laws?