

CONTEMPT ACTION IS AIMED AT VESCO

NYTimes APR 24 1973

U.S. Asserts He Disobeyed
a Grand-Jury Subpoena

By ARNOLD H. LUBASCH

The Federal Government yesterday started criminal contempt proceedings here against Robert L. Vesco, the New Jersey financier who left the country recently during an investigation of his mutual-fund activities.

In its complaint, the Government asserted yesterday that Mr. Vesco had "unlawfully, wilfully and knowingly" disobeyed a court-ordered subpoena to appear before a Federal grand jury last Wednesday in the United States Courthouse at Foley Square.

Judge Edmund L. Palmieri set a hearing for 11 A.M. Thursday in Federal District Court on the Government's request to prosecute Mr. Vesco for criminal contempt for his failure to appear.

The Securities and Exchange Commission charged last Nov. 27 that Mr. Vesco and 41 other persons had looted four mutual funds controlled by Investors Overseas Services, Ltd., the crumbling financial empire founded by Bernard Cornfeld in Switzerland and later sold to the Vesco interests.

Cash Contribution

Court papers in a subsequent S.E.C. civil case involving Mr. Vesco disclosed on Feb. 27 that the financier had made a cash contribution of \$200,000 to President Nixon's re-election campaign on April 10, 1972, while he was under investigation by the S.E.C.

Prosecutors have not disclosed the purpose of the grand jury investigation that resulted in the subpoena for Mr. Vesco, but it could cover the campaign contribution, which the Committee to Re-elect the President failed to report at the time and later returned.

The criminal contempt proceedings were initiated by James W. Rayhill, an assistant United States attorney, based on an affidavit by John A. Lowe, the prosecutor who took the subpoena to Mr. Vesco.

"Shortly after 6 P.M. on April 15, 1973," Mr. Lowe said in his affidavit, "I approached the gate of the house on Brace

Continued on Page 60, Column 4

CONTEMPT ACTION IS AIMED AT VESCO

Continued From Page 55

Ridge Road, Nassau, Bahamas, believed to be the current residence of Robert L. Vesco."

2 Guards Loomed

Mr. Lowe said that two guards approached him at the front gate of the house. He gave his name and asked them if Mr. Vesco was there. One of the guards went into the house to check.

"After a few minutes," Mr. Lowe continued, "Vesco, whom I recognized from photographs, appeared in view about 10 to 20 yards from the gate where I was standing. Vesco said, 'Mr. Lowe?' and I said, 'Mr. Vesco?'"

"I started to say something else," Mr. Lowe added. "Before I got another sentence out, Vesco turned and ran toward the house. I rushed through the driveway gate, which was closed but not locked, and ran after Vesco."

"As I did this, Vesco yelled to the two guards, 'Get him, get him.' I called to Vesco that I was from the United States Government and brandished a plain white envelope as I ran after him."

Hurled Envelope

Mr. Lowe said that he threw the envelope, which contained the subpoena, at the fleeing Mr. Vesco and that it hit the financier in the back. But the guards "forcibly removed me from the premises" and threw the envelope into the road, he said.