

# 'Political Spying' Fund

## Washington

Herbert W. Kalmbach, President Nixon's personal attorney, maintained a bank account containing about \$500,000 in Nixon re-election campaign funds, at least some of which was used to pay for political espionage and sabotage, according to government sources.

The sources said investigators have concluded that this was the fund from which Kalmbach paid at least \$30,000 to Donald H. Segretti for alleged espionage and sabotage in the 1972 presidential campaign.

The Kalmbach fund, first reported by the Washington Star-News yesterday, represents the third Nixon campaign account discovered by investigators in the Watergate case. The largest of three contained a fluctuating balance of between \$350,000 and \$700,000 and financed Watergate bugging, as well as other espionage and sabotage activities, according to federal investigators.

## SAFE

It was kept in the office safe of former Commerce Secretary Maurice H. Stans. A second cash fund of \$350,000 was kept in the White House on orders of White House chief of staff H. R. Haldeman.

The sources of the funds, collected as campaign contributions by Kalmbach, and the uses of most of the money have not been determined, according to investigators. Kalmbach shifted money between two banks near his law office in Newport Beach in an apparent



HERBERT KALMBACH  
Secret financing

attempt to conceal the source of the funds and their eventual uses, the investigators said.

Attempts yesterday to reach Kalmbach at his office and home were unsuccessful.

The secret account was in Kalmbach's name at the Newport Center branch of the Bank of America in Newport Beach. Records from the bank obtained by the Washington Post show at least 24 transactions involving the account, beginning Jan. 28, 1971, and continuing for a year.

One check drawn on the account was made payable to former secretary of commerce Maurice H. Stans, who later was finance chairman of the committee for the re-election of the President and the chief Nixon fund raiser.

Stans refused to discuss the California account yesterday or the check drawn on that account which records say was made payable to him.

## CHECK

The amount of the check to Stans was not known.

Another check, for \$105,340.78, was made payable to the Security Pacific National Bank, which maintains a Newport Beach branch in an office building across from the building where the Bank of America branch is located.

Kalmbach transferred money between both the Bank of America branch and the Security Pacific branch, according to government sources. Both banks have had certain records subpoenaed by the Senate Select Committee that is investigating the Watergate bugging and allegations of related political espionage and sabotage.

One highly reliable source said that Kalmbach collected the \$500,000 for the President's re-election, reported the collection to campaign officials in Washington and received Stans' approval to keep the money in the California account.

Apparently all transactions in the account took place before April 7, 1972, when the new campaign finance disclosure law took effect and accordingly did not have to be reported to the general accounting office.

One legal source said that the bank account representative said that Kalmbach collected campaign law.

The Bank of America rec-

ords obtained by the post show that monthly statements of the account were issued by the bank between Jan. 28, 1971, and Jan. 28, 1972. However, it was not clear from the records whether the account had been opened prior to January, 1971, or whether it was closed in January, 1972.

The records show that the account has been closed, but do not show the date.

Of the 26 transactions contained in the records, 17 are for checks drawn off the account and made payable to Kalmbach.

In addition, the records show six checks made payable to "Herbert W. Kalmbach, trustee for clients." At least three of these checks were cashier's checks, drawn by a bank to an individual.

According to government sources, Kalmbach deposited money in the Bank of America bank account with cashier's checks purchased from the nearby Security Pacific bank. The cashier's checks were purchased at Security Pacific with cash in an apparent attempt to conceal the route the money was taking, the sources said.

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