

Mitchell, Stans Indicted in Vesco Case;  
Schlesinger to Pentagon, Colby to CIA;  
FBI Tap Disclosed at Ellsberg Trial

(8 col)

# Ex-Cabinet Aides Cited for Lying, Obstructing Justice

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NEW YORK, May 10—Former Attorney General John N. Mitchell and former Commerce Secretary Maurice H. Stans of the first Nixon administration, were indicted by a federal grand jury here today.

They are accused of obstructing a federal investigation and lying to the grand jury.

The grand jury also charged Robert L. Vesco, already accused in a swindle scheme, and New Jersey politician Harry L. Sears of attempting to obstruct an investigation by the Securities and Exchange Commission into Vesco's financial empire.

The indictment charges that Mitchell and Stans obtained a secret \$200,000 cash contribution for the Nixon re-election campaign from Vesco in return for promises that they would arrange meetings for Vesco and Sears with SEC officials. Later, the grand jury charged, both Mitchell and Stans lied about their roles in the contribution.

If convicted of all the charges, Mitchell and Stans would each face potential terms of 50 years in prison and \$85,000 in fines. Vesco and Sears, if convicted on all counts, would face 20-year jail terms and \$25,000 in fines. The defendants are scheduled to enter pleas on May 21.

The Committee for the Re-election of the President, of which Mitchell was formerly chairman and Stans is still finance chairman, issued denials of the charges on behalf of both men.

The Mitchell statement said, "There has been no wrong doing on my part and in so far as I know on the part of any other person in this matter. I am certain that the judicial proceedings in this case will fully vindicate me and confirm the absence of any wrong doing."

The statement on Stans' behalf said, "I am greatly



MAURICE H. STANS

... 'confidence in justice' dismayed by the action of the grand jury. I have full faith and confidence in God and in American justice. I expect that when all the facts are heard I will be vindicated. Not only was there no effort made by me to obstruct the SEC proceedings, but the SEC did in

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Associated Press

John N. Mitchell: "No wrongdoing on my part."



Associated Press

Flanked by aides, U.S. Attorney Whitney North Seymour Jr., third from left, tells newsmen in New York that his old boss, former Attorney General John N. Mitchell, and

Maurice H. Stans, former Commerce Secretary, have been indicted in connection with a secret \$200,000 contribution to President Nixon's 1972 re-election campaign fund.

### VESCO, From A1

fact proceed vigorously against Mr. Vesco."

Sears, speaking through an attorney, said he is "innocent of all wrongdoing" and added that he will enter a plea of innocent. There was no comment from Vesco's attorneys.

The indictments, one of the few times a past or present administration member has ever been accused of criminal law violations, were handed down by the grand jury at 1:20 this afternoon, with 19 members of the jury sitting before U.S. District Court Judge Sylvester J. Ryan.

Judge Ryan thumbed through the pages and handed them back to be signed by the grand jury foreman. Then, at the government's request, the grand jury was dismissed for the day.

An hour later, departing North Seymour Jr. read a summary of the charges to a news conference in a packed auditorium across the square from the federal courthouse.

With him were Assistant U.S. Attorneys John R. (Rusty) Wing, chief of the frauds unit, who led the investigation; John A. Lowe, assistant head of the frauds unit, and James W. Rayhill, executive assistant to Seymour, who last week got a bench warrant for the arrest of Vesco after Vesco failed

to appear at the grand jury proceedings.

The government's charges are detailed in a 46-page indictment. The only persons cited in the papers are the four defendants. No co-conspirators are named. Seymour said that would come later, when a bill of particulars is filed. At the same time, he said that "certain related aspects of this investigation are still being examined," bringing up the possibility of further indictments relating to the case.

According to the indictment, Mitchell, Stans, Sears and Vesco conspired "to defraud the U.S. government and agencies thereof, to wit, the SEC and the General Accounting Office, by interfering with and obstructing their lawful governmental functions by deceit, craft, trickery and means that are dishonest."

As part of the conspiracy, it said, the four men agreed [that Vesco] would contribute \$200,000 in cash—"the largest cash contribution ever received by the Finance Committee"—to the Nixon re-election drive, that Mitchell would arrange meetings for Sears with William J. Casey, then chairman of the SEC, and that Stans would conceal the contribution and try to keep mention of it out of the SEC's massive fraud charge against Vesco.

While public testimony on the contribution has referred only as far back as late November, 1971, when Mitchell reportedly helped secure Vesco's release from jail in Geneva, Switzerland, the indictment charges that Sears, Vesco and Mitchell were in contact as early as June and July of that year.

At that time, the indictment says, Sears met with Mitchell to discuss the SEC investigation, which began in March, 1971.

At the same time, the indictment says, Sears asked Mitchell to speak with Casey about the investigation.

In December, 1971, and January, 1972, the indictment charges, Vesco promised and paid Sears "substantial sums of money in return for Sears' requesting defendant John H. Mitchell to exert his influence on the SEC on behalf of Vesco, ICC, IOS and others."



Charged by grand jury with obstructing SEC probe: attorney Harry Sears, left, and financier Robert Vesco.

ICC refers to International Controls Corp. of Fairfield, N.J., of which Vesco was chairman until September, 1972. IOS, Ltd., is a Swiss-based financial complex. An SEC civil fraud charge filed against Vesco and 41 other defendants alleges that they "looted" \$224 million from four mutual funds managed by IOS.

Also in January, the indictment says, Sears gave Mitchell documents relating to SEC probe and asked Mitchell to arrange a meeting with Casey.

On March 8, according to the charges, Vesco met with Stans and offered to contribute "at least \$250,000 and possibly \$500,000" to the Nixon campaign "with the intent of having Stans, Mitchell and others exert their influence on the SEC on behalf of Vesco, ICC, IOS and others."

Immediately after that meeting, Vesco allegedly met with Mitchell to discuss the SEC investigation and "shortly thereafter, Stans and Mitchell discussed the proposed contribution from Vesco."

On April 10, Sears and Laurence B. Richardson, former president of ICC, delivered the money to Stans—all in cash at Stans' request, according to the charges—and two hours later, Sears met with Mitchell to tell him that the payment had been made.

Two hours after that, the charges say, Sears met with Casey and G. Bradford Cook, then general counsel of the SEC and now its chairman, to discuss the case. The indictment also lists additional meetings between Sears, Casey and Cook in May, June and July, as well as a Casey-Sears conversation at the Republican National Convention in Miami last August.

In October, with the SEC's investigation still in full swing, the indictment says Vesco threatened to disclose the contribution unless a subpoena issued for Vesco was withdrawn. The threat, according to the grand jury, was made to Stans, while Sears conveyed it to Mitchell.

The next month, according to the charges, Vesco attempted "to submit a written memorandum to Donald Nixon, the brother of the President of the U.S., the purport and tenor of which was to threaten disclosure of the secret cash contribution and other adverse consequences unless the SEC was directed to drop all legal proceedings against Vesco."

The jury charged that, the memorandum reached Mitchell, he gave it to Sears instead of turning it over to law enforcement agencies.

In addition to their efforts to obstruct the SEC probes the indictment says the defendants conspired to keep any specific reference to the contribution out of the SEC's complaint against Vesco. For that reason, it charges, Stans "would and did cause Cook to delete all

specific references to the \$250,000 in cash delivered to Vesco's office on April 6, out of which the secret Vesco contribution was made, from the draft of the proposed SEC civil complaint."

At the same time, according to the indictment, Mitchell called John W. Dean III, then counsel to the President, and asked him "to communicate with Casey to seek postponement of the return of SEC subpoenas served on employees of ICC in order to prevent or delay disclosure by them of facts relating to the secret Vesco contribution."

Again in January, the indictment charges, Stans asked Cook to limit the SEC inquiry into the \$250,000. (The additional \$50,000 was contributed by Vesco in a check in October. All the money was returned to Vesco on Jan. 31, 1973.)

The grand jury also charged that in July, 1972, Vesco caused "the president of Costa Rica, Jose Figueres, to send a letter addressed to Richard M. Nixon, the President of the United States, specifically referring to the SEC investigation of Vesco and indicating his concern that adverse publicity emanating from the SEC against Vesco might jeopardize development of Costa Rica as 'a showplace of democratic development in the Western hemisphere.'"

(During the trial of the SEC's civil action today, Marti Figueres, son of the Costa Rican president, refused to have a private conversation with SEC attorneys on the ground that they have been unfair to "me, my family and my country.")

Both Stans and Mitchell are charged with lying in their testimony before the grand jury, which began its investigation after a deposition by Sears first confirmed the fact that the \$200,000 had been given to the Nixon campaign. Each defendant is accused of six specific instances of lying.

The lying charge against Mitchell and Stans technically is one of making "false declarations," which is similar to perjury and carries much the same penalties. Unlike perjury, however, the false declarations charge is much easier for the government to prove.

Perjury requires the prosecution to prove that the witness lied under oath. But the Mitchell and Stans indictment only requires the government to prove that two clearly conflicting statements were made under oath; it doesn't have to prove which one was false.

An important aspect of the indictment is that the U.S. attorney here, Seymour, is due to leave office shortly. Paul Curran has been nominated to succeed him and that nomination is now before the Senate.

Although Seymour had notified his Justice Department superiors that he was going to look into Vesco's contribution to the Committee for the Re-election of the President, he had not

kept the department abreast of what was turning up in the evidence.

The department's first information as to the scope of the investigation came in an article several weeks ago in *The Washington Post*, which reported that the jury had narrowed its questions on the roles of Mitchell and Stans.

Mitchell had recommended Seymour's appointment in 1970.

The U.S. attorney here has traditionally been more independent of Washington control than others in the country. Further, Seymour is known to have been squabbling with his superiors in Washington and in nearby jurisdictions over other matters, principally the handling of drug cases.

In that context, his statement in announcing the indictments today was filled with innuendo.

"This is a sad day in a series of sad days," he said, "for those of us who are concerned about integrity in government and in the administration of justice.

"The one bright note on this day is that the grand jury's action in this district demonstrates the capability of federal law enforcement machinery to function effectively and impartially, without fear or favor, to bring criminal charges for violation of the law, no matter who is involved.

"The key ingredients to guarantee integrity in law enforcement are independence and commitment to the principle of even-handed justice. The action taken by the citizens who make up the special grand jury and the quiet and conscientious investigation conducted by the staff of the United States Attorney's office is a demonstration that that principle still is very much alive in the continuing traditions of this country."

In Washington today, Sen. William Proxmire (D-Wis.) announced that SEC Chairman Cook has been recalled to testify before a Senate appropriations subcommittee which questioned him May 1 about conversations with Stans concerning the Vesco case. At the time, Cook said he had spoken to Stans only after the SEC suit was filed, when Stans asked Cook if he knew where the money had come from.

In a letter to Proxmire on May 9, Cook said he discussed the case with Stans before and after the suit was filed "about a particular facet of the case." He said Stans was concerned about the origin of the money, a fact the SEC has still never learned.

At his press conference today, the U.S. attorney hinted that some officials of the SEC may have been involved in the attempted obstruction. Asked if the SEC's performance was hindered by the alleged actions, he said, "The SEC itself—its official action as opposed to individual action—its official action, I think, reflects very good credit on the agency. A complaint was filed in the U.S. District Court charging Vesco and others with looting the corporate assets. That case is currently pending before one of the judges over there, very actively being enforced by staff members of the SEC.

"There are allegations in the complaint concerning efforts to adjourn some subpoenas preliminary to the filing of that complaint and also some changes in the wording of the complaint. Those efforts, I'm afraid, speak for themselves in the language of the indictment and I shouldn't go further."