

U. S. COMPLETES VESCO CIVIL CASE

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More Indictments Expected
in Criminal Suit on Gift

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By ROBERT J. COLE

After nearly two months of court battles, the Government concluded its civil case here against Robert L. Vesco, the 37-year-old New Jersey financier.

Mr. Vesco, formerly the board chairman of Investors Overseas Services, Ltd., a once-powerful mutual fund complex based in Switzerland, and of the International Controls Corporation, a New Jersey electronics manufacturer, rose to prominence after it became known that he had secretly given \$200,000 as a campaign gift to the Finance Committee to Re-Elect the President.

A Federal grand jury subsequently indicted him for conspiracy to defraud the United States and to obstruct justice. The grand jury charged that Mr. Vesco had made the gift in an effort to obtain special treatment in an S.E.C. investigation against him.

His arraignment on criminal charges was scheduled for 10 A.M. Monday in United States District Court here. Mr. Vesco, who is out of the country, is not expected to be present.

Injunction Sought

Meanwhile, reports continued to circulate here and in Washington that a Federal grand jury would hand up more indictments in its investigation of the secret campaign contribution.

The financier, after an 18-month investigation by the S.E.C., became the main defendant in the Government agency's civil suit against him and 41 others on charges of looting I.O.S. mutual funds of \$224-million.

Hearings here began on March 19 before Judge Charles E. Stewart Jr. in United States District Court when the Government sought a preliminary injunction against Mr. Vesco

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and other defendants to prevent further violations of securities laws.

But once it became known that Mr. Vesco was under investigation by the grand jury, under the direction of United States Attorney Whitney North Seymour Jr., the criminal proceedings — although conducted in secret — assumed larger proportions than the civil case.

Among those questioned by the grand jury about the gift was John N. Mitchell, former Attorney General; Harry L. Sears, former Republican majority leader of the New Jersey Senate, and Maurice H. Stans, former Commerce Secretary and chairman of the Finance Committee to Re-elect the President.

All three were indicted along with Mr. Vesco on identical charges. Mr. Mitchell and Mr. Stans were also charged with perjury before the grand jury.

Deletion Charged

A further outcome of the Federal grand jury proceedings was the unexpected resignation of G. Bradford Cook as chairman of the S.E.C. Although Mr. Cook was not indicted, the indictment charged that Mr. Stans convinced Mr. Cook to delete any reference to the \$200,000 from the S.E.C. lawsuit.

Mr. Cook denied any wrongdoing in what he called "a staff decision" to eliminate the reference but resigned to protect the reputation of the S.E.C.

The \$200,000 secret cash gift, plus \$50,000 given publicly, was subsequently returned to Mr. Vesco — six days after it became public knowledge but a full two months after the S.E.C. lawsuit.

Mr. Vesco left the United States early in the case. He was represented by Edward Bennett Williams, the Washington attorney, in the grand jury proceedings. Arthur Liman of the New York firm of Paul, Weiss, Rifkind, Wharton & Garrison represented him in the civil case.

A bench warrant for his arrest was issued here after he failed to respond to a subpoena to testify before the grand jury.

Growing Business Chain

The elusive millionaire, who has a home in Boonton, N.J., also maintains homes in Nassau, the Bahamas, and San Jose, Costa Rica. He is understood to commute regularly between the Bahamas, Costa Rica and other points to keep up with a growing chain of new business operations, including a coffee plantation, a bank, auto dealerships and vast land holdings.

The S.E.C. has charged that \$60-million in cash has been transferred to Costa Rica in an effort to develop a new haven there. Some \$2-million has also been invested in a company founded by José Figueres, President of Costa Rica, and an avid Vesco booster. President Figueres, however, has often denied vigorously that the investment was a form of bribery.

His son, José Martí Figueres, an officer in the Figueres family company, came to New York to testify on behalf of Mr. Vesco, but in a last-minute change of plans, was not called to the witness stand.

Mr. Vesco employs Donald F. Nixon, the 26-year-old nephew of President Nixon, as his personal aide.

Mr. Sears testified that Mr. Vesco once asked Edward C. Nixon, a brother of the President, to verify with Mr. Stans that the \$200,000 was to be delivered in cash. He once wrote F. Donald Nixon, the father of Donald F. Nixon, and, according to the grand jury indictment, threatened to disclose the gift unless the S.E.C. dropped its lawsuit.

Mr. Stans, Mr. Mitchell and Mr. Sears are also scheduled to be arraigned on Monday.

I.O.S. Arrest Warrants Issued

Special to The New York Times

GENEVA, Switzerland, May 18—Arrest warrants have been issued here against Vesco and two of his associates when he was in control of I.O.S., it was learned today.

Arrest warrants are also out for three I.O.S. aides of Bernard Cornfeld, who lost control of the mutual fund organization to Mr. Vesco in 1970.

The warrants, valid only in Switzerland, were all issued last February by an examining magistrate, Pierre-Christian Weber, along with the one that led to the arrest and jailing here on Monday of Mr. Cornfeld, I.O.S.'s founder, on charges of fraud.

The Vesco aides are Milton F. Meissner, also an American, and Ulrich Strickler, a Swiss. The two men were members of the group that took over I.O.S. from Mr. Vesco in a sale announced by the financier in April, 1972.

The former Cornfeld associates at I.O.S. named in the

arrest warrants are James Roosevelt, son of President Franklin D. Roosevelt, C. Henry Buhl 3d, and Edward M. Cowett.

Mr. Weber is in charge of the investigation under way here into the complicated I.O.S. dealings. It was sparked by fraud complaints of former Swiss I.O.S. employees who bought for \$10 shares in the company now said to be worth 10 cents and Swiss investors in an I.O.S. mutual fund that lost half its value overnight.

Lawyers who have been involved in I.O.S. affairs here said they had learned only as a result of the arrest of Mr. Cornfeld of the existence of the other warrants. Mr. Weber could not be reached for comment.

A person may be detained for questioning only 24 hours under an arrest warrant. If the examining magistrate wishes to prolong the detention he must prefer charges and ask a court to remand the accused in custody.

Mr. Cornfeld, 45, was bound over yesterday at a preliminary court hearing on counts of fraud and incitement to speculation.

Settlement Sought

His lawyers are seeking an out-of-court settlement that would cover present and future Swiss claimants. But they are understood to doubt that the financier will be granted bail even if the plaintiffs withdraw from the case.

The Attorney General's office, legal sources say, is determined to bring the financier to trial. It is said to be mindful of the unfavorable comment provoked by the dropping last year of charges against Mr. Vesco, Mr. Meissner and Mr. Strickler.

The three associates were arrested in November, 1971, and placed in the same jail where Mr. Cornfeld is now held because of a complaint alleging misconduct as officers of an I.O.S.-owned Geneva bank.

However, they were released on bail after 24 hours and the charges against them subsequently were withdrawn when an out-of-court settlement was reached with the plaintiff.