

THE NATION

Senate Caucus Room 318, the chamber in which the celebrated Army-McCarthy hearings unfolded in 1954, will be historic because they involve the very viability of the President as a national leader. More than all of the rather limited and ponderous movements of the courts, the wide-ranging freedom of the Senate hearings can make or break the President and his men. The Ervin committee is concerned not solely with criminal activity but also with the broader questions of protecting presidential elections against deceitful and unethical practices.

While the Army-McCarthy hearings all but destroyed the wild-swinging Wisconsin Senator—as much by the exposure of his whining, bullying manner (“Point of order, point of order”) as by the revelation of his methods—the Ervin hearings can crucially affect the whole Nixon Administration. Ervin has suggested that he might even summon the President himself to testify, if need be, to get at the truth. With typical understatement, Ervin says: “I know of no law that says that the President is exempt from the duties which devolve on other citizens.”

What clearly is shaping up is an epic test of credibility in which the central issue will be whether Nixon can politically survive. The President's closest aides, Ehrlichman and Haldeman, will almost certainly proclaim Nixon's total ignorance of any Watergate cover-up. In the process, they will be insisting

upon their own innocence as well. Standing against them will be John Dean, who will argue that the other three are still conspiring to avoid disclosure of the full truth.

Dean's word, of course, must be treated with caution, since his personal stake is high. He is maneuvering for the broadest kind of immunity against prosecution, and may be trying to favorably influence any later criminal trial of his own. Yet it seems unlikely that Dean would enter into a showdown with the President without considerable ammunition. Indeed, his recent record for revealing unpleasant truths is impressive.

“We Can't.” It was Dean who first told Justice Department prosecutors in the Watergate case that there had been a White House-directed burglary of psychiatric records in the Ellsberg case. It also was Dean who informed the prosecutors that there had been meetings in Attorney General Mitchell's office at which plans for the Watergate bugging were discussed. First mentioned by McCord, these meetings were mere hearsay until Dean confirmed that he had been present at them, along with Mitchell, Liddy and Magruder. Dean's revelations caused Magruder to admit that he had lied to the grand jury.

A close associate of Dean's has given *TIME* the following account of Dean's position in the White House in fighting over the scandal. Some of the points have also been backed by his lawyers. Their story:

Dean never made an investigation for the President that showed that no one then “presently employed” by the White House had been involved in Watergate, as Nixon announced on Aug. 29. Dean can produce his office logs for the period. He and his attractive wife Maureen have been working into the nights to gather this evidence on Dean's daily office activities. The records give no indication that he filed such a report and will substantiate Dean's claim that he did not even meet with Nixon between the Watergate arrests and the President's statement.

In March Dean was called into Nixon's office, where the President gave him two papers and asked him to sign them. One was a virtual confession that Dean alone in the White House had concealed facts in the Watergate case. The other was his resignation.

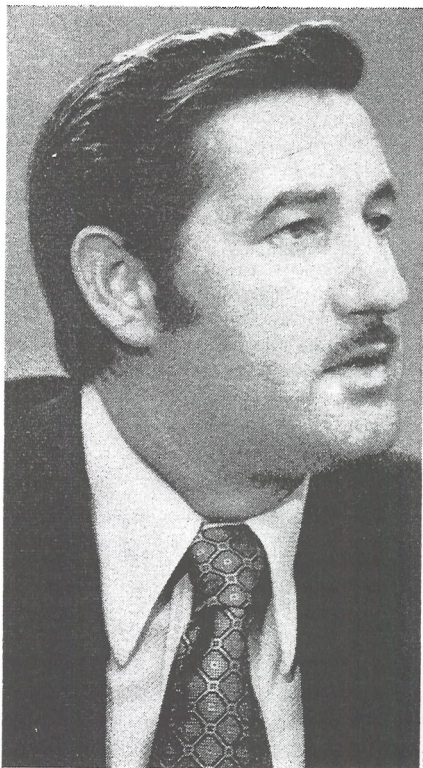
“What about Ehrlichman and Haldeman?” Dean asked the President.

“They have given verbal assurance [that they were not part of a cover-up].” Nixon replied.

Dean then said that he would not sign any such papers unless the other two aides would do so as well. Dean told the President: “We can't do this. The whole truth has to get out.”

The President then directed Dean to draft his own letter of resignation and show it to him. Dean, still resisting, later returned to Nixon's office and said he could not do this. “Nixon was mad,” Dean claims. The President told

It Started with \$200,000 in a Worn Briefcase



BIG CONTRIBUTOR ROBERT L. VESCO

THE accusations raised in the grand jury indictments of John Mitchell and Maurice Stans—along with a notorious financial freebooter and a leading New Jersey Republican—form a sleazy story that might well give pause to even the most hardened ward heeler.

At the heart of the matter is the secret Nixon campaign contribution of \$200,000 in cash that was paid to Stans by Financier Robert L. Vesco. The indictments assert that Mitchell and Stans reciprocated by aiding Vesco in his unsuccessful efforts to quash a Securities and Exchange Commission probe into his “looting” of a huge mutual-fund complex. The go-between was Harry L. Sears, head of Nixon's re-election drive in New Jersey, onetime Republican majority leader in the state's senate and a director of International Controls Corp., which Vesco dominated.

Vesco early in 1971 also gained control of International Overseas Services, the mutual-fund complex founded by Bernard Cornfeld that marketed its shares mostly to middle-income Europeans. In one of the largest security-fraud suits ever brought by the SEC, Vesco and his associates were charged last Nov. 27 with selling off \$224 million worth of I.O.S.-held stocks—caus-

ing grave losses to investors—and salting the money away in banks and dummy companies that the accused controlled. Last week's indictments specify the following:

In mid-1971 Harry Sears first went to Mitchell for help in impeding the SEC investigation. Sears approached Mitchell again in January 1972 to ask the Attorney General to arrange a meeting for him with SEC Chairman William Casey to discuss the case. On March 8, 1972 Vesco met with Stans and offered to donate as much as \$500,000 to the Committee for the Re-Election of the President if Stans and Mitchell would help in restraining the SEC. Stans requested that Vesco make a \$250,000 contribution—in cash.

Vesco drew the money out of a bank in the Bahamas (probably some of the cash he had stashed there after selling I.O.S. stocks belonging to trusting investors). He did not get around to handing it over until three days after a new and much tougher campaign-contribution law went into effect, requiring the public reporting of any donation larger than \$100.

On the morning of April 10 Sears flew from New York City to Washing-

Dean that the young counsel must "shoulder the burden" and that there was to be no full "airing." Moreover, Haldeman and Ehrlichman would stay on his staff. It was then that Dean decided that the other three—Nixon, Haldeman and Ehrlichman—were trying to pin the entire cover-up on him. He issued his celebrated statement that he did not intend to become "a scapegoat"—and went to the Justice Department to talk to the prosecutors.

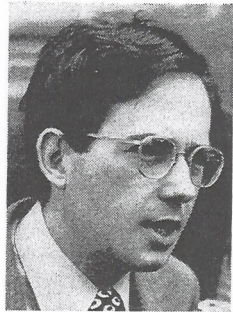
Dean also took a more concrete step to protect himself before he was fired: he carried away nine documents from his files and placed them in a safe deposit box in Virginia's Alexandria National Bank, not far from where he lives. He gave the keys to Judge John J. Sirica, who had presided over the original Watergate trial and been the main force in pushing the case beyond the low-level convictions.

Last week the White House filed a motion with Judge Sirica to have those documents returned. "We want the originals back. They're our papers, goddammit," said a White House official. He added: "If any one thinks that we're going to do anything sneaky, let the court hang on to a copy." Judge Sirica scheduled a hearing for this week on what to do with the Dean documents.

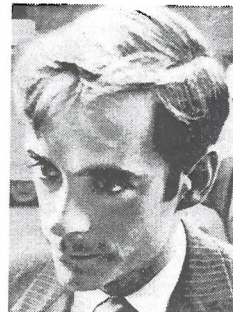
Yet at the same time, other Justice Department authorities were knocking down the importance of those papers. The *New York Times* quoted one such official as saying that the papers are na-



SALLY HARMONY



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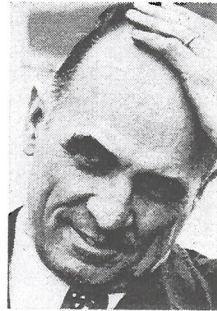


HUGH SLOAN JR.

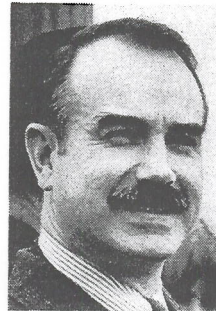
tional security documents that "have nothing to do with anything." Another told the *Times* that Dean cannot implicate the President in any way, adding: "We have debriefed Dean from A to Z."

Partly in response, Dean contended in a statement that unspecified persons were waging a campaign "to discredit me personally in the hope of discrediting my testimony. There is a concerted effort to 'get me.'"

All this is part of a complex battle over immunity. Dean is demanding a full-immunity "bath," under which he would tell everything he knows in return for the assurance that he cannot be prosecuted in any way. The Ervin committee is seeking a more limited "use" immunity, under which he could



JAMES McCORD



G. GORDON LIDDY



E. HOWARD HUNT JR.

be prosecuted later, but Justice Department attorneys would have to show that any evidence they used against Dean was derived independently of his public testimony. The department is resisting any immunity at all for Dean. Nixon last week reversed his own blanket decree against immunity in the case, so any refusal to accommodate Dean is no longer

ton, carrying a worn brown briefcase loosely packed with \$200,000 in \$100 bills. The cash was turned over to Stans in his office at the Nixon committee, and he placed it in his safe (the same safe from which \$235,000 was later disbursed to G. Gordon Liddy, a convicted Watergate wiretapper). Vesco also gave \$50,000 by check, which was publicly reported. Later that very day, Mitchell arranged a meeting for Sears with Casey and G. Bradford Cook, who was then SEC general counsel and recently succeeded Casey as the commission's chairman. The express purpose was to discuss the commission's investigation of Vesco's company. Stans never reported the \$200,000 donation to the General Accounting Office as he was required to do under the law.

Indeed the indictments charge that Stans took great pains to cover up the contribution. In the course of its investigations of Vesco the SEC began looking into why he had made the big withdrawal from the Bahamian bank. Stans went to Cook and persuaded him to delete from the draft of the SEC complaint against Vesco any reference to the money—and how it was used to help the Republican election campaign.

Then, according to the indictments, Mitchell got Presidential Counsel John W. Dean III to ask Casey to postpone subpoenaing employees of International

Controls Corp. "to prevent or delay disclosure by them of facts relating to the secret Vesco contribution." Despite denials of wrongdoing by Cook and Casey, who is now Under Secretary of State for Economic Affairs, there is a chance that they too will face legal charges for the cozy manner in which they handled the case.

The indictments say that by October, as the presidential election neared, Vesco was threatening that he would disclose the secret payment unless stiffer action was taken to delay or halt the SEC inquiry. Sears phoned Mitchell to pass on the threat. In November, presumably just before the election, Vesco sent a memorandum to Donald Nixon, the President's brother.* In the memo, Vesco again warned that he would reveal the details of the contribution unless all the SEC charges were dropped.

Finally, on Jan. 31, almost three months after Nixon's victory and two months after the SEC issued its fraud charges against Vesco, the re-election committee returned the money. Perhaps by coincidence, the *Washington Star-News* reported five days before that the Government had begun an investiga-

*Vesco had a penchant for attracting people close to President Nixon. Donald F. Nixon, the President's nephew, has been Vesco's administrative assistant since 1971.

tion into the donation. The probe began when an unidentified witness came forward in Manhattan earlier in January and volunteered to U.S. Attorney Whitney North Seymour Jr. that he would tell about the transaction.

In their testimony before the grand jury, charge the indictments, Mitchell and Stans perjured themselves repeatedly. Mitchell, for example, denied that he got a memo from Sears asking to see Casey in January 1972, that he received a phone call from Sears warning that Vesco was threatening to talk, or that he asked Dean to see Casey about postponing subpoenas. Stans denied to the grand jury that he discussed with Vesco securing Mitchell's help, that he asked Vesco specifically for a cash donation, or that he discussed Vesco's case with him when the money was delivered. Last week both Mitchell and Stans insisted that they were innocent.

As for Vesco, he has defied an order to appear before the grand jury, and a bench warrant was issued for his arrest. The SEC fraud suit is now before the courts; it seeks to halt further plundering from Investors Overseas Services. If this civil action is successful, the decision could well become the basis for a criminal suit against Vesco. Meanwhile, he is believed to be living in comfort in Costa Rica (see BUSINESS) and planning to become a citizen of that country.