

DEAN SAID TO GET OFFER TO REDUCE POSSIBLE CHARGES

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He Reportedly Could Plead
Guilty to One Count in
Return for Testimony
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WASHINGTON, May 28—The Watergate prosecutors have offered John W. Dean 3d the opportunity to plead guilty to one count of obstruction of justice in return for his testimony, C.B.S. News reported tonight.

The offer was transmitted in a letter sent to Mr. Dean within the last week, the network said. The one charge would be a felony count, however.

According to the network, one source said that the prosecutors had enough evidence to indict Mr. Dean on several counts but apparently needed his testimony to lead them in other directions in the case.

Mr. Dean was quoted as saying he knew something about the matter but would not comment further.

AntiWallace Fund Report

Earlier today, sources close to the case said that Mr. Dean had told Watergate investigators that Herbert W. Kalmbach, President Nixon's former personal attorney, approved the spending of \$200,000 to \$400,000 in leftover 1968 Republican campaign contributions to help defeat George C. Wallace in the closely contested Democratic governorship primary on Alabama in 1970.

Mr. Wallace, then a former Governor of Alabama who was widely viewed by Republican strategists as a political threat to Mr. Nixon in the 1972 Presidential election, won a runoff for the Democratic governorship nomination by 3 percentage points in June, 1970. He defeated Gov. Albert P. Brewer, who ran ahead of Mr. Wallace in the first primary in May but failed to gain a majority vote.

Two Washington attorneys familiar with election law expressed the view that such contributions would not have violated any Federal laws, but they noted that a careful check

of the state campaign financing laws would be needed before any final opinion could be made.

In the bitter primary elections, which attracted national attention, both Vice President

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Dean Said to Tell of Aid to Wallace Foe

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Agnew and Winton M. Blount of Montgomery, the former Postmaster General in the Nixon Administration, endorsed Mr. Brewer, who was considered to be more moderate than Mr. Wallace on the racial issue.

Mr. Wallace, in turn, repeatedly charged that Mr. Blount was raising money for Mr. Brewer, but no evidence was provided at the time. Mr. Wallace and Mr. Brewer were reliably reported to have spent more than \$1-million each during the campaigns.

In a recent telephone interview, Mr. Brewer, now a Montgomery lawyer, declared that to his knowledge "no money outside of Alabama" was raised on his behalf. He said that his campaign had been financed in part by local organizations in each county and added: "Something as large as that just couldn't have come in."

Mr. Blount could not be reached for comment.

Although it has been widely reported that high-ranking officials in the White House and in the committee to re-elect President Nixon organized a massive campaign of sabotage and espionage in advance of the 1972 Democratic party Presidential primary elections, the disclosure today is the first describing a Republican financial involvement in earlier Democratic party contests.

Mr. Dean, the former White House counsel, was quoted by informed sources as saying that Mr. Kalmbach told him of the expenditures during a conversation early this year shortly before Mr. Kalmbach was to meet with investigators from the Senate Watergate committee to testify about campaign financing.

Mr. Kalmbach told him, Mr. Dean was quoted as saying, that he approved the financial aid to Mr. Brewer in early

1970. Mr. Kalmbach served as the chief Republican party fund-raiser during the 1968 and 1972 Presidential campaigns. His dismissal as Mr. Nixon's personal attorney was announced by the White House May 1, shortly after his reported role in the raising of cash for the seven Watergate defendants in return for their silence was made public.

It could not be immediately learned who authorized Mr. Kalmbach to spend the funds, which were part of nearly \$52-million in leftover 1968 campaign contributions. But Mr. Dean was quoted by one closely involved source as saying that Mr. Kalmbach took orders on campaign spending only from three high-level officials—Mr. Nixon, former Attorney General John J. Mitchell, and H. R. Haldeman, Mr. Nixon's former chief of staff, who resigned because of the Watergate case.

Funds Reported Dispersed

Mr. Dean has told investigators, sources said, that Mr. Kalmbach ordered the unspent 1968 campaign funds, mostly in \$100 bills, to be scattered in various bank accounts for safekeeping. Some of the cash, Mr. Dean was quoted as saying, subsequently ended up in the control of France M. Raine Jr., of Rolling Hills, Calif., a suburb of Los Angeles. Mr. Raine is Mr. Haldeman's brother-in-law.

In a telephone interview today, Mr. Raine said, "This catches me by surprise." He added that he did not know whether Mr. Dean's reported recollection "was accurate or not."

"This will all come out in the laundry in due course," said Mr. Raine, who is in the real estate business. "I'm not confirming and I'm not disavowing anything."

On May 19, the General Accounting Office reported that Mr. Kalmbach, a Los Angeles

lawyer, at one time held \$1.9-million in cash, including \$1.65-million in unspent contributions from the 1968 Presidential campaign.

Of those funds, reliable sources said, only \$500,000 to \$750,000 was still unspent by the time the Republican re-election committee began setting up its operations for the 1972 campaign.

Hugh W. Sloan Jr., the former treasurer of the re-election committee, is known to have told attorneys for Common Cause, the public interest group that has sued the Republican re-election committee for full disclosure of its contribution and campaign records, that he received at least \$500,000 in 1968 contributions in late 1971 or early 1972. The money, he said, came from Mr. Raine, Mr. Kalmbach and Thomas B. Evans Jr., of Wilmington, Del., who served as deputy chairman of the Republican Finance Committee in 1968.

Told of the reports that Mr. Kalmbach had approved the transfer of 1968 campaign funds to help defeat Mr. Wallace in 1970, Mitchell Rogovin, an attorney for Common Cause, declared that his group would now attempt to broaden its lawsuit.

"We intended to seek a full accounting of all the funds that were not used for the purposes for which the contributors initially were told," Mr. Rogovin said.

Herbert E. Alexander, director of the Citizens' Research Foundation in Princeton, N. J., which monitors campaign spending, said that the old campaign spending act did not require the President campaign committee to disclose any funds left over from the 1968 campaign. Under the new spending law, which went into effect on April 7, 1972, all contributions and all expenditures must be reported.