

Paid Hush Fund, LaRue Tells Jury

By Bob Woodward and Carl Bernstein
Washington Post Staff Writers

Frederick C. LaRue, a top campaign aide to former Attorney General John N. Mitchell, has stated that he paid about \$250,000 in cash to the Watergate conspirators for their silence, according to government sources.

LaRue's statement implicates Mitchell, Herbert W. Kalmbach, who was then the President's personal attorney, and John W. Dean III, then the President's White House counsel, in the payoff scheme, the sources said. Kalmbach is no longer the President's lawyer and Dean has been fired from his position.

LaRue, the sources said, has testified to the Watergate grand jury that he delivered about \$200,000 in cash to Watergate conspirator E. Howard Hunt Jr. and his attorney, William O. Bittman; another \$25,000 to the four Miami defendants in the Watergate case and another \$20,000 to \$25,000 to Peter Maroulis, the attorney for Watergate conspirator G. Gordon Liddy.

The \$200,000 delivered to Hunt and Bittman was apparently also for distribution to the other Watergate conspirators, according to the sources.

Bittman reportedly received three or four sealed envelopes for delivery to Hunt and has said that he did not know that the envelopes contained money.

It has previously been reported that Hunt's wife, Dorothy Hunt, was the intermediary who supplied Watergate conspirator James W. McCord Jr. and the four Miami defendants with cash payments prior to her death in a Chicago plane crash in December.

LaRue testified that he

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sent the money to the conspirators or their attorneys on about seven or eight occasions by messenger from his office at the Committee for the Re-election of the President, the sources said.

The first payments, according to the account of LaRue's testimony, were made in July, just weeks after the June 17 arrests in the Democrats' Watergate headquarters. The money then came from an \$80,500 cash campaign fund, which LaRue testified he received from former Commerce Secretary Maurice H. Stans, the chief Nixon fund-raiser, and former Nixon campaign treasurer Hugh W. Sloan Jr.

Stans and Sloan were not aware of the use of the cash campaign funds, according to government sources.

In addition, the sources said, LaRue later drew payoff money from a \$350,000 cash fund that was turned over to him by the White House after the November presidential election.

That \$350,000 was raised for the President's re-election and kept in the White House from about April, 1972, to November, 1972 on orders of former White House chief of staff H. R. (Bob) Haldeman, the sources said.

Kalmbach had previously told the General Accounting Office that he raised at least \$210,000 last summer for distribution to the Watergate defendants and their attorneys.

LaRue's \$250,000 and Kalmbach's \$210,000 mean that at least \$460,000 was spent on the Watergate cover-up.

According to the sources, LaRue testified that most of the payments were approved by Dean and that at least on one occasion a payment was approved by Mitchell.

LaRue, Mitchell, Kalmbach, and Dean are under investigation for obstructing justice in the initial Watergate probe last year. Reliable sources said that the prosecutors have sufficient evidence to indict LaRue, Mitchell, Dean and others in the case.

According to the sources, LaRue expects to be indicted on fewer charges or receive a lighter sentence in exchange for his testimony and cooperation with the investigation. LaRue has dealt with the prosecuting team headed by Principal Assistant U.S. Attorney Earl J. Silbert.

Former U.S. Solicitor General Archibald Cox is now the special prosecutor in the case, and he made it clear yesterday that all decisions about indictments, theory of prosecution and immunity will be made by him.

In addition to LaRue, the sources have previously reported that former deputy Nixon campaign manager Jeb Stuart Magruder has told federal investigators all he knows about the case in the hopes that he will receive favorable treatment.

At the same time, it has been learned that the original Watergate prosecutors, who had been skeptical of attempts by John Dean to gain immunity, now feel that Dean has valuable information to offer and they are trying to secure his testimony.

On the basis of at least six secret meetings with Dean, the prosecutors have offered to permit him to plead

guilty to only one criminal charge in return for cooperation in the case, according to Justice Department sources.

Dean, who has been holding out for full immunity from prosecution, has not responded to the offer, apparently because he believes that a decision on his immunity will be made by Special Prosecutor Cox, not the original team.

Most of the information received from Dean deals with his own role in the case and that of former presidential deputies H. R. Halde- man and John D. Ehrlich- man, the sources said.

That information includes the initial tip that led to the discovery of the break-in at the office of Daniel Ells- berg's psychiatrist and the destruction of Watergate evi- dence by former acting FBI Director L. Patrick Gray III.

In addition to such spe- cific information, Justice Department sources said, Dean has provided the Watergate prosecutors with a general outline of his deal- ings with President Nixon in regard to the Watergate case.