

Mexico Connection Conflicts

White House Intervention in Probe Unexplained

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The Watergate scandal's "Mexican Connection" was a major concern of the White House, President Nixon included, on June 23, 1972—only six days after the political sabotage plot was first exposed.

That day the White House directed an inquiry into whether the Central Intelligence Agency was implicated in Watergate. Then, over the next two weeks, White House officials

sought to convince the CIA it was involved in the case.

The date, June 23, is a significant one. It was a Friday of exceptional arrivals and departures in the office of White House domestic adviser John D. Ehrlichman. The meetings involved the President, his two principal deputies, the top two officials of the CIA, the acting head of the FBI and a key man in Mr. Nixon's campaign financing apparatus.

It was also on that Friday, in a routine bond hearing

for Watergate conspirator Bernard Barker in District Court, that the first incriminating link between the burglary team and the Committee for the Re-election of the President had begun to emerge. That tie-in was the low-keyed disclosure by Watergate prosecutor Earl J. Silbert that Barker had cashed \$89,000 in checks. They were payable to a Mexico City attorney, Manuel Ogarrio.

That same Friday, after See CONNECTION, A16, Col. 1

CONNECTION, From A1

CIA Director Richard M. Helms and his deputy, Gen. Vernon Walters, had left Ehrlichman's office, another visitor came to see the White House adviser—in a state of alarm.

It was Hugh Sloan Jr., the President's campaign treasurer, who started to tell Ehrlichman of his apprehensions about the Watergate arrests: "I think I got as far as saying there were funds that I did not know where they went, that there might be a connection with the situation. He told me to go no further, he didn't want any of the details. . . I said, 'I just want you to know there is a problem over there and he said his position was that he would have to take executive privilege until after the election in any case'."

Subject of Conflict

What transpired within the White House last June 23 has become the subject of "very substantial conflict," as Sen. John J. McClellan (D-Ark.) put it, in the sworn testimony of most of the participants in the tangled events of that day.

They were not petty contradictions among second-echelon bureaucrats. The disputed versions of events involved the President, his chief of staff, his domestic counselor, the head of the CIA and the acting director of the FBI.

At the heart of the conflicting assertions lies the question of why the White House became so profoundly involved in what its press spokesman was then calling a "third-rate burglary" and chose to intervene in what would seem to be a routine FBI investigation of a burglary suspect's bank account.

President Nixon has stated that his worry in those early days of the unfolding Watergate scandal was the FBI investigation might "expose either an unrelated covert operation of the CIA or the activities of the White House special investigation unit." It was for this reason that he asked his chief of staff, H. R. (Bob) Haldeman, to set up the June 23 meeting with the CIA.

"The President was especially concerned about agency (CIA) activities in Mexico which might be disclosed," Ehrlichman told a

Senate committee in sworn testimony last Wednesday.

The nature of Mr. Nixon's anxiety is still perplexing to investigating senators and congressmen who have heard the testimony of all principal parties to the dispute.

Assurances Given

For the man who could speak most authoritatively on the matter that concerned the President, the then-CIA Director Richard M. Helms, had told acting FBI director L. Patrick Gray III the day prior to the June 23 meeting that no CIA activities would be compromised by the FBI inquiry in Mexico. Helms repeated his conclusion at the meeting with Haldeman and Ehrlichman and informed them of his conversation with Gray the day before.

Despite the assurances of the CIA Director, who normally reports to the President through National Security Adviser Henry Kissinger, Walters was ordered by Haldeman and Ehrlichman to see Gray immediately and give him this message: "Further enquiries into the Mexican aspects of this matter might jeopardize some of the CIA covert activities in that area." Walters complied, according to his testimony, but upon further checking with Helms was again told there was no basis for such an assertion.

Proposals by Dean

Nonetheless, in the ensuing week the White House—this time Presidential counsel John Dean—summoned Walters in three times, June 26, 27 and 28, and submitted an extraordinary series of proposals, Walters has testified. Ehrlichman, he said, personally sanctioned the sessions with Dean.

Here, in Walters' words, was the gist of these contacts:

June 26: "I informed Dean that I had checked carefully to see whether there was any jeopardy to the agency's sources by a further investigation of the Mexican sources of this matter and found there was none. Dean then asked whether the CIA might have taken part in the Watergate episode without my knowing it. I said this was not possible . . . He asked whether there was not some way in which the agency might have been involved. I said I had checked with Director Helms and was convinced it was not . . .

He asked whether I had any ideas on what might be done and I replied that those responsible should be fired. He seemed disappointed and I left."

June 27: "The following day I saw Dean again in his office at his request. He again reviewed the Watergate case, saying that some witnesses were getting scared and were 'wobbling'. I said that no matter how scared they got, they could not involve CIA because it was not involved in the bugging of the Watergate. He then asked if the CIA could not furnish bail and pay the suspects' salaries while they were in jail, using covert action funds for this purpose. I replied that this was out of the question . . . I would resign rather than do this and if ordered to do it, I would ask to see the President . . ."

June 28: "Again Dean sent for me on the 28th of June, and I saw him at his office at 11:30 that day. He inquired whether I had learned anything more about CIA involvement. I replied that there was no involvement of the agency in the bugging of the Watergate . . ."

Haldeman, Ehrlichman and also the President disclaimed any knowledge of the substance of the Walters-Dean conversations. Ehrlichman, who gave Walters the go-ahead to see Dean, later testified that he understood Dean had made "improper" suggestions. Haldeman said he didn't think there was any "direct connection" between the June 23 meeting and the three contacts between Walters and Dean in the White House.

Nixon Statement

The President said he had apparently suspected "incorrectly" that there had been a CIA involvement. He said he neither authorized nor was aware of any "fundraising" for Watergate defendants, the proposal Walters imputed to Dean.

On July 5—some two weeks after Helms had told Haldeman and Ehrlichman the CIA had no interests at stake in the Watergate investigation—Gray called Walters. The acting FBI Director, said Walters, maintained that "he could not stop further investigation of the Mexican aspects of this matter unless he had a formal letter from the director

of CIA or me asking him to do this."

The next day the two men met in Gray's office. Walters reiterated his position. "I said that I felt that attempts to cover this up or to implicate the CIA or FBI would be detrimental to their integrity and a disservice to the President and the country," Walters testified.

He renewed his threat to resign. Gray said he shared Walters' views "regarding the importance of the integrity of our agencies and he, too, was prepared to resign on this issue," according to the general's account.

The obvious question is why Gray felt obliged, as late as July 5, to seek "a formal letter" from the CIA that would permit him to close off the FBI investigation in Mexico.

It is a question that federal investigators are now examining in their efforts to determine whether White House activities after the break-in constituted a deliberate effort to cover up the Watergate trail. "It is not that Gray is our target," said one knowledgeable government investigator. "We are looking into the entire pattern of relationships among all the persons involved."

In his May 22 statement, the President took pains to affirm that "it is not my intention to place a national security 'cover' on Watergate."

But stripping away the issue of CIA complicity or threatened exposure, the Mexican aspect of the Watergate investigation boils down to one specific matter. It was the channeling through Mexico of an

alleged \$100,000 corporate contribution from the Gulf Resources and Chemical Corp. of Houston to the Nixon Re-election Committee on April 3, 1972.

The money, according to the testimony of federal investigators, passed from a Mexican subsidiary of Gulf Resources into the account of attorney Ogarrio, who is 82 and dying of cancer.

Day Before Law

Ogarrio passed the money back to Houston in the form of four bank drafts totalling \$89,000 and \$11,000 in cash. These funds were rushed in an oil executive's suitcase from Houston to Washington where it merged again in the accounts of the Nixon Re-Election Committee on April 6—a day before the new election fund disclosure law went into effect.

The money represented a potential problem. Corporate contributions are illegal and well-disguised as they were, the Mexican funds did originate from Gulf Western. This question is now being investigated by a federal grand jury in Houston.

Maurice Stans, chief Nixon fund-raiser, and his treasurer, Hugh Sloan, said the Mexican checks were given to convicted Watergate conspirator G. Gordon Liddy, then counsel to the campaign finance committee. Liddy, in turn, gave them to Barker to be cashed.

Barker sent the cash back to Washington but the checks of Ogarrio and also a separate \$25,000 check from GOP fund-raiser Kenneth Dahlberg, also provided by Liddy, left their telltale photostatic prints in Barker's Miami bank account. The

FBI learned of the checks in a routine examination of Barker's account after his arrest in the Watergate break-in.

Watergate prosecutor Silbert recalls receiving teletype notification of the Mexican checks from the FBI on Thursday, June 22. This was the same day that CIA Director Helms was assuring FBI Director Gray his agency feared no embarrassment from an extension of the Watergate investigation into Mexico.

At this point the next step in the FBI investigation was obvious. It was to have its agents in Mexico City talk to Ogarrio, who knew the story of the contribution. The man who knew the full story in the President's campaign entourage was Gordon Liddy. It was known, at least in part, by Hugh Sloan, as well, perhaps, as Stans.

(Stans had previously warned Sloan about pursuing the details of another Liddy financial transaction: "I don't know and you don't want to know . . .")

The evidence suggests that Patrick Gray knew something, too, about the origin of the Barker funds. As Haldeman testified Thursday, "John Dean had reported to me that the FBI had requested guidance regarding some aspects of the Watergate investigation, and I advised the President of Mr. Dean's report."

Gray Principal Link

Dean's principal link with the FBI was Gray. Gray's own records show that he met face-to-face with Dean June 21 and 22 to discuss "interview of White House

personnel." They had phone conversations June 21, 22 and 23—two of them concerning "leaks" of FBI information.

It was Dean who, after the meeting of June 23, became the chief White House persuader in efforts to implicate the CIA in the Watergate case, according to the testimony of Walters.

The question of what sort of "guidance"—as Haldeman described it—Gray was seeking from the White House immediately after the break-in is central to the current federal investigation of these events, according to one highly placed official.

As Ehrlichman put it, in his testimony to a Senate Appropriations subcommittee, "Mr. Gray had some leads, and had interviews which had to be made in Mexico. And he was concerned . . . There was a concern at the time by Mr. Gray as to whether he ought to contact Mexican lawyers for interviews and people of that kind."

Gray expressed that concern, said Ehrlichman, "probably to John Dean."

The FBI did not interview Mexico City lawyer Ogarrio until July 10—more than two weeks after agents found his name as the payee of the cashier's checks in the bank account of Watergate conspirator Barker. The interview was not conducted until four days after the CIA said for the last time it would not participate in any scheme to shut off the FBI's Mexican investigation.

When the interview was finally conducted, the FBI learned that the \$100,000 contribution to the Nixon

re-election committee came from an American corporation, Gulf Resources. (Corporate contributions to presidential campaigns are illegal.)

The Mexican connection surfaced with no apparent impact on national security. The grand jury in Houston is conducting a full-scale investigation of the transaction without that issue having been invoked.

Not only was the CIA not involved but it had to resist White House importunings to become entangled in a cover-up almost to the point of protest resignations, if Gen. Walters is to be believed. His testimony on this point remains unchallenged.

The Mexican connection represented a threat only to the White House and the President's campaign organization. In the perspective of that first post-Watergate week it was one of the most incriminating links between the Watergate conspirators and the President's men.