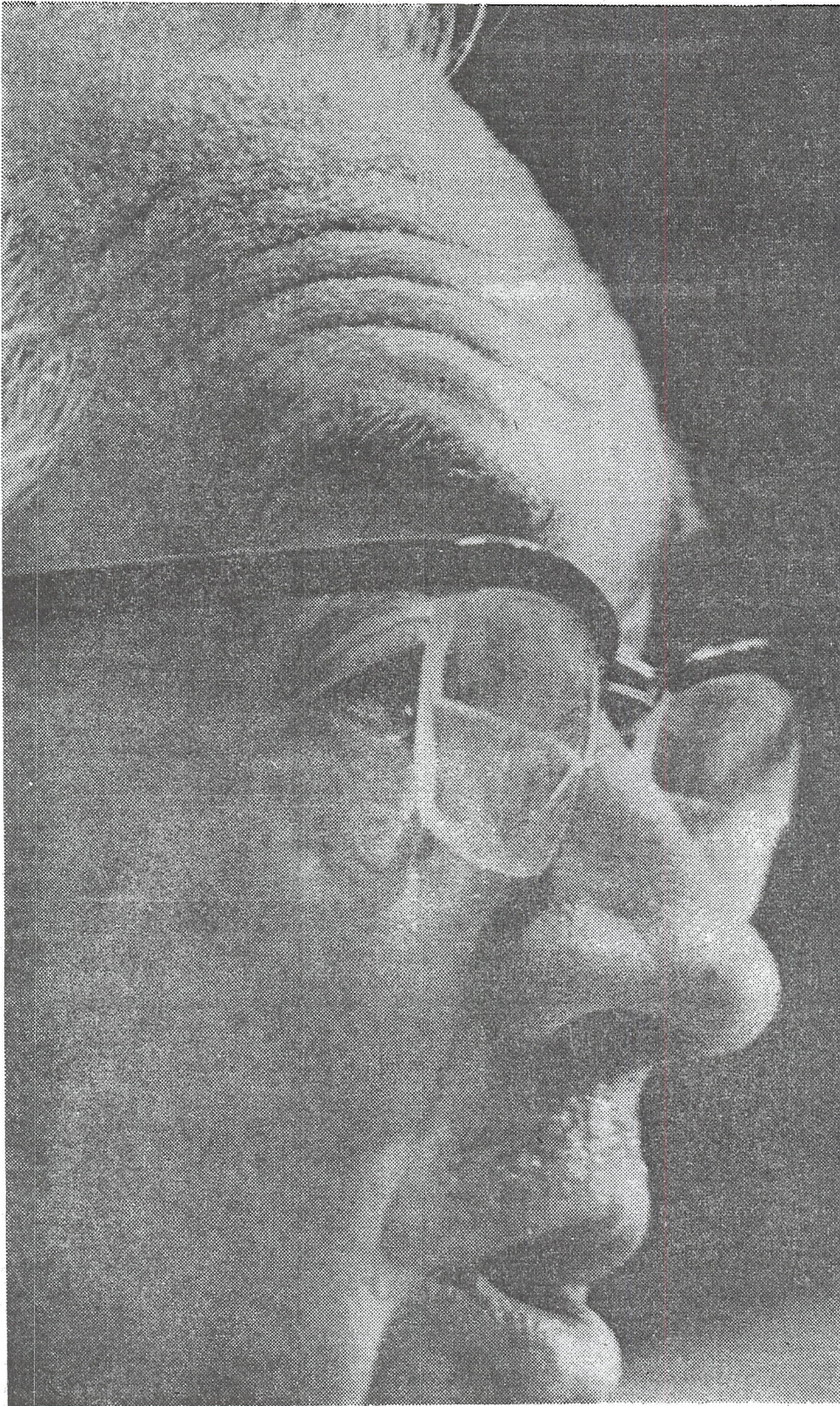


Stans: 'I Had No Knowledge



Associated Press

Former Commerce Secretary Maurice H. Stans testifies on finances of Nixon campaign.

Here is the text of the prepared opening statement that Maurice H. Stans, former Secretary of Commerce and chairman of the Finance Committee to Re-Elect the President, read to the Senate select Watergate committee yesterday:

At the outset, may I state that I am very sorry that the circumstances of my appearance have made it necessary for my counsel to raise legal points in order to protect my right of fair trial in New York. I personally would have much preferred it if I had been able to testify without any need to protect myself in the pending criminal action, in which I feel that in the setting of a fair and impartial trial I would be exonerated.

However, I want to assure you now that I will do my very best to be helpful to the committee in my testimony . . .

I have cooperated with your staff prior to my appearance here today, just as I intend to do fully with the committee here now. My sense of integrity compels me to do so.

In the past, I have refrained from answering in a piece-meal fashion various questions which have been raised by the media concerning the presidential campaign and other related matters. For that I have been highly criticized. But I felt that it was better if I could answer these questions before an appropriate forum in the setting and perspective of the overall situation. This would enable me to give a complete picture rather than a piece-meal response, and this is what I hope to do today, to the extent I am able. This may help resolve some questions as to which there has been a minimum of understanding and much erroneous public information.

Next, let me say that I have cooperated fully with every official agency that has sought information from me. I have met twice with the staff of this Committee, once with the staff of the House Banking and Currency Committee, have had

of Watergate Break-In...'

three meetings with the FBI and at least six with the General Accounting Office. have given a deposition to the Assistant United States Attorney in Washington, and have met with the Assistant United States Attorney in New York and twice testified before a New York Grand Jury. All of this has been voluntary. I have also testified several times by deposition in civil suits and once in a Florida criminal case.

Also, during all the investigations which have commenced since June 17, 1972, I have instructed all Finance Committee personnel to cooperate fully and candidly. The reported testimony of Hugh Sloan Jr., Paul Barrick, Judy Hoback, Evelyn Hyde and Arden Chambers is evidence that this is being done. I am convinced that none of these persons had a part in Watergate or subsequent events. However, as will come out Mr. Sloan's recollections and mine may differ in a few respects. This is obviously attributable to the passage of time, the pressures of events at the time and subjective recall. Just as he has given you his best recollection, I will give you mine, on the various financial matters. On the major issue, that of involvement in the Watergate matter, I am satisfied that he is completely innocent.

It is my understanding that the (Senate) committee is probing three matters on which it might assume that I have some knowledge—the espionage charges, including the Watergate bugging, and the cover-up that allegedly followed; the sabotage charges, including the Segretti operation; and the handling of campaign finances. On these three matters I would like to state:

(1) I had no knowledge of the Watergate break-in or any other espionage efforts before I read about them in the press, or of the efforts to cover up after the event.

(2) I had no knowledge of any sabotage program to disrupt the campaign by Segretti or anyone else.

(3) To the best of my knowledge, there were no intentional violations of the laws relating to campaign financing by the finance committees for which I had responsibility. Because of the complexity of the new law that became effective in the course of the campaign, and the vast amount of work that had to be done, there may have been some unintended technical violations by the Committee.

What I want particularly to stress in this opening statement is the fact that this (Senate) committee cannot effectively evaluate the work of the Finance Committee or my own activities without having in mind four fundamental distinctions:

(1) The distinction between the functions and ac-

tivities of the Campaign Committee and the functions and activities of the Finance Committee.

(2) The distinction between the election financing law which expired on April 6, 1972, and the new election financing law which was effective on April 7, 1972.

(3) Within the Finance Committee, the distinction between the functions and activities of the chairman and the functions and activities of the treasurer.

(4) The activities of the Finance Committee before I joined it on February 15, 1972, and the activities of that committee after February 15, 1972.

By the campaign committee I mean, of course, the Committee for the Re-Election of the President. By the Finance Committee I mean the Finance Committee for the Re-Election of the President and its predecessors up to April 6, 1972, and the Finance Committee to Re-Elect the President beginning April 7, 1972 (together with their associated committees in each time frame).

During the time of my affiliation with the Finance Committee as its chairman, the treasurer was Hugh Sloan Jr., until July 15, 1972, and thereafter the treasurer was Paul E. Barrick. I shall refer to the treasurer as though it were the same individual, letting the time period identify which of these persons it relates to.

The Campaign Committee had all of the responsibility for the planning of the campaign, the development of its strategy and the execution of its tactics. The questions of how many people to employ, the efforts to be expended in each state, the determination of the relative use of direct mail, personal solicitation and media advertising, the kinds of appeals to voters, and the entire gamut of the political effort was developed, organized, managed and conducted by the Campaign Committee. In effect, these decisions fixed the amount the campaign would cost.

The Finance Committee had no part in any of these basic decisions. The role of the Finance Committee was directed toward a single objective—to raise enough money to pay the bills. The Finance Committee had nothing to say about which bills to incur.

Under the arrangements in effect, the Finance Committee paid any bill or made any payment which bore the approval of an appropriate official of the Campaign Committee.

The Campaign Committee was supposed to see that the amounts it okayed were within the limits of an approved budget. It turned out that the controls did not work as they were intended, and spending overran the budget by more than \$8 million.

In practical terms, the two committees operated in watertight compartments. They were physically separated on different floors. The Campaign Committee ran the campaign and created the debts; the Finance Committee raised the money and paid the bills.

There was only one forum for the exchange of opinions with respect to campaign spending, and that was the Budget Committee. The Budget Committee consisted of three officials of the Campaign Committee and three officials of the Finance Committee. Formal meetings of the Budget Committee with recorded minutes did not take place until after Labor Day, 1972. A number of informal meetings on budget matters were held before that, but most of those centered on the overall amount of funding at the national and state levels.

The meetings of the Budget Committee were not in my opinion very effective. Each one opened by me with a general statement of the current cash position and the expectations of future contributions, which until the last few days of the campaign never equalled the expended

spending. I pressed continuously for reductions in overall spending, but the actual trend was constantly upward. At times the meetings became bitter, and I walked out of one meeting at which I thought there was no understanding of the difficulties of fund-raising on the part of those who were doing the spending. The budget grew to \$40 million, then \$43 million, and ended up in excess of \$50 million. A late surge of contributions, as a result of effective organization we had built across the country, made it possible for us to end up with a surplus.

Prior to April 7, 1972, the controlling law on candidates for federal office was the Corrupt Practices Act enacted in 1925. This Act made a major distinction between fund-raising for a candidate to secure a nomination (through primaries or conventions) and fund-raising in a general election. There was no reporting required of any kind on contributions and expenditures to secure a nomination. There was a requirement that contributions and expenditures in a general election be reported to the clerk of the House.

The Federal Election Campaign Act of 1971, which became effective April 7, 1972, changed that by eliminating entirely the distinction between a campaign for nomination and a campaign for election. It required that all contributions and expenditures in any political campaign be reported. Although the bill was signed by the President on February 7, it did not become effective until April 7 because

the Congress specifically allowed 60 extra days for operation under the old law.

The distinction between election financing and nomination financing had existed for almost 50 years, and countless candidates for the presidency, the Senate and the House of Representatives had observed the requirements of the one and the exemption of the other.

In 1972, candidates for such offices in both political parties formed finance committees that did not have to publish or file their transactions prior to April 7, and organized new reporting committees after that date. In the President's campaign, a Finance Committee for the Re-Election of the President had been created solely to raise funds for the *renomination*, and this committee terminated its activities on April 6; it was not under the law required to file reports. A new Finance Committee to Re-Elect the President was created to operate beginning April 7, and it has filed all public reports required by the new law.

We readily acknowledge that our fund-raising operated under the old law until April 7, 1972. Under this law the fact that contributions need not be reported gave the committee and its contributors a right of confidentiality.

The issue of confidentiality versus disclosure of such information has never been fairly presented to the public. It has been made to appear that the committee engaged in secret, thereby concealed and suspect, transactions which would not have occurred had they been required to be disclosed. That is not true. The transactions were valid and proper and the question of whether they were to be reported was a question of law that involved important rights of individuals.

The Committee's position all along has been that non-disclosure created no advantage to it, but that privacy was a right of the contributor which the committee could not properly waive. The right to live without undue intrusion is a long-respected benefit of the American system. Therefore, the committee did not release the names of contributors before April 7. It has never objected to any contributor disclosing his contribution. And on one occasion, just before the election, the com-

mittee released a list of such contributions only after consulting with those making the larger gifts.

Much has also been made of the fact that a few records of the committee before April 7 were destroyed. The fact is that the very large part of such records has been preserved, and the committee believes that the others can be reconstructed if needed. But the important point is that there was no illegal act in throwing away any of these records, and even those that were re-

tained could have been disposed of. Not only was there no statutory requirement that records of transactions before April 7 be preserved; it was not even necessary that any recording be made at all. At least, that's what our lawyers told us at the time, and that corresponded with what we had been told in the 1968 campaign.

The Finance Committee to Re-Elect the President undertook to observe strictly all the provisions of the new law, beginning April 7, and also urged its state committees to do likewise. Systems and controls were developed to insure that would be the case. Notwithstanding this, there have been a few instances in which the committee has been cited by the General Accounting Office and the Department of Justice for failure to report transactions which occurred after April 7. The committee believes that it has valid explanations for this small number of technical violations, and in at one instance, the Department of Justice has ruled in favor of the committee. Considering the hundreds of thousands of contributions received and bills paid its record of operation under a new and highly complex law should be commended rather than criticized.

As chairman of the committee, I had a personal responsibility for overall coordination of its activities. The principal vehicle in this respect was a daily staff meeting attended by the treasurer, the controller, the general counsel, and several vice chairmen working in Washington.

But without doubt, my prime personal responsibility was to raise the money required to finance the campaign, and that occupied almost all of my time and attention. Between Feb. 15 and Nov. 7, 1972, I visited approximately 45 cities in 32 states to meet with fund-of potential contributors, and individual potential contributors. I also met with individuals and groups in Washington and made many hundreds of phone calls to fund raisers and contributors. And this was not a campaign financed by a few large contributors.

To insure participation by hundreds of thousands of individuals, I directed a direct mail program that reached 30 million homes and a group fund-raising plan to reach people at their places of employment. These took a great deal of time.

As chairman of the committee I had no responsibility in connection with the internal handling of funds, banking, recording, accounting and reporting. I did not sign checks. I did not expend cash from the treasurer's cash fund. I did not have a cash fund. It was my regular practice when I accepted contributions for the committee to turn them

over to the treasurer promptly. I did not have relationships with the banks. I did not make entries in the books or even see the books. And I did not prepare the public reports and did not review them except to scan their summary pages.

These were all the responsibility of the treasurer. That was not only within the working format of our committee, but was also provided under the provisions of the Federal Election Campaign Act. His was the responsibility for all day-to-day internal operations, and generally I consulted with him only when he came to

me for guidance on a specific problem, which was on a limited number of occasions.

When I joined the committee on Feb. 15, a considerable number of activities were under way and a number of people were in place. Fund-raising and campaign activities had been engaged in for almost a year. Programs had been planned or committed by the campaign people, funds had been collected and disbursed, committees had been formed and terminated, and some well-publicized transactions had already occurred.

Patterns of payment to Herbert Porter and G. Gordon Liddy were a practice. (Deputy campaign director Jeb Stuart Magruder had blanket authority to direct payments. Herbert Kalmbach (President Nixon's former personal attorney) had turned over to the committee the funds in his possession. But no steps had been taken to comply with the new law, and the procedures generally were inadequate to cope with the volume of work sure to come.

When I joined the committee, the bank balance was \$3 million, and there was still \$30 million or \$40 million or more to be raised. I did not review what had happened before but began to work with the problem at hand. I did not learn about many of the earlier transactions until a much later time. From Feb. 15 to April 7, I had 45 working days, and 13 of these were spent outside Washington.

It was not a period in which I could spend time detail. I trusted the people already in the committee organization, and relied heavily on the treasurer because of his previous experience in 1968 and 1971. I was after contributions.

What I would like to emerge from all of this information are a few simple conclusions:

(1) The Finance Committee played no part in the strategy or the tactics of the campaign. Its only responsibility was to raise enough money to pay the costs that were incurred by the Campaign Committee.

(2) The finance committees in existence prior to April 7, 1972, operated under legal advice that their transactions need not be recorded or reported, as a matter of law.

(3) Within the Finance Committee, the chairman's basic job was to raise the money and the treasurer's basic job was to account for it and disburse it.

(4) The responsibility of raising the largest amount ever spent in a political campaign obviously put massive pressures on the Finance Committee, particularly those engaged in fund-raising. In my own case, too, the stress was multiplied many fold by the serious illness of my wife, beginning Aug. 9 and continuing into early 1973.

I repeat to you that I had no advance knowledge of the Watergate affair and no knowledge of any efforts that may have been made to cover it up, nor do I know about any other espionage or sabotage activities on the part of the Campaign Committee. I can also assure the committee that I have made an honest and careful effort to abide by the spirit and intent of the election laws.

Channel 9 to Carry Hearings at 10 a.m.

The Senate Watergate hearings will be televised live today, beginning at 10 a.m. on Channel 9, WTOP-TV.

Channel 26, WETA-TV will rebroadcast the hearings at 8 p.m.

Maurice Stans, former Commerce Secretary and President Nixon's chief fund-raiser, will continue to testify today. Jeb Stuart Magruder, former deputy chairman of the Nixon campaign, is scheduled to testify after Stans.