

Two Senators Attack Stans at Hearing For Denying Knowledge of Fund Deals

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WASHINGTON, June 13—The Senate Watergate committee gave Maurice H. Stans, President Nixon's finance chairman, an extended pounding today over his professed ignorance of key financial transactions and for his actions as a fund-raiser in last year's campaign.

Senators Sam J. Ervin Jr. of North Carolina and Herman E. Talmadge of Georgia, both Democrats, led the attack on Mr. Stans.

The interrogation, by far the toughest in 10 days of hearings, failed to shake the testimony of the former Secretary of Commerce but did lead to the

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committee's first partisan clash in public.

Senator Edward J. Gurney of Florida, a Republican regarded as probably the Administration's only stalwart on the panel, charged that Mr. Ervin, the chairman, had harassed Mr. Stans.

"I'm just an old country lawyer, and I don't know the finer ways to do it," Senator Ervin replied, his face beaming. "I just have to do it my way."

The spectators applauded until he gavelled for order.

The committee's examination of Mr. Stans, who began his

testimony yesterday, dealt directly for the first time with a series of major questions that had been asked almost from the beginning of the Watergate scandal.

One of these, taken up by Mr. Talmadge, was whether Mr. Stans, as one of the nation's foremost accountants, would have allowed hundreds of thousands of dollars in Nixon campaign funds to be spent loosely.

Another, raised by Mr. Ervin, was whether Mr. Stans had acted properly in striving to conceal the identities of contributors to the President's campaign, and whether he had

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engaged in "laundering" some of those funds.

The former Secretary of Commerce appeared before the committee under protest because he is facing trial in New York this fall over a \$200,000 campaign contribution by Robert L. Vesco, a financier.

A Federal grand jury has indicted Mr. Stans for perjury, conspiracy to defraud the United States and conspiracy to obstruct justice. Mr. Vesco, at the time of his contribution, was under investigation by the Securities and Exchange Commission.

Mr. Stans, a careful and occasionally wordy witness, appeared today wearing cufflinks and a tie clasp bearing the Presidential seal. He was accompanied again by three lawyers.

The questions did not seem to ruffle him, although occasionally he seemed offended and fiddled nervously with a paper clip. He regularly referred to papers on the table before him.

Senator Talmadge began by noting that the witness's career had been "one of the most remarkable success stories" in the nation's history. He traced it as follows:

"... Humble origins, a hard-working young man, Certified Public Accountant at the age of 23 years, highly successful businessman, Secretary of Commerce, director of the Bureau of the Budget and finally the most effective money raiser for any political campaign in the history of the country."

Mr. Talmadge asked whether Mr. Stans had ever asked "why staff members such as Mr. Liddy and Mr. Porter [and] Mr. Magruder were drawing off large sums of money [in cash from re-election committee safes]."

G. Gordon Liddy convicted of participating in the plot to spy on the Democrats last year, reportedly received a total of \$235,000.

Jeb Stuart Magruder, then deputy director of the Nixon campaign, reportedly obtained \$20,000 and approved the disbursements to Liddy.

Herbert L. Porter, former scheduling director at the re-election committee, took \$100,000, according to one account — somewhat less, according to his own — and passed part of it to Liddy.

Mr. Stans said that he had not known about the Magruder money at the time it was taken, that he thought the Liddy payments had been "relatively small" and that he had been unaware of some of the Porter payments.

Stans Was 'Surprised'

"Didn't it seem rather incongruous that Mr. Liddy, your general counsel with whom you met daily, could take large sums of money and not report the use of it?" Senator Talmadge asked.

Mr. Stans said that Liddy was accountable not to him but to the campaign treasurer, Hugh W. Sloan Jr., and that he "was as surprised as many other people" when he learned of the amount the conspirator had received.

When Mr. Sloan informed Mr. Stans of alleged efforts by Mr. Magruder to play down the amounts paid to Liddy, Senator Talmadge asked, "did not that raise suspicions in your mind as a possible illegal or unethical use of the money" that was being disbursed?

Actually, the witness replied, the suspicions began earlier, on June 28, when Liddy was dismissed by the Finance Committee to Re-elect the President for refusing to answer questions put to him by the Federal Bureau of Investigation

Yesterday, Mr. Stans said that he had been so busy raising money that he had had little time for details in the campaign. Mr. Talmadge showed him a memorandum in which Mr. Stans discussed bumper strips, lapel pins and other paraphernalia.

Mr. Stans said that he did not consider the items details. Senator Talmadge seemed angry when he pointed to a chart disclosing the amount of cash disbursements.

"Why would you consider going into the matter of bumper

strips and banners and pins and jewelry and so forth, and there on that board is over a million dollars in cash disbursements unaccounted for?" he asked.

"I did not get the question, Senator," Mr. Stans said. There was laughter in the audience.

"... You are considered to be one of the most able certified accountants in America—why did you worry about bumper strips instead of those funds?" Mr. Talmadge asked.

The witness called this question "argumentative," but he said that accounting for such items was important under a new law but that much of the cash had been disbursed before the law required accounting for it.

The Senator concluded his questioning by saying that it was "literally inconceivable" that Mr. Stans could have failed to worry about "large sums of cash that are being disbursed by these people for unknown causes."

"I worried about all these things," Mr. Stans said.

After a two-hour luncheon recess, Senator Ervin took up the attack. Almost immediately, he began to press Mr. Stans about the destruction of certain records dealing with cash transactions.

Papers Were Destroyed

Mr. Ervin was particularly interested in a report on contributions in cash and supporting documents. This exchange occurred:

SENATOR ERVIN. You did destroy it?

MR. STANS. Yes.

Q. And you swear — you are stating upon your oath — that there is no connection between the destruction of these records and the break-in of the Watergate or any fear that the press or the public might find out from these records what the truth was about these matters?

A. Well, let me speak only with respect to myself. I will say to you that there was no connection between my destruction of the summary sheets given to me by Mr. Sloan and the Watergate affair.

Q. Well, it was quite a queer coincidence, was it not?

A. I would—

Q. Rather a suspicious coincidence that the records which showed these matters were destroyed six days after the break-in at the Watergate?

A. Mr. Chairman, the adjectives are yours. . . .

Q. Don't you think it is rather suspicious?

A. No, I do not think so, Senator.

The Presidential fund-raiser said that the reason for destroying the records was "to protect the privacy, the confidentiality of the contributors on behalf of the contributors."

"Mr. Stans," Senator Ervin then asked, "was it the attitude of your committee and your attitude that the American people are not entitled to know who is making political contributions to influence the election of the President of the United States?"

The question was put in slightly different ways a number of times, with Mr. Stans saying that it was necessary to "balance one ethical principle against another: The right of privacy . . . as against the right of the public to know."

At another point, the committee chairman went into a \$50,000 disbursement by the re-election committee that was said to have been intended to make a fund-raising dinner for Vice President Agnew look better.

"In other words," Senator Ervin said, "they [the dinner's sponsors in Maryland] wanted to practice a deception on the general public as to the amount of honor that was paid to the Vice President?"

Senator Presses Issue

"Mr. Chairman," Mr. Stans said, "I am not sure this is the first time that has happened in American politics."

"You know, there has been murder and larceny in every generation, but that hasn't made murder meritorious or larceny legal," Mr. Ervin snapped.

The Senator kept at the issue,

saying, "The only purpose of the \$50,000 was to practice a deception," and Mr. Stans replied:

"So far as I know, that is exactly what was intended, and if you want to indict me for that, all right."

"Well," Mr. Ervin said, "that is almost on a moral plane in my judgment with a vote fraud—not quite, perhaps."

The committee chairman then traced the Nixon unit's effort to turn \$114,000 in checks into cash, a process that took the checks through the Miami bank account of Bernard L. Barker, one of the men arrested at the Watergate.

He asked Mr. Stans if he did not think it "queer" that the checks were not deposited in the bank that was situated in the building occupied by the Nixon headquarters.

Mr. Stans said that Liddy, acting as the re-election committee lawyer, had recommended turning the checks into cash. There was this exchange:

SENATOR ERVIN. Well, do you not call that that laundering checks [to disguise their source?]

MR. STANS. No, I do not call that laundering checks.

Q. What do you call it?

A. I call it stupidity on the part of our general counsel [Liddy].

Q. Well, the truth of it is they wanted to hide it, did they not?

A. I do not know what his judgment was. I think the only man who can tell that is Mr. Gordon Liddy, and I wish he would talk. . . .

After Senator Ervin finished, Mr. Gurney said that he had "not appreciated the harassment of this witness by the chairman. . . ." The committee, he added, "ought to act in fairness."

Seems to Misunderstand

Mr. Ervin adopted a cherubic expression and, seeming to misunderstand, replied that he had "not questioned the veracity of the witness"

"I didn't use the word veracity," Mr. Gurney said, "I used the word harassment."

"Harassment?" Senator Ervin asked, his eyebrows moving up and down.

"Harassment," Senator Gurney said, his voice rising. "H-a-r-a-s . . ." The rest of the spelling was drowned out in laughter.

"Well, I am sorry that my distinguished friend from Florida does not approve of my method of examining the witness," Mr. Ervin replied dryly. "I am an old country lawyer, and I don't know the finer ways to do it. I just have to do it my way."

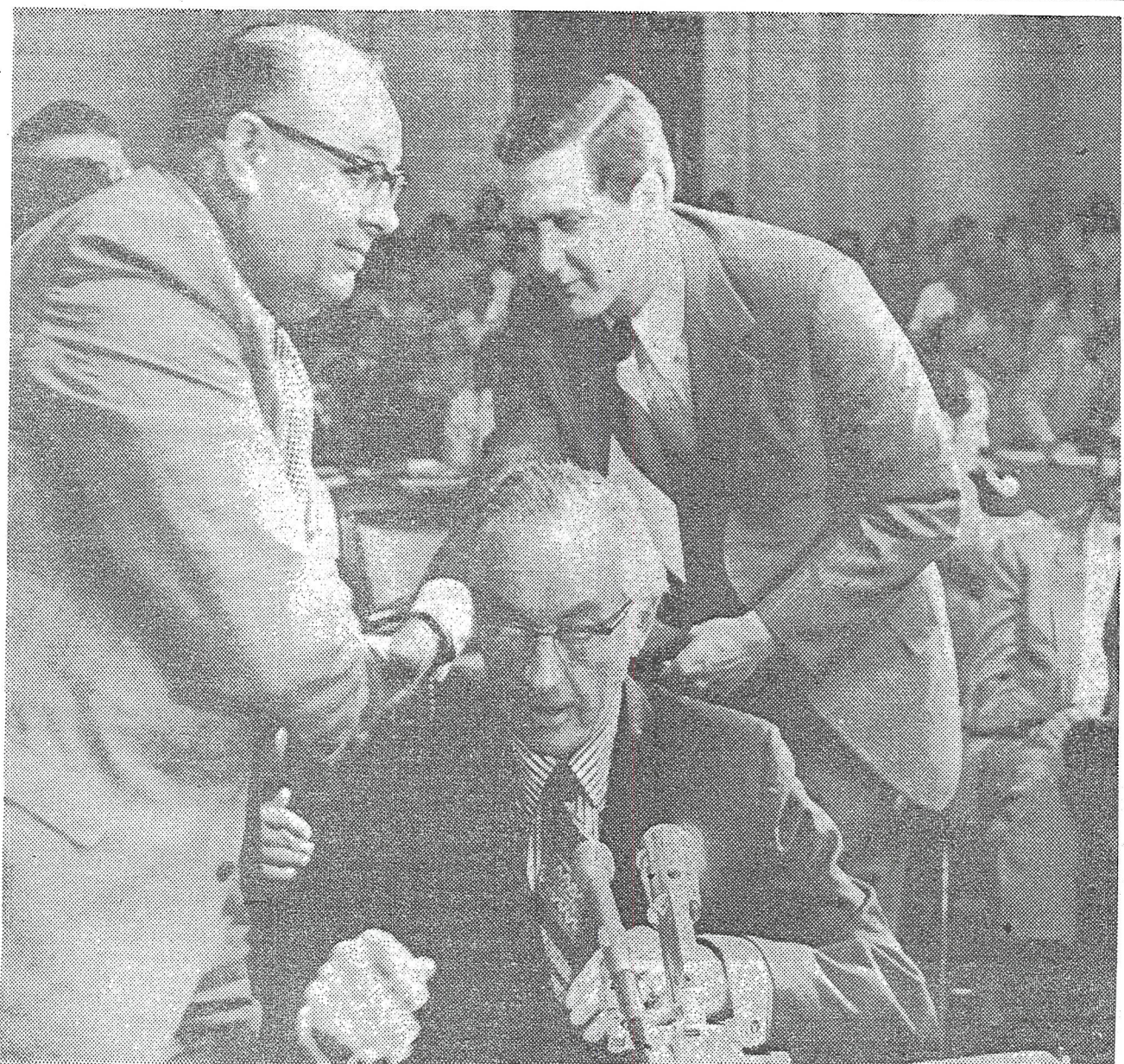
Mr. Gurney began to explain

that he had not said that he did not approve, only that he had wanted to disassociate himself from the questioning, when the audience began to applaud Mr. Ervin's statement.

At the end, Mr. Stans said in a closing statement that he was "only human, and I can only tell what I know." Contributors to the Republican campaign and others innocently paid a "horrible price" for the Watergate affair, he said, and added:

"I put myself in that category. . . . I only ask when you write your report you give me back my good name."

The committee hearings resume tomorrow, and Mr. Magruder is expected to begin testifying.



Jeb Stuart Magruder greets Robert W. Barker, left, counsel to Maurice H. Stans, seated, at Senate hearing