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# Mitchell Feared Excess Zeal In Vesco Probe, Casey Says

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While he was still Attorney General, John N. Mitchell pointedly phoned then Securities and Exchange Commission chairman William J. Casey about reports that SEC investigators were "carrying on a vendetta" against financier Robert L. Vesco.

Casey disclosed details of this and other contacts with Mitchell and former White House counsel John W. Dean III—phone calls and meetings which were inspired by the biggest fraud case the SEC has ever brought.

The investigation turned into a major Nixon administration scandal when Mitchell and chief Nixon fund raiser Maurice H. Stans were indicted in May for perjury and obstruction of justice.

Testifying before a House Commerce special investigating subcommittee, Casey enumerated three contacts with Mitchell and four with Dean, all stemming from their concern over the fraud case against Vesco.

It was the most detailed public account that Casey has given on his dealings with the two former administration officials, although his role in the obstruction of justice case was mentioned in the May indictment.

The first Mitchell call, when the "vendetta" question was raised, occurred late in 1971 or early 1972. It was prompted by SEC staff telegrams to an American embassy abroad, according to Casey.

Casey said he didn't consider the call improper since it was, as he put it, between law enforcement officials. "I didn't sympathize with the complaint," he testified.

Mitchell raised the Vesco matter with him again on April 6, 1972 while the two were having a drink in Mitchell's New York apartment, discussing the organization of President Nixon's re-election campaign.

Mitchell noted that Harry L. Sears was chairman of the New Jersey campaign, according to Casey, and the former Attorney General wanted to know if the SEC investigation could create "embarrassment" for the

Nixon campaign. Sears was later indicted with Mitchell and Vesco for attempting to obstruct justice in the Vesco case.

It was also on that date that \$250,000 was delivered to Vesco's office from the Bahamas of which \$200,000 would be donated as a secret contribution to the Nixon re-election campaign four days later, the SEC investigation disclosed.

On April 10, the day of the secret contribution, Casey said he received a phone call from Mitchell. Sears was in town, Mitchell reported, and wanted to talk to Casey about the Vesco case.

The meeting took place in Casey's office at about 4 p.m. in the presence of former SEC general counsel G. Bradford Cook. Two hours earlier, according to the indictment, \$200,000 in cash was delivered to Stans by Sears and Laurence B. Richardson, former president of the Vesco-owned International Controls Corp.

Casey did not elaborate on the meeting yesterday but said that he met with Sears subsequently in his office and in Miami after the Republican convention.

From his standpoint, said Casey, the purpose of the meeting with Sears was to "facilitate the investigation." He insisted he did not know about the \$200,000 contribution until he read about it in the newspapers.

Casey did say that Sears asked for a resolution of the fraud case in order to alleviate the damage to the company's business and stockholders. The session, said Casey, helped to "move the case forward."

The April 10 meeting between Sears and Casey was first disclosed in the indictment last May. But Casey has not previously spoken publicly about his contacts with Mitchell.

The massive fraud case against Vesco alleges that the financier and 41 other defendants looted \$224 million from four mutual funds managed by IOS Ltd., the Swiss-based financial complex Vesco acquired from mutual fund tycoon Bernard Cornfeld.

Dean's most direct intercession in the case, according to Casey's account, was a call made a week before the presidential election. The former White House counsel asked if an imminent interrogation of two Vesco employees could be deferred until after the election "to avoid a campaign smear."

"The request didn't seem unreasonable to me," Casey testified. But his staff insisted on going ahead with the questioning and Casey notified Dean he could not comply.

The indictment disclosed that Mitchell had asked Dean to "communicate with Casey" to postpone the testimony of the two employees "in order to prevent or delay disclosure by them of facts relating to the secret Vesco contribution."

Dean contacted Casey in the late summer or early fall of last year to inquire about the association of the President's nephew, Donald Nixon, with Vesco's enterprises. Casey said he told the White House counsel it could be a "potential embarrassment to the President" for young Nixon to be "visibly identified" with Vesco.

A previous call from Dean came late in 1971 when he asked Casey for a general status report on the Vesco fraud case.

In the course of his testimony yesterday Casey accused Deputy Attorney General Ralph Erickson of having lied to the committee in denying that the Justice Department had requested transfer of politically sensi-

tive documents from the SEC to Justice last October.

The documents, most of which have been made public in congressional inquiries, describe contacts between ITT executives and high-ranking administration officials.

Casey has testified he didn't want to accede to congressional demands for the material because they could have been used to create political embarrassment for the Nixon administration just before the presidential election.

He contended that the Justice Department wanted the material. Justice Department officials maintain that they were not interested in taking custody but that Casey kept pushing it on them.

The subcommittee, headed by Rep. Harley O. Staggers (D-W.Va.), has taken secret testimony from Dean that supports the Justice Department version.

In his secret testimony Dean said that Casey pressed him to put pressure on Erickson to take the politically sensitive material. After he told Casey that Erickson did not want the documents, Dean said, the former SEC chairman exploded: "Who is this guy that won't bite and get these documents from us?"

Last October 6—a month before the election—the material was shipped from SEC to Justice by panel truck in 34 cartons.

The Justice Department's rationale was that it needed the documents in order to begin a possible obstruction of justice investigation in which former administration officials might figure.

Staggers was furious. The SEC staff had to work through the night to index the material that was being summarily removed from their files. Justice denied the documents to Congress but it was several months before there was any evidence of investigation into the obstruction of justice case.

It was not until four months after the election that the documents were released to Congress and made public by the International Telephone and Telegraph Co.