

LaRue Gives Third Version Of Meeting to Plan Bugging Payments to Seven Put at \$450,000

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Washington Post Staff Writers

Convicted Watergate cover-up conspirator Frederick C. LaRue gave the Senate select Watergate committee a third conflicting version yesterday of the crucial meeting at which former Attorney General John N. Mitchell was alleged to have approved plans to bug the Democrats' Watergate headquarters.

LaRue, a former campaign aide and personal friend of Mitchell, testified yesterday that his best recollection of the March 30, 1972, meeting was that Mitchell said, "Well, this is not something that will have to be decided at this meeting."

Another Mitchell campaign aide, Jeb Stuart Magruder, has testified that Mitchell approved the bugging plan at the meeting which took place in Key Biscayne. Mitchell testified last week that he firmly and flatly rejected the plan and told Magruder "We don't need this, I am tired of hearing it, out, let's not discuss it any further."

The bulk of yesterday's testimony by LaRue and retired New York policeman Anthony Ulasewicz concerned their roles in the elaborate scheme conceived and directed by White House and Nixon re-election committee officials to distribute approximately \$450,000 to the seven Watergate defendants and their lawyers as part of the Watergate cover-up. LaRue, 45, has pleaded guilty to a charge of conspiracy to obstruct justice for his role in the scheme.

Ulasewicz, 55, also gave a broad if not detailed description of private investigations he conducted for the White House from 1969 until the end of 1972. These investigations, according to Ulasewicz, included looking into the sexual activities, drinking habits and domestic problems of politicians and public figures. Under questioning, Ulasewicz conceded that for the salary of \$22,000 a year plus expenses he investigated allegations of "dirt for the White House."

Ulasewicz's testimony also raised strong questions about the role played by Herbert W. Kalmbach, President Nixon's personal lawyer, in the distribution of some of the \$450,000 to the Watergate defendants and their lawyers.

Kalmbach testified on Monday and Tuesday that he had accepted an assignment from White House counsel John W. Dean III, later confirmed by John D. Ehrlichman, special assistant to the President, to raise \$220,000 of the money because it was for "humanitarian" purposes—to pay legal fees and to support the families of the Watergate defendants.

Kalmbach said he stopped raising the money in September, 1972, because of the growing publicity about the Watergate affair and vague increasing "concerns" he had about the assignment. Kalmbach, who testified about only a few contacts with Ulasewicz, insisted that at the time he thought what he was doing was proper and legal.

Ulasewicz told the committee, however, that he communicated frequently in coded telephone calls with Kalmbach and that on many occasions he relayed messages to Kalmbach from the wife of Watergate conspirator E. Howard Hunt Jr. that reflected not requests for money but demands.

Finally, Ulasewicz said, he told Kalmbach, "Something here is not kosher" and they both agreed to stop their activities. Like Kalmbach, Ulasewicz insisted he believed he was doing nothing illegal at the time.

Before he stopped distributing money to the Watergate defendants and Hunt's lawyer, William O. Bittman, Ulasewicz testified that he had "discreetly" passed on about \$219,000—using phone booths, airport lockers and motel lobbies to carry out the money "drops" without being seen by the persons who picked up the money.

This money, added to the \$230,000 that LaRue said he distributed after Ulasewicz ended his activities, totals

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almost \$450,000 that the witnesses said was passed on to the Watergate defendants and their lawyers. According to testimony yesterday, Bittman alone received about \$235,000 from LaRue and Ulasewicz. Without providing details, LaRue said that Bittman passed some of the money on to others. Bittman refused to comment on the testimony yesterday.

Ulasewicz's appearance was his second before the committee. He testified last May that on orders from a former White House aide, he had called Watergate conspirator James W. McCord Jr. in January, 1973, with an offer of executive clemency if McCord remained silent about his knowledge of the Watergate affair.

Although several committee members treated Ulasewicz, a colorful, blunt-spoken person, as though he were something of a New York exotic, Sen. Lowell P. Weicker Jr. (R-Conn.) took the humor out of Ulasewicz's testimony as he questioned him about the "dirt" digging that Ulasewicz had been involved in earlier for the White House.

"A long time ago I lost my sense of humor for the kind of activities that you've described here today," Weicker told Ulasewicz. "I think what we see here is not a joke but a very great tragedy."

One of the most bizarre incidents described yesterday was the offer by Watergate conspirator G. Gordon Liddy to cooperate in his own assassination.

Liddy, LaRue testified, assured him and campaign political coordinator Robert C. Mardian during a June 21 meeting that "he (Liddy) would never reveal any information about this (the Watergate operation) in the course of any investigation, even if it led to him. But if we were not satisfied with that assurance, (and) though he was, I think, personally or morally opposed to suicide, . . . if we would instruct him to be on any street corner at any time, he would be there and we could have him assassinated."

LaRue said Liddy was not taken up on his offer. Liddy has drawn an eight-month contempt of court citation from Chief U.S. District Judge John J. Sirica for refusing to testify before the federal Watergate grand jury despite a grant of immunity. Liddy also has refused to testify before the Senate committee. He was also sentenced to a minimum of six years and eight months for his part in the Watergate break-in.

LaRue pleaded guilty three weeks ago—on June 27—to one count of conspiracy to obstruct justice after extensive negotiations with the Watergate prosecutors. He is expected to cooperate in the investigation of Special Watergate Prosecutor Archibald Cox.

LaRue's testimony yesterday was often vague and lacking in detail. Although he admitted his role in passing money to the lawyers of the Watergate defendants, LaRue said he was unable to explain why the payments were made.

LaRue told the committee that he understood that a "commitment" had been made to the Watergate defendants to pay their legal fees and support money, but LaRue insisted he did not know who had made the commitment.

A Mississippi millionaire, LaRue described himself as "self-employed," spending his time on investments and real estate ventures.

Peering across the vast committee table at LaRue, Sen. Herman E. Talmadge (D-Ga.) reminded him that a man at his station in life should have known more about the venture in which he was so freely investing funds from the President's re-election campaign.

Talmadge: How did you know where the commitments began and ended?

LaRue: Senator, I don't know where they began or ended.

Talmadge: You didn't assume that anyone who made a demand on you for attorney fees and bond and bail and living expenses was valid, did you?

LaRue: Senator, I assumed that someone had authorized or had engaged these people to undertake this operation, and I assume . . .

Talmadge: What operation?

LaRue: The break-in of the . . .

Talmadge: Who did you think did that?

LaRue: Senator, that calls for certainly a rather broad assumption on my part.

Talmadge: You made assumptions and paid out hundreds of thousands of dollars on some vague commitment.

I am trying to find out the source of that commitment.

LaRue: I can understand that, senator, but I do not know the source of that commitment.

Talmadge: Now you are a responsible businessman. I believe you stated you made your living from real estate. You know it takes two to make a contract, don't you?

LaRue: Yes, sir, I understood that.

Talmadge: You don't think you could do it unilaterally, do you?

LaRue: No, sir.

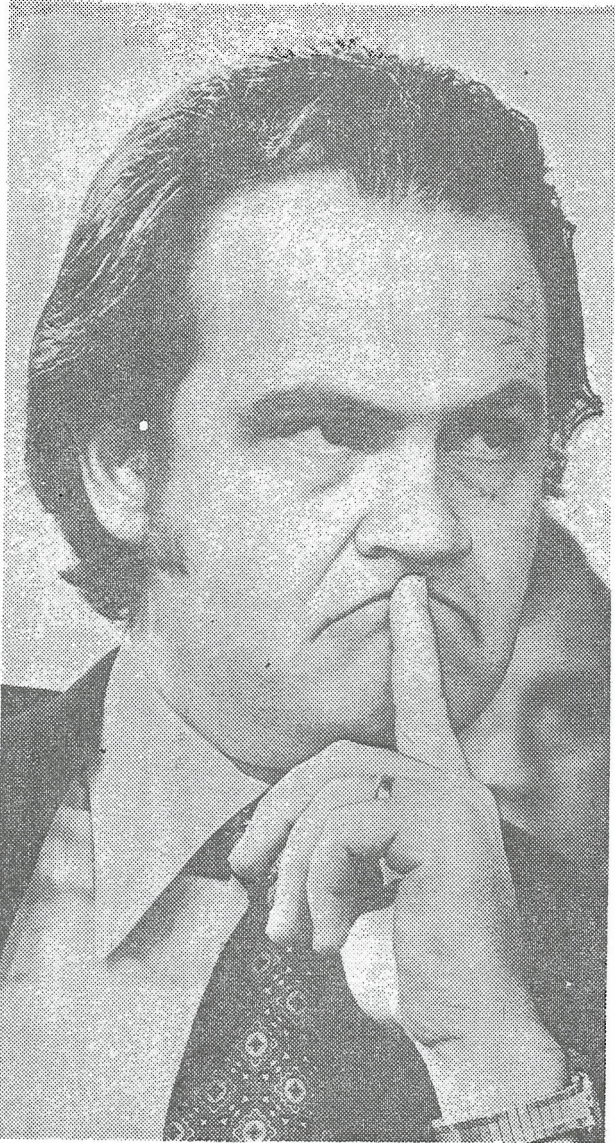
Talmadge: Weren't you acting unilaterally in that matter, without knowing the source, the sums, the amount, who made the commitment or anything about it, just some vague, hazy idea that someone somewhere made a commitment unknown to you and you were busy executing it. That is not the way you do business, is it?

LaRue: This is what happened, senator.

Talmadge: And you stand on that as a responsible businessman?

LaRue: Senator, I stand on the fact that I do not know who made these commitments.

Although LaRue's testimony concerning the March 30,



By Frank Johnston—The Washington Post

Fred Thompson, minority counsel: studious concentration.

1972, Key Biscayne meeting failed to corroborate Mitchell's assertion that he flatly rejected the bugging operation during that session with deputy Nixon campaign director Magruder, LaRue testified that he had never told Mitchell that Magruder said Mitchell had approved the project.

Minority counsel Fred Thompson asked LaRue, "You never discussed this matter with him (Mitchell) from the latter part of June, never discussed it with him at any time as to whether or not he personally had approved the plan, whether anything had happened after the meeting on March 30?"

"No, sir," LaRue replied.

"And you don't have any particular reason for doing that?" Thompson asked. "Were you afraid of the answer that you might get?"

"I just never discussed it with him, Mr. Thompson," LaRue replied.

Like Mitchell, LaRue testified that he could not recall a meeting on Jan. 19 that former White House counsel Dean said was attended by Mitchell, Dean, Kalmbach and LaRue at which Mitchell tried to get Kalmbach to raise more money for the defendants. Mitchell testified that he had no recollection of such a discussion. LaRue said he could not recall the meeting at all.

According to LaRue's testimony yesterday, the only time he ever discussed the payments to the Watergate defendants or their lawyers with Mitchell was in March, 1973, when LaRue said Dean told him that Bittman had asked for \$75,000 for attorneys' fees.

Dean, LaRue testified, "said that he was out of the money business, that he was no longer going to be involved in it and that he would not, you know, I would have to use my own judgment as to whether to make the payments or not."

LaRue said he then called Mitchell at the suggestion of Dean. Mitchell, LaRue said, asked the purpose of the payment. "I told him my understanding was that it was for attorneys' fees. He told me he felt I ought to pay it." With that advice, LaRue said, he paid Bittman the \$75,000 just prior to the March 23 sentencing of Bittman's client, Hunt, and five of the other Watergate defendants. Bittman is scheduled to testify before the Senate committee at a later date.

One source for the money that he paid out, LaRue said, was Gordon Strachan, an aide to White House chief of staff H. R. (Bob) Haldeman. LaRue said Strachan gave him \$50,000 in December, 1972, and another \$280,000 in January, 1973. These sums came from a \$350,000 fund controlled by Haldeman.

The testimony by LaRue, Ulasewicz and earlier by Kalmbach of their role in making payments to the Watergate defendants—for "humanitarian" and other reasons—was in sharp conflict with the strong assertions by officials of the Nixon re-election committee and the White House last summer and fall disavowing any connection between the defendants' illegal activities and the re-election committee.

"My conclusions," LaRue told the committee yesterday, "are that certainly, the break-in or the electronic surveillance that was conducted at the Democratic National Committee was approved at some high level, either of the Committee to Re-elect the President or the White House, that this was financed by monies from the re-election committee . . . I never thought of it in the terms of concealing it from the President," LaRue said. "I thought of it in terms of concealing it, I guess, from the public."

Yesterday morning, Ulasewicz, who delivered the first \$219,000 to the original seven Watergate defendants, told the Senate committee a tangled tale of ever-increasing demands for more money that fed a growing suspicion on his part that what he was involved in was not entirely legal.

Ulasewicz, a retired New York City policeman with a Runyonesque manner, acted as Kalmbach's courier for three months last summer, leaving bundles of \$10 bills in various Washington telephone booths and baggage lockers.

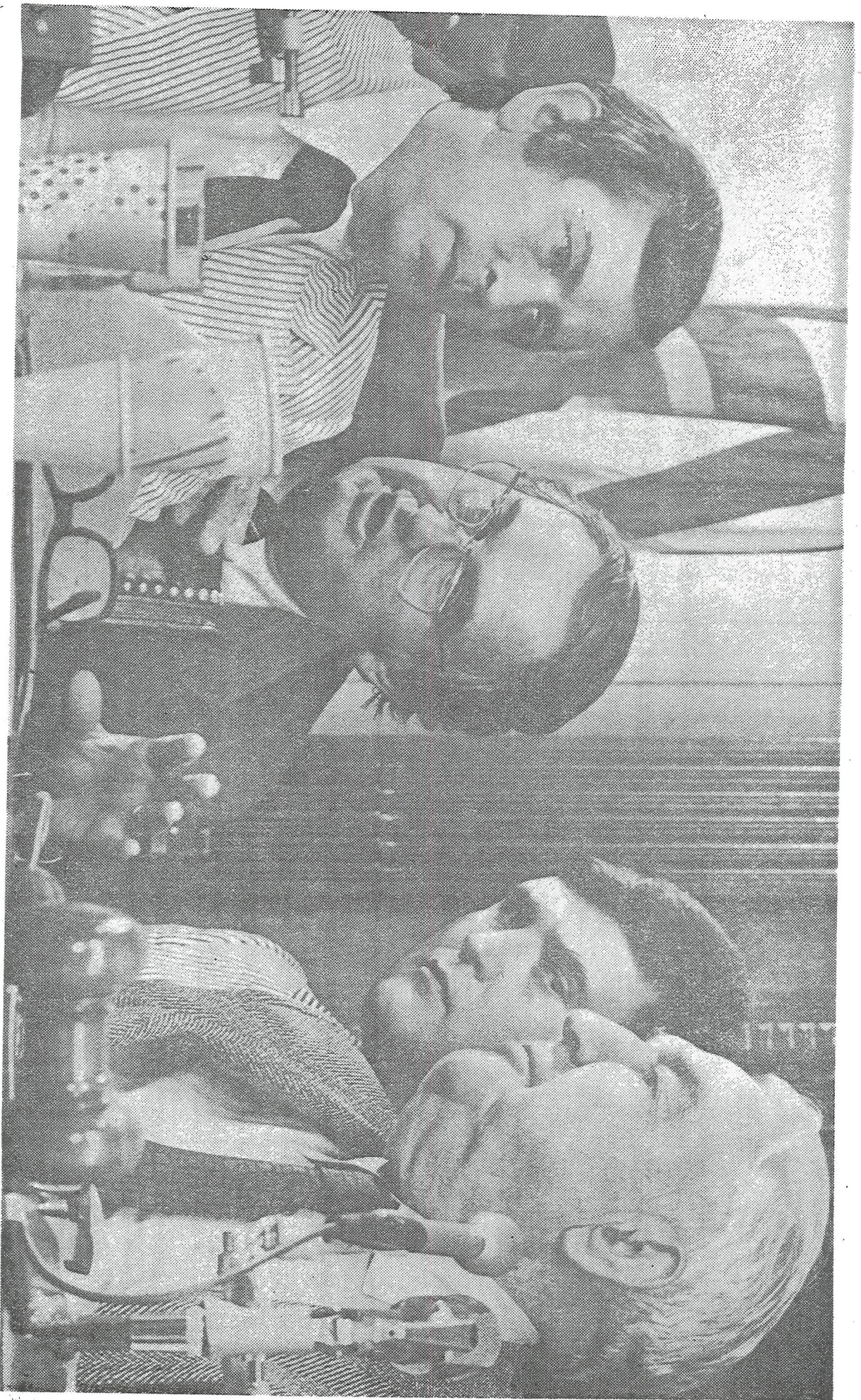
He testified that it was apparent to him soon after he began his assignment that the money was being used for purposes other than legal fees and living expenses for the defendants.

His main contact with the defendants, he testified, was with Dorothy Hunt, the late wife of convicted Watergate conspirator E. Howard Hunt. Though he had been explicitly told by Kalmbach, who raised the money under instructions from the White House, that he was not to "negotiate" with the defendants, Ulasewicz recalled, each time he spoke with Mrs. Hunt she demanded more.

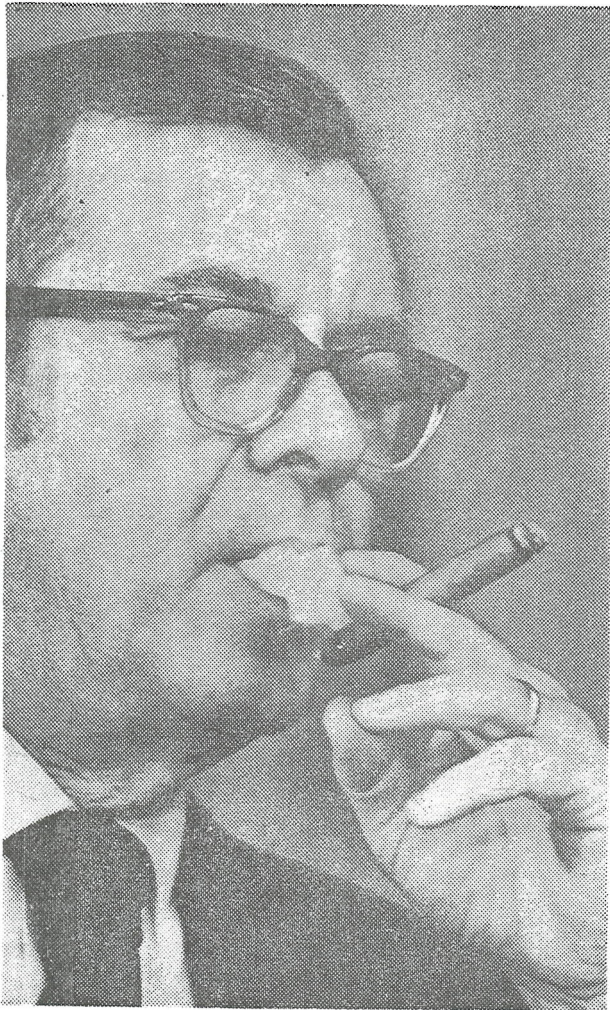
Mrs. Hunt died in a Chicago airplane crash in December. In her effects in the debris of the crash was found \$10,000 in \$100 bills.

Ulasewicz, whose deadpan accounts in New Yorkese of his sometimes frustrating adventures as a money-bearing deliveryman occasionally approached the burlesque and drew chuckles from the committee, said he told Kalmbach of his growing concerns early in August at a meeting in California.

"Well, Mr. Kalmbach," he said he told the President's personal lawyer, on whose law firm payroll Ulasewicz had been for three years as a sort of Republican secret agent,



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Holding a short discussion during Watergate hearings are (from left) Sen. Howard Baker, Sen. Lowell Weicker, deputy counsel Rufus Edmisten and Sen. Sam Ervin.



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Sen. Herman Talmadge during hearings yesterday.

"I will tell you something here is not kosher . . . It's definitely not your ball game, Mr. Kalmbach."

He testified, as Kalmbach did Tuesday, that at that meeting they both agreed it was time to get out of the fund-funneling business for which they were recruited 11 days after the June 17 break-in at the offices of the Democratic National Committee. They continued to distribute funds until September, however, they have testified.

Ulasewicz, who gave the committee details about the clandestine distribution that were not provided by Kalmbach, said he was told at the outset his job would be to handle the one-shot delivery of \$75,100 to a lawyer for the defendants.

But it didn't work that way, he recalled. The lawyer, Douglas Caddy (who soon dropped out of the case), refused to accept the money and Ulasewicz found himself "running around with \$75,100" — raised by Kalmbach from former Commerce Secretary Maurice Stans—"and trying to get rid of it. It was becoming a problem."

It wasn't a problem long. Operating under the code name "John Rivers" assigned to him by Kalmbach, Ulasewicz eventually gave \$25,000 in cash to attorney Bittman, who was representing Hunt, and a total of \$154,500 to Mrs. Hunt.

(Bittman, asked about the odd nature of the payment, which Ulasewicz said he left for him in a plain brown envelope in a telephone booth, said he would make no comment on any testimony at the hearings.)

Rather than having difficulty getting rid of the money Kalmbach provided him, Ulasewicz testified, he now found himself having trouble with getting enough money to satisfy Mrs. Hunt.

With his second call to Mrs. Hunt, he said, he began to get suspicious. "She started with this suggestive way and then got into it heavier each time," he recalled, itemizing ever-increasing amounts of funds she said would be needed for legal and other expenses for herself and her husband, and the other six defendants and their families.

At one point, he said, her demands had reached a total of \$400,000 to \$450,000, and that was what prompted him to warn Kalmbach that the situation was not quite kosher. He said he had found himself in what amounted to negotiations with Mrs. Hunt—just what he had been cautioned to avoid.

Every time Mrs. Hunt asked him for more money, Ulasewicz said, he would call Kalmbach—who often used the code name "Mr. Novak"—from a pay telephone booth and relay the demands. Ulasewicz said he assumed that Kalmbach then checked with someone else ("I guess I assumed it would be someone like Ehrlichman or Halde-man," Ulasewicz said), and would call back with approval.

There were so many calls from pay telephone booths, Ulasewicz said, that to handle all the change "I started with a little box deal. When I finished up, I had . . . one of those things that bus drivers have."

Ulasewicz said he assumed Mrs. Hunt's demands for more and more money represented an effort "to milk a good thing," as he put it. She made it plain, he said, that

the money was for more than legal fees and living expenses, and that someone in the chain of command above Ulasewicz knew it.

At one point, he recalled, she included in her demands an item for \$10,000 "under the table money" for Bernard Barker, one of the defendants. When he asked her what she meant by that, he said, she replied that "if you relay it that way, it will be understood."

In his testimony, Ulasewicz described a friendly relationship with Kalmbach, though he observed that they were "of different stations of life" and had first met personally only on June 29, 1972, in Kalmbach's room in the Statler-Hilton Hotel in Washington.

Ulasewicz had been paid by Kalmbach's law firm—Kalmbach, DeMarco, Knapp and Chillingworth, with offices in Los Angeles and Newport Beach, Calif.—an annual salary of \$22,000 since July, 1969, raised to \$24,000 in 1972, his last year on the payroll, plus \$1,000 per month expenses. But he didn't work for the law firm, he testified; he worked as an undercover operative under the direction of White House aides Ehrlichman and John Caulfield.

Ulasewicz said he was hired by Ehrlichman on the recommendation of Caulfield, a friend of his from New York police days, and that Kalmbach's role at the beginning was simply to act as a conduit for payment for Ulasewicz's White House work.

Ulasewicz was not questioned closely on his investigations for the White House during this appearance before the Senate committee, which expects to call him back again later this year to go into his pre-Watergate activities more thoroughly.

But under questioning by Sens. Daniel K. Inouye (D-Hawaii) and Lowell P. Weicker (R-Conn.), he said his function was to gather information and turn it over to Caulfield.

The information, he said, was usually "of a political nature"—or, in a phrase of Weicker's that Ulasewicz accepted, "political dirt."

According to sources close to the committee, Ulasewicz was sent to Chappaquiddick Island by Ehrlichman and Caulfield the day in the summer that Sen. Edward M. Kennedy's automobile accident took the life of Mary Joe Kopechne. Ulasewicz posed as a reporter, and when his picture appeared in news photographs, there was concern at the White House that he had blown his cover, the sources said.

Among the subjects he investigated, Ulasewicz said yesterday, were the sexual and drinking habits, social activities and domestic problems of those people considered to be potential political opponents of President Nixon. He did not name anyone so investigated.

Ulasewicz said that "a very high percentage" of the allegations he checked out—often by talking with bartenders, hotel employees and waiters—turned out to be false.

He said he also examined public records, including campaign contributions, and for a time investigated some dissident groups. He said he was instructed to make his reports verbally and keep no records.

Weicker, late in the hearing, commented on the "wonderful sense of humor" exhibited by the witness, and then remarked that "what we see here is not a joke, but a very great tragedy."

Nevertheless, the committee and spectators in the hearing room were often amused by Ulasewicz, and especially his accounts of moments when things didn't go quite right.

Once, he recalled, he was about to get onto the Eastern Airlines shuttle flight from Washington to New York, carrying a package containing \$50,000 in cash, when he noticed security agents searching all the passengers.

"So I went into a coughing fit and I went down to the Pennsylvania Railroad and took the train home," he said.

Another time, he said, he "sweated a little bit" when a janitor with a dust cloth approached a phone booth where he had taped a baggage-locker key for Mrs. Hunt to pick up. "But actually, his cleaning process was not that thorough," he said.

Sometimes there were problems with code words. Once, Ulasewicz said, Kalmbach called him at his home in upstate New York and asked him to make an immediate delivery of cash.

"My wire has about 10 lines on it and I mentioned to him that the laundry was in the icebox," Ulasewicz said. But Kalmbach apparently didn't understand, so Ulasewicz told him in uncoded English that "the money is in the vault in New York."

Like Kalmbach the day before, Ulasewicz pictured himself in his testimony as a loyal servant of the White House caught up in something he had not expected. He and Kalmbach both, he said, "were engulfed in some sort of flow of events and monies that we did not contemplate or anticipate in any way."

But the picture he drew was far more detailed than Kalmbach's, especially in its accounts of the ultimately unbearable pressure applied by Mrs. Hunt and the other defendants, and of the extent and complexity of the telephone negotiations concerning the amount of money to be paid.

The Watergate hearings resume today at 10 a.m., when LaRue is scheduled to continue his testimony.