

NYTimes AUG 7 1978
**GRAY SAYS NIXON
 SEEMED TO IGNORE
 HIS 1972 WARNING**

**Tells Panel He Was Puzzled
 by Reaction to Concern
 Voiced on Watergate**

A PHONE CONVERSATION

**Witness Says He Cautioned
 President That Aides Might
 'Mortally Wound' Him**

By JAMES M. NAUGHTON

Special to The New York Times

WASHINGTON, Aug. 6—L. Patrick Gray 3d testified today that he was mystified when President Nixon apparently paid no heed to a warning last year that White House aides were trying to "mortally wound" the President in the Watergate case.

Mr. Gray, the former acting director of the Federal Bureau

Excerpts from the testimony are on Pages 21 and 22.

of Investigation, told the Senate Watergate committee today that his warning—in a July 6, 1972, telephone conversation with Mr. Nixon—should have been "adequate to put him on notice" that members of the White House staff were engaged in something improper.

"Frankly," Mr. Gray replied to a question by Senator Herman E. Talmadge, Democrat of Georgia, "I expected the President to ask me some questions."

When the President did not do so, Mr. Gray added, he made the assumption that he had been unduly alarmed about efforts to cloud the early stages of the F.B.I. investigation of the Watergate break-in.

Source of Funds Sought

Mr. Gray's testimony was related to efforts by the F.B.I. last summer to determine whether funds in the Miami bank account of Bernard L. Barker, one of the Watergate conspirators, had come through a Central Intelligence Agency source or a "political money chain" in Mexico City. Eventually, Mr. Gray said, the F.B.I. determined that the funds were linked to the Committee for the Re-Election of the President.

Underscoring the importance of the Mexico City inquiry last year, Senator Lowell P. Weicker Jr., Republican of Connecticut, asked Mr. Gray if the Mexican money had been "one of the few hard pieces of evidence that the F.B.I. had" soon

Continued on Page 20, Column 1

**Witness Tells Senators
 Reaction Mystified Him**

Continued From Page 1, Col. 1

after the June 17, 1972, Watergate break-in.

"At that early stage, it was," Mr. Gray replied.

"So that the Mexican money could be termed as enormously important to the investigation of the Watergate?" Senator Weicker went on.

"It was the only money chain we had," Mr. Gray responded.

All Day at Witness Table

The remnants of Mr. Gray's ill-fated stewardship of the F.B.I.—thick documents detailing the agency's Watergate inquiry, desktop diaries recording his appointments and the four large briefcase behind him—surrounded Mr. Gray as he sat all day at the witness table before the Senate Select Committee on Presidential Campaign Activities.

Mr. Gray continually described himself as a naive, almost innocent, man who had followed orders obediently, had seen nothing wrong in turning over F.B.I. investigative reports to the White House and had not thought to question the motives of his Government superiors.

The testimony prompted Senator Sam J. Ervin Jr. of North Carolina, the Democratic committee chairman, to recall "the old ancient adages which say there is none so blind as he who will not see and none so deaf as him who will not hear."

Suspicious 'Gyrate'

All the same, Mr. Gray testified that his suspicions began to "gyrate" last July when he and Lieut. Gen. Vernon A. Walters, the deputy director of the Central Intelligence Agency, had become concerned that the White House might not want the source of Barker's money to be determined.

General Walter told the committee last week that, at the direction of Hr. R. Haldeman, the former White House chief of staff, and John D. Ehrlichman, the President's former domestic adviser, he had told Mr. Gray the investigation of the money in Mexico City might compromise covert C.I.A. activities there.

By July 6, both men testified, they had become convinced there was no C.I.A. connection. Mr. Gray said that he spoke with Mr. Nixon on the telephone that day and "blurted out" to the President that White House aides seemed determined to "mortally wound" him.

"Let me ask you something that I think is very important," Senator Talmadge said. "The only evidence that this committee has had to date implicating the President of the United States is that of John Dean [the former White House counsel] and you and General Walters."

Adequacy of Warning

"Did you think that your conversation with the President on July 6, 1972, was sufficient to adequately put him on notice that the White House staff was engaged in obstructing justice?" the Senator went on.

Mr. Gray said that he had not thought in those terms, but that "it was adequate to put

him on the notice that the members of the White House staff were using the F.B.I. and the C.I.A."

Senator Talmadge asked Mr. Gray if he meant that "a reasonable and prudent man" would have taken the warning as an alert that his aides were involved in "something improper, unlawful and illegal."

"I do," Mr. Gray answered smoothly, "because, frankly, I expected the President to ask me some questions."

For two weeks thereafter, Mr. Gray said, he checked with General Walters to determine whether the President had inquired about the matter. When neither of them heard any more about it, Mr. Gray said, he was forced to the assumption that they had been "alarmists."

Inexplicable Incidents

Mr. Gray's testimony today contained other examples of incidents that either he or the committee members appeared to find inexplicable.

Senator Weicker, quoting an April 30 statement by President Nixon that he assumed personal direction of the Watergate case on March 21 of this year, asked Mr. Gray if he ever had been informed of that.

"I received no such order from anybody," Mr. Gray answered.

To the contrary, Mr. Gray went on, the President telephoned him on March 23 to offer encouragement about Mr. Gray's difficulty in obtaining confirmation from the Senate to be the permanent F.B.I. director.

The witness said that Mr. Nixon had told him:

"I know the beating that you are taking up there and it is very unfair, and there will be another day to get back at your enemies, and there will always be a place for you in the Nixon Administration."

He said that the President referring to the telephone conversation on July 6 of last year, had gone on to remind Mr. Gray that he had been told to conduct "a thorough and aggressive investigation" of Watergate. Mr. Gray said that he could not understand the recollection, later wondered if it had been an attempt to put the comment on the record somehow, and that it had given him an "eerie" sensation.

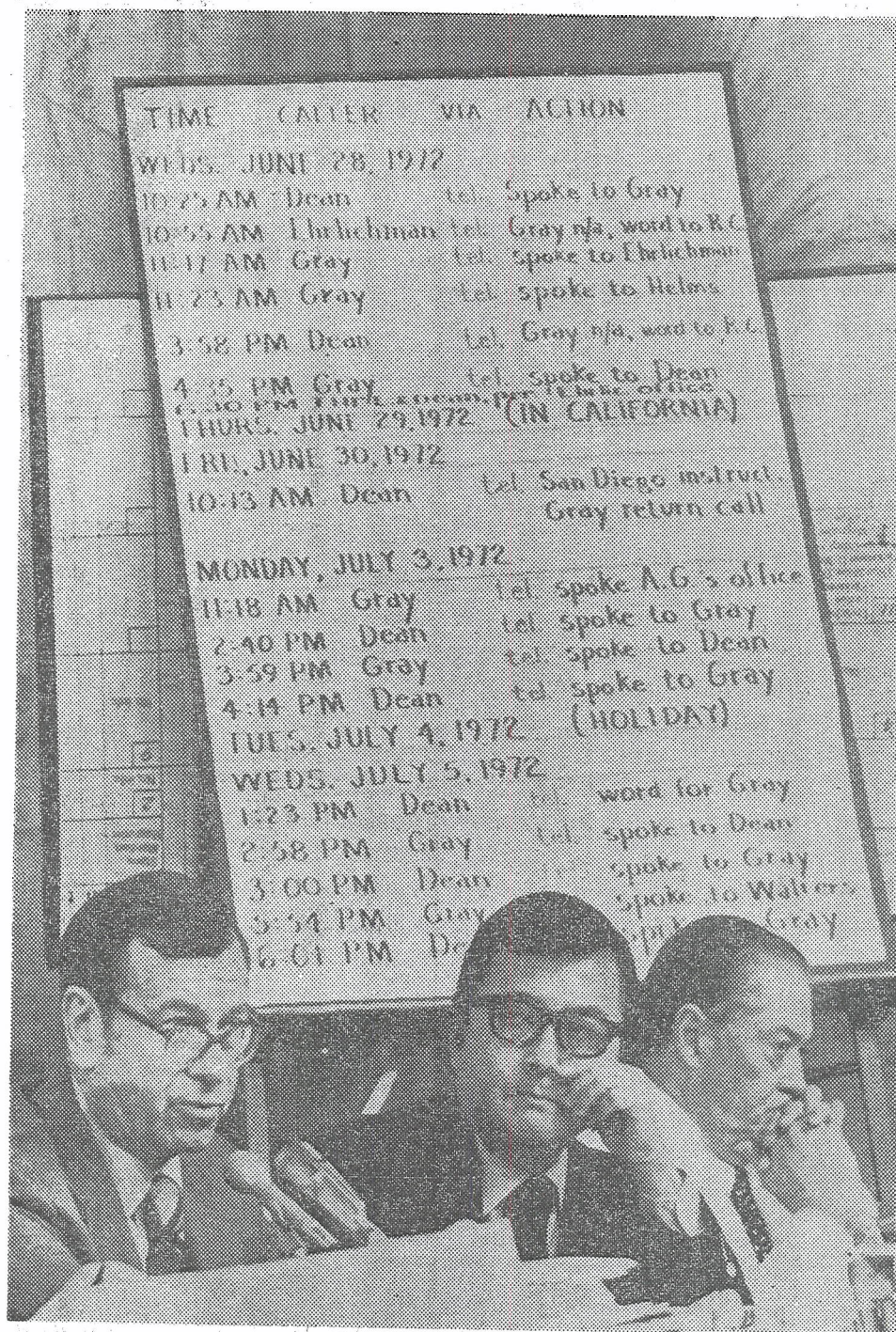
Destruction of Documents

Much of the interrogation of Mr. Gray today centered on his admission earlier this year that he had destroyed documents taken from the white house safe of E. Howard Hunt Jr., one of the Watergate case defendants.

Mr. Ehrlichman told the Senate panel earlier that he first learned of the destruction of the documents on April 15, in a telephone call that he made to Mr. Gray in the presence of the President.

But Mr. Gray appeared to challenge that statement today, both in recalling that he had destroyed the documents at the instruction of Mr. Ehrlichman and Mr. Dean, and in recalling details of an April 26 meeting at the Department of Justice.

Mr. Gray said that on April 26—11 days after the telephone conversation with Mr. Ehrlich-



The New York Times
 Senator Herman E. Talmadge, left, questioning L. Patrick Gray 3d at the Watergate hearing yesterday. Next to him are Senator Daniel K. Inouye and Senator Joseph M. Montoya, right. A log of Mr. Gray's phone calls is displayed on the chart.

man—he was told by then-Attorney General Richard G. Kleindienst that the President was “concerned” about published reports that Mr. Gray had burned the Hunt documents.

According to Mr. Gray's account—which may be questioned when Mr. Kleindienst faces the Senate committee tomorrow—he agreed with the Attorney General's assertion that he ought to resign. But Mr. Gray said that after Mr. Kleindienst had telephoned the President he had come back and said, “The President wants you to continue to serve as acting director.”

Mr. Gray said that the next day he reached an independent judgment that he should resign and that he had done so.

Conversation With Petersen

He also testified to, but did not elaborate on, a conversation that he had at the April 26 meeting with Henry E. Petersen, the Assistant Attorney General in charge of the Watergate investigation. Mr. Gray said that while Mr. Kleindienst was in another room telephoning the President, Mr. Petersen kept pacing in front of him.

Quoting Mr. Petersen, Mr.

Gray recalled this exchange: “I remember him distinctly saying, ‘Pat, I am scared.’ And I said, ‘Henry, why?’ And I am still sitting there in that chair, and he said, ‘I am scared because it appears that you and I are expendable and Halde- man and Ehrlichman are not.’”

Mr. Gray said that the comment had shaken him to such an extent that he had asked Mr. Petersen if it was advisable to consult a lawyer. He said that Mr. Petersen had advised it, “and I did. Later.”

The Senate committee will interrogate Mr. Petersen after hearing from Mr. Kleindienst, and will then conclude the inquiry into the Watergate break-in and cover-up. Committee officials expect the panel to recess on Wednesday.