

## When Rebozo Returned It

# IRS and the Hughes Gift

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*Washington Post*  
Washington

President Nixon's close friend, Charles G. (Bebe) Rebozo returned to Howard Hughes \$100,000 in unreported campaign contributions weeks after the Internal Revenue Service began a tax investigation of Rebozo's handling of the money, according to informed sources.

The \$100,000, which Rebozo received in cash from an emissary of billionaire Hughes in two-\$50,000 payments in 1969 and 1970, had been kept in a Florida safe deposit box for three years before it was returned to Hughes this June.

Kenneth W. Gemmill, a Philadelphia attorney who represented Rebozo at the time of the IRS investiga-

tion, recommended that Rebozo return the cash to Hughes to avoid "embarrassment" with the IRS, one source said.

An associate of Rebozo confirmed this week that the IRS had audited Rebozo, and he said that the IRS investigators concluded that Rebozo handled the \$100,000 legally. IRS spokesmen refused to discuss the audit or its findings.

President Nixon said in his televised press conference last Friday that Rebozo had kept the \$100,000 for so long because, while he was waiting for Mr. Nixon's 1972 re-election campaign treasurer to be named, the Hughes organization "had an internal fight of massive proportions."

Rebozo, according to Mr. Nixon, then decided to return the money to Hughes

because Rebozo "felt that such a contribution to the campaign might prove to be embarrassing."

In a related matter, the Senate Watergate Committee has been stalled by a refusal by Rebozo to honor the committee's subpoena of records for President Nixon's personal account in Rebozo's Key Biscayne Bank and Trust Co., a committee source said yesterday.

The committee is seeking the President's bank account records to determine whether the \$100,000 might have been earmarked for Mr. Nixon's personal use.

Mr. Nixon's account records were subpoenaed about ten days ago in the process of "running down a lead," a committee source said.

White House deputy press secretary Gerald L. Warren

said last night that the President's lawyers were in touch with the Senate committee's investigators earlier in the day "to try to work out a procedure whereby the information can be provided in a responsible way and still insure confidentiality."

Rebozo, who is president and board chairman of the Key Biscayne bank, did not return reporters' telephone calls yesterday.

In his press conference Friday, the President did not discuss the IRS audit of Rebozo and the \$100,000. White House sources said this week, however, that the President was aware of the IRS investigation of his friend's handling of the money from Hughes.

Other well-informed sources said that the IRS began the investigation, which

touched on Rebozo's role, after a top Hughes aide told government investigators that he had delivered the money to Rebozo.