

Rebozo Acted After IRS Move

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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 this spring 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 investigation, 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 IRS investigators concluded that Rebozo had handled the \$100,000 legally. IRS spokesmen refused to discuss the audit or its findings.

About the same time that Gemmill recommended that Rebozo return the \$100,000, Gemmill was also one of two lawyers advising the President to make an independent audit of his real estate transactions in California and Florida. The audit was performed by Coopers and Lybrand, one of the country's largest accounting firms, and released publicly this August.

A White House official said this week that Gemmill was representing Rebozo and not the President in recommending that the \$100,000 be returned.

Gemmill could not be reached for comment because he is on vacation in Australia.

President Nixon said in

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his televised press conference last Friday that Rebozo had kept the \$100,000 for so long because, while he was waiting for 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."

Mr. Nixon called Rebozo "a totally honest man" and praised him for exercising "very good judgment in doing what he did."

A separate Senate Watergate committee investigation of the \$100,000 has been stalled by Rebozo's refusal 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 Senate 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 bank account records were subpoenaed

about 10 days ago in the process of "running down a lead," a committee source said. William Frates, a Miami attorney representing Rebozo in this matter, refused to discuss the subpoena yesterday.

One source close to the committee said yesterday that the prospect of Rebozo's being called as a witness before the committee is now "75 per cent" in favor. The committee heard a report on the investigation involving Rebozo yesterday morning, but deferred making a decision on whether he should be called until next week.

White House Press Secretary Gerald L. Warren said last night that the President's lawyers have been 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."

Warren said it is still not clear to the White House exactly what the Senate committee is after, but he added that attempts were being made to reach a settlement on the subpoena to "lay to rest erroneous stories."

Rebozo, who is president

and board chairman of the Key Biscayne bank, did not return reporters' telephone calls yesterday. The bank's attorney, Thomas H. Wakefield, could not be reached.

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 close friend's handling of the money from Hughes.

A source close to Rebozo said this week that Rebozo had informed the President of the contribution from Hughes some time after the

November, 1972, election. Rebozo, the source said, was unsure whether it was the President's own recommendation to return the money or whether Mr. Nixon had concurred with someone else's recommendation.

"Bebe could not remember the exact details or the sequence," the associate said.

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.

Richard G. Danner, a longtime friend of Mr.

Nixon and manager of the Hughes-owned Sands Hotel in Las Vegas, has said in a sworn deposition that the \$50,000 contribution was intended as a late donation to Mr. Nixon's 1968 presidential campaign.

Danner said that the second \$50,000 was intended for the 1970 congressional elections.

Robert A. Maheu, former manager of the Hughes Nevada operations, has said in a sworn deposition that the second \$50,000 was related to antitrust actions by the Justice Department that might have been unfavorable to Hughes.

The President indicated in

