

Sen. Gurney Acknowledges Fund Probe

By William Claiborne
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Sen. Edward J. Gurney Jr., a member of the Senate select Watergate committee, acknowledged yesterday that the Justice Department is investigating allegations that Florida builders secretly contributed large sums of money to him and expected preferential treatment by the Federal Housing Administration.

Gurney said he was instructed on Sept. 10 by Thomas J. McTiernan of Justice's criminal division not to discuss the case publicly until the investigation is completed.

The Florida Republican, according to The Miami Herald, collected more than \$300,000 in a secret "boosters" fund in 1971 and used the unreported campaign money for office and travel expenses and unknown other purposes.

The fund-raising activities, according to the Herald, continued for more than seven months after the FBI informed Gurney late in 1971 that one FHA builder had complained that he was "shaken down" for a contribution.

The complaint was made by Gainesville builder Philip I. Emmer, who charged that an emissary of Gurney demanded \$5,000 in exchange for federal approval of two apartment projects costing \$6 million.

The FBI began investigating the charge in November, 1971, but the case was never submitted to a grand jury for further action. At the time, Gurney denied any knowledge of the incident and told federal investigators that the man who alleg-

See GURNEY, A3, Col. 1

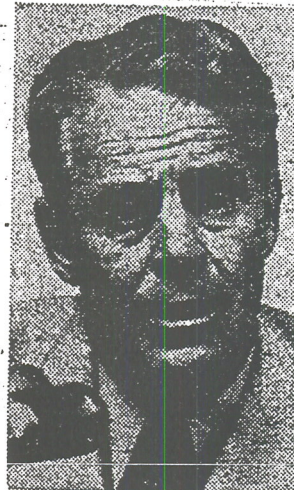
GURNEY, From A1

edly made the demand, Larry E. Williams, of Orlando, was never authorized to solicit funds by using the senator's name.

The case was reopened by the Justice Department and the Department of Housing and Urban Development last July after the Herald published details of Emmer's allegations.

John Gardner, a spokesman for Gurney, yesterday answered all inquiries about the case by referring to a statement the senator issued on July 6:

Other than his (Williams') fund-raising activities, which he may have done on behalf of the state Republican Party, with which I am unfamiliar, I know of no authorization to raise or solicit funds by the use of my name. On no occasion have I ever discussed fund-raising



EDWARD J. GURNEY JR.
... target of complaints

on my behalf with Mr. Williams.

Gurney said, "The Justice Department has an ongoing investigation of the situation. The Justice Depart-

ment has asked that neither me nor any member of my staff make any comment until the investigation is concluded."

Duke Crittenden, Florida Republican Party chairman in 1970, was quoted in the Herald as saying he knew about the fund and contributed less than \$1,000 to it in 1971 through Williams. Crittenden, however, said he could not "remember any details about the fund."

Some of the cash contributions allegedly collected from builders reportedly were processed through the Commercial Bank of Winter Park, Fla., in which Gurney serves as a director. Others, according to the Herald, were passed directly to James Groot, who resigned as Gurney's administrative assistant last Oct. 3.

Gardner said that Groot, who has been subpoenaed to appear before a federal

grand jury in Miami, quit "to accept a lucrative business offer in Florida."

Neither Groot nor Williams could be reached yesterday.

In July, Emmer said that on Feb. 19, 1971, he received a telephone call from the Jacksonville director of FHA programs, Forrest W. Howell, who told him Williams was on his way to see him.

Williams, according to Emmer, identified himself as a Gurney aide and mentioned that he knew Emmer had applications pending for FHA approval of a subsidized housing project in Pensacola and in the Miami area.

Emmer said Williams then asked for a contribution for operating expenses of Gurney's field office in Winter Park, Fla. Emmer said he told Williams he would think about it, but that he never made the contribution.

Williams said in July that he remembered talking with Emmer, but denied that he asked for a contribution. He refused to discuss what the conversation was about.

Following Emmer's charges, Gurney emphatically denied that Williams, a 28-year-old developer and a former Florida Republican finance chairman, had ever been on his payroll.

However, the Herald reported yesterday that a federal task force of investigators had concluded that Williams was a full-time employee of Gurney, raising funds throughout 1971 and for the first half of 1972.

The Justice Department yesterday declined to comment on the case.

The Herald reported that Gurney's Florida executive assistant, Joseph Bastien, shared office space with Williams in Winter Park in 1971, and that Williams and his secretary were paid from checks drawn on the Gurney Boosters Fund for four months that year. Bastien declined to comment on the report.

In July, Groot characterized Williams as a volunteer who did "political contact" work for Gurney. "He'd give me a call and say, 'so-and-so is mad and you ought to talk to him,'" Groot said.

After disclosure of Emmer's charges, Groot said he did not think Williams had done "anything inappropriate."