

WXPost NOV 2 1973

Republican Pressure For Funds Probed

By Morton Mintz
Washington Post Staff Writer

Federal prosecutors in New York City are investigating a persistent attempt by top fund-raisers for President Nixon's re-election campaign to solicit at least \$100,000 from partners in the nation's largest firm of certified public accountants. The Washington Post was told yesterday.

The firm, Peat Marwick Mitchell & Co., rejected the solicitation on the ground that any effort to influence partners to give to a particular party or candidate would violate a federal law prohibiting contributions by government contractors.

But Maurice H. Stans, chairman of the Finance Committee to Re-elect the President, brushed off the objection, PMM general counsel, Victor M. Earle III, said in a telephone interview.

He said Stans told the firm's senior partner, Walter E. Hanson, "Don't worry about that statute. The fact that you're a government contractor is all the more reason for you to give."

Stans denied having made the statement. He also said he had gotten legal opinions in advance that said it was lawful for a partner, or for an employee of a partnership, to make a political contribution. Stans' comments were relayed by his Washington attorney, Robert W. Barker.

See STANS, A8, Col. 1

STANS, From A1

Earle, confirming an account given to a reporter by a Capitol Hill source, said he and Hanson were interviewed recently by John R. Wing, chief of the Criminal Frauds Division in the office of the U.S. attorney in New York, apparently in connection with an "on-going grand jury investigation."

"We absolutely can't comment," Wing said. "I can't say if the grand jury is investigating anything."

Earle was reached in Boca Raton, Fla., where PMM is having its annual meeting. The largest of the "big eight" accounting firms, it now has about 725 partners and accountancy income in

the United States of \$240 million (plus \$110 million in other countries).

Earle said Stans phoned Hanson on March 7, 1972. This was about a month after the Securities and Exchange Commission had filed fraud charges against PMM in connection with an acquisition by the national student Marketing Corp., and precisely a month before an election-financing disclosure law was to take effect.

Earle said Stans emphasized that a contribution should be made before April 7, the disclosure law's effective date. The date appears on handwritten notes. Han-

son made during the phone conversation with the former Commerce Secretary, a one-time president of the American Institute of Certified Public Accountants.

Earle said Stans also emphasized that PMM should make a contribution from its partners in six figures, as each of the other firms in the "big eight" was said by Stans to be doing.

Hanson refused, citing Earle's advice that PMM could not legally do so because it held "very substantial" management-consultant and auditing contracts with the Department of Transportation and other federal agencies, Earle said.

"This was pressure," Earle said. "The bite was on."

Finally, Stans asked for and was given the name of the firm's counsel, so that Stans could have his lawyer call him. That lawyer was John W. Dean III, then the White House counsel—a point that Earle said eluded him and Hanson at the time.

The attorney who shortly phoned Earle, however, was Thomas B. Evans Jr. He was co-chairman of the Republican National Committee from January, 1971, to January, 1973, but has returned full-time to Mudge Rose Guthrie & Alexander, formerly the law firm of President Nixon and former Attorney General John N. Mitchell.

Mitchell and Stans are to

go to trial in January on an indictment charging obstruction of justice in connection with a \$200,000 contribution of currency by financier Robert L. Vesco, who was trying to head off a criminal prosecution by the SEC.

Earle said he was surprised to be phoned by Evans, an acquaintance who had preceded him by about two years at Williams College and Columbia University law school.

He said Evans started off by speaking of a "quota" for the "big eight" firms.

"I recall telling him, 'I don't care what the other firms are doing. We're not doing it. The Hatch Act reads loud and clear on this.'"

This was a reference to a section of the federal criminal code forbidding solicitation of, as well as contributions by, firms or individuals with government contracts.

Earle told the reporter that an individual in a partnership with a federal contract is of course free to give as he chooses.

But, Earle said, "if in the slightest way the firm suggested, hinted or encouraged individual partners to give to a particular party or candidate, that would be tantamount to the firm making a contribution, which is prohibited."

Evans argued with this interpretation, terming the law "a dead letter" that has not been enforced. "I said I didn't care whether it had been enforced, because it was so clearly stated that it applied to us as a government contractor," the PMM counsel continued.

Evans could not be reached.

About five months after the incident, on Aug. 7, 1972, the SEC staff criticized PMM, among others, in a report on the Penn Central Railroad bankruptcy.

On Tuesday, the agency charged Talley Industries, Inc., and its accountant, PMM, with using false proxy materials in connection with Talley's controversial take-over of General Time Corp.

Earle immediately countered by saying that it was PMM's insistence that Talley write off costs of \$19.2 million that led to the SEC investigation to begin with. He also said, "If this is a penalty for an accounting firm's independence and toughness, it is a heavy penalty indeed."

Yesterday he said, "Notwithstanding our adamant position, I can't believe that the SEC would turn on us, no matter what they may have been asked to do by Maurice Stans or others."