

Vesco Is Arrested In Nassau

Nassau, Bahamas

Fugitive financier Robert L. Vesco was arrested at his Nassau bank yesterday on a federal warrant seeking his extradition to the United States.

Vesco, 37 was picked up in the offices of his Bahama Commonwealth Bank by Assistant Police Commissioner John Crawley on a U.S. arrest warrant sworn to last Friday before Bahamian magistrate Emanuel Osadebay.

Vesco was taken before Osadebay after his arrest and was released on \$75,000 cash bond. The magistrate set an extradition hearing for next Tuesday.

Osadebay also confiscated

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the financier's travel documents and told him not to leave the Bahamas without official permission.

The U.S. attorney's office said the arrest was based on a July 20 fraud indictment accusing Vesco of falsifying records of a firm he headed to cover up the embezzlement of \$50,000 of the firm's funds, which were sent to a Swiss bank in 1972.

Vesco is also a co-defendant with former U.S. Attorney General John Mitchell and ex-Commerce Secretary Maurice Stans in a conspiracy case in which the two former Cabinet officers are accused of obstructing justice.

CONTRIBUTE

At the heart of the conspiracy case involving Mitchell and Stans is Vesco's secret \$200,000 contribution to President Nixon's 1972 re-election campaign. The money later was returned.

The government claimed that in return for the contribution Mitchell and Stans agreed to use their influence in Vesco's behalf in a Securities and Exchange Commission probe of his financial empire. The SEC eventually lodged a civil suit against Vesco.

Mitchell and Stans were also accused of the conspiracy indictment of perjury before a grand jury in an attempt to cover up what the government defined as obstruction of justice.

Vesco has not been in the U.S. since he was charged in the campaign contributions case.

CHARGES

He has spent most of the time either in the Bahamas or in San Jose, Costa Rica, where he also has financial interests. A U.S. extradition request filed in Costa Rica was never settled.

Vesco, of Boonton, N.J., also faces trial in New York in a 1972 SEC civil suit accusing him and 40 others of milking \$224 million from

Investors Overseas Services (IOS) and three other mutual funds.

In that case, a federal judge has enjoined Vesco from engaging in stock violations and has scheduled a conference with opposing attorneys Friday in an apparent move toward trial.

The SEC also has obtained court orders to freeze former Vesco assets throughout the world, pending the outcome of the civil suit. The assets included a 707 jetliner and \$1.5 million yacht, both grounded.

Vesco began in 1960 as an independent sales representative for aluminum companies, and within two years he formed International Controls Corp. from two small machine parts companies. By 1969, ICC's sales had grown to \$100 million annually.

He burst on the international financial scene in 1971, offering a \$5 million loan to Investors Overseas Services Ltd., the mutual fund empire founded by flamboyant Bernard Cornfeld.

Still relatively unknown at the time, Vesco installed himself within months as chairman of IOS and Cornfeld resigned. Vesco's company, ICC, acquired 38 per cent interest in IOS.

SUIT

Vesco quit as chairman of both IOS and ICC in 1972, and in November of that year the SEC filed its civil lawsuit.

In the latest indictment, Vesco is accused of embezzling \$50,000 "to his own use and benefit" in the winter of 1971-72, as part of a scheme to defraud ICC.

Court papers said Vesco arranged to pay the money to C.H. Buhl III, as down payment on a block of preferred stock of IOS Ltd., a Canadian-based holding company that allegedly had been part of the business complex controlled by Vesco.

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