

Vesco and Watergate

His Testimony Sought by Investigators Of Senate Unit and Prosecutor's Office

By DENNY WALSH

Special to The New York Times

WASHINGTON, Nov. 22—Efforts by Robert L. Vesco's lawyers to label as "political" the fraud charge on which the United States is basing its bid for his extradition from the Bahamas touch on the most pervasive undercurrent of the entire Vesco affair. There is no connection between the Federal fraud indictment and the scandals that have engulfed President Nixon and his Administration, but Watergate investigators from several quarters will almost certainly swoop down on the international financier if he is forced to return to this country.

Mr. Vesco appears to be much more important as a potential supplier of information about his relationships and dealings with persons close to the President than as a defendant in a \$50,000 fraud case.

While there is no evidence of a direct link between Mr. Nixon and Mr. Vesco, the 38-year-old millionaire has had a number of ties, direct and indirect, to the President's personal and political families.

Mr. Vesco still employs a Nixon. Another Nixon helped arrange the transfer of a campaign contribution from the Vesco interests to the President's re-election organization. A New York lawyer with a role both in the employment and the transfer of funds has represented Mr. Vesco as well as the President's two brothers.

Links to Top Aides

Two former high-ranking officials of the Nixon Administration reportedly intended to assist the expatriate capitalist in a foreign bank deal, and Mr. Vesco is still under indictment, along with two former Nixon Cabinet officers, in an alleged scheme to obstruct justice.

The fraud indictment, returned by a Federal grand jury in New York, charges that Mr. Vesco embezzled \$50,000 from a company he controlled. The substance of this matter pales beside a Securities and Exchange Commission suit that accuses Mr. Vesco and others of bilking four Investors Overseas Services mutual funds of more than \$224-million to the detriment of thousands of fundholders.

But the fraud charge, unveiled only after Justice Department negotiations with Mr. Vesco's lawyers apparently fell through, is important because

it is an extraditable offense under a 1931 treaty between Britain and the United States. The treaty was presumably adopted by the Bahamas when it gained independence from Britain on July 10.

A ruling that the treaty is valid was handed down today by the Bahamian Foreign Minister, Paul Adderly. Mr. Vesco's attorneys had argued that the treaty became invalid when the Bahamas gained independence last July.

Questioning Is Sought

The Senate Watergate committee and the special prosecution force set up to pursue Watergate and related investigations are both known to be interested in questioning Mr. Vesco about how he allegedly applied pressure to the S.E.C. during its scrutiny of him, as well as about his relationship to the Nixon family and certain Government aides.

Both Mr. Vesco and his closest business associate have indicated in public statements that they have knowledge of things currently of interest to several Federal and local jurisdictions.

In an interview last August, Mr. Vesco described himself as a friend of Mr. Nixon's. The interview was with *Diario de Costa Rica*, a newspaper in San José, Costa Rica, where Mr. Vesco has lived during part of his self-imposed exile from the United States to avoid arrest.

"My presence in the United States would aggravate the Watergate case," he said in the interview.

Even more provocative were statements made at a news conference last May in Costa Rica by Norman P. Leblanc, the French-Canadian accountant who has become Mr. Vesco's most trusted associate.

Mr. Leblanc contended that he and Mr. Vesco had a "missing link" to Watergate, and he invited Archibald Cox, the Harvard law professor whom President Nixon later dismissed as head of the special prosecution team, to meet "somewhere, someplace" with him and Mr. Vesco. He did not reveal the substance of their information, but said they would tell their story to Mr. Cox and show him documents.

Mr. Leblanc, who has characterized Mr. Vesco's \$200,000 cash contribution to the Nixon

campaign as "extortion," said that he and Mr. Vesco would not attend such a meeting in the United States unless they were promised immunity from prosecution.

Waiting for Prosecutor

The week before, Mr. Vesco said he did not plan to return to the United States "until the special prosecutor gets his work under way."

Government sources have told *The New York Times* that among those who participated in vaguely defined negotiations with Mr. Vesco, through his Washington attorney, Edward Bennett Williams, was Henry Ruth, deputy to the deposed Mr. Cox. Some sources have speculated that the negotiations may have been a factor in President Nixon's dismissal of Mr. Cox. Mr. Ruth is still in the special prosecution office.

John D. Ehrlichman, whose resignation last spring as the President's chief domestic adviser was forced by Watergate-related disclosures, reportedly interceded on behalf of Mr. Vesco in connection with an unsuccessful attempt by the financier to gain control of a Labanese bank. Former Attorney General John N. Mitchell had reportedly promised help to Mr. Vesco on the same deal.

In sworn testimony given to the S.E.C., Harry L. Sears, a lawyer and former New Jersey Republican leader, said that Howard F. Cerny, a New York lawyer, who has traveled widely doing legal chores for Mr. Vesco, arranged, for Edward C. Nixon, the President's younger brother, to fly by helicopter from New York to Mr. Vesco's New Jersey headquarters to determine when and in what form the financier should make his contribution to the Nixon re-election campaign.

Mr. Cerny once said that he represented both Nixon brothers, and F. Donald Nixon, the older brother, has acknowledged that Mr. Cerny helped his son obtain employment with Mr. Vesco. The President's 27-year-old nephew is still on the Vesco payroll.

A lawyer who used to be associated with Mr. Cerny in New York, Robert Foglia, is now in the Bahamas with Mr. Vesco.