

Gurney Fund-Raising Expected To Become Key Campaign Issue

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WASHINGTON, Dec. 7 — Senator Edward J. Gurney's acknowledgement in Florida last night that a volunteer aide had used his name to collect a \$100,000 fund is expected to make fund-raising the major issue in the senator's re-election campaign next year.

Mr. Gurney, Florida's first Republican Senator of this century, was once considered almost unbeatable for election to a second term.

But weeks of newspaper revelation about the collecting of the secret fund — which some newspapers have said amounted to \$300,000 or more — are believed to have severely damaged the Senator, who is a member of the Watergate committee.

There has been open speculation that he cannot overcome the damage from the reports.

In his first public discussion of the secret fund raising, Mr. Gurney said at a news conference that was televised state wide that he may have been "careless but denied that he had known that one of his volunteers, Larry E. Williams, was collecting the money.

Housing Aid Cited

Real estate developers and builders have said they were told that Mr. Gurney could ease difficulties with Federal housing authorities if they contributed large sums to his re-election fund.

Mr. Gurney said that he ordered Mr. Williams to stop his activities in the summer of 1972 and that he had never received any of the money collected.

Federal grand juries in Jacksonville and Miami are investigating the reports.

Mr. Gurney said he did not know what had happened to the money Mr. Williams collected. But the Miami Herald reported a week ago that Mr. Williams and a former Gurney administrative assistant, James Groot, had testified that \$45,000 to \$50,000 of the money was delivered to the Senator's Washington office in July, 1972.

The money, The Herald said, was put into the Senator's safe.

In his telecast last night, Mr. Gurney said he had no "personal knowledge" of any money having been put there and said at the time he had not even known the combination to his safe.

Payments Put at \$170,000

The Federal investigation of the fund-raising began about a year ago after The Herald published a series of articles alleging that a Miami builder had been paying money to a Federal Housing Administration official.

The Herald said that the builder, John J. Priestes, 36 years old, had testified that he had paid \$170,000 to Mr. Williams and to the former head



Associated Press

Senator Edward J. Gurney at news session Thursday.

of the Miami F.H.A. office, William Pelski.

Mr. Priestes reportedly said he had paid the money to get F.H.A. commitments for houses he was building.

Mr. Pelski, who was recommended by Senator Gurney for the Miami job, has resigned and has refused to talk to reporters.

Mr. Priestes also allegedly agreed to contribute \$50,000 to President Nixon's re-election campaign in return for having an F.H.A. suspension lifted.

He reportedly made a \$25,000 down payment to the Finance Committee to Re-Elect the President, but Maurice H. Stans, the chairman of the committee was said to have sent the check back.

In August, Mr. Priestes pleaded guilty to violating two F.H.A. laws and has been sentenced to a year in prison.

Others who have complained that they were approached by Mr. Williams after having difficulty with the housing agency include the directors of two Roman Catholic housing projects, one in Jacksonville and one in Fort Myers. They said they had been told that they would have better luck getting Federal funds if they stopped doing business with builders who had refused to contribute to Mr. Williams.

An Orlando builder, J. Brailey Odham, said he had refused to make a \$5,000 contribution to Senator Gurney as requested by Mr. Williams "because I am a life-long Democrat."

The builder said that Mr. Williams had replied, "Well, you do business with Senator Gurney's F.H.A., don't you?"

Senator Gurney has said in the past that Mr. Williams had never been his employe. Thursday night, he said that Mr. Williams had in the past acted as his chauffeur and traveling companion.