

Lots to Be Candid About

With each passing day last week, Operation Candor seemed to need a new coat of greasepaint—and each day the Nixon Administration had something new to be candid about. First there was a new accusation of White House intervention to protect runaway financier Robert Vesco from a drug investigation; then a former official of Bebe Rebozo's bank in Key Biscayne told of a \$100,000 savings certificate apparently bought by Mr. Nixon about the time Rebozo received the final installment of Howard Hughes's \$100,000 cash campaign contribution. Finally, Florida state officials moved to subpoena records of key bank accounts. The details:

The Vesco Connection

He is a fast-talking blimp of a man—almost too blubbery, it seems, to slip into the cockpit of any plane smaller than a 747. But Frank Peroff claims to have done quite well piloting private jets for a variety of underworld figures in the Florida area. That occupation, Peroff admits, led him to do some trading of his own in stolen stocks and counterfeit money, and eventually to become a government agent and informer. For the last few months, the 36-year-old New Yorker has been peddling a story about how one juicy narcotics case he was on got dropped by the government when the name of fugitive financier Robert Vesco turned up. The charge finally hit the papers last week, and it set off a spasm of self-justification by the Federal agencies involved—and the White House itself.

The world of informers is a shadowy one at best, full of tantalizing tales designed to keep government agencies begging—and paying—for more. And Peroff is a past master at the game. He talks of working with the FBI on and off over a number of years; more recently, the record shows, he helped U.S. Customs and Secret Service agents scoop up \$430,000 in counterfeit currency in Rome, then assisted French authorities in the arrest of eight drug smugglers and the seizure of 10 kilograms of heroin.

Following up a Canadian connection in the dope case—at the request of the authorities—Peroff apparently worked himself into a critical role as pilot and courier in a \$300,000 drug deal allegedly set up by Conrad Bouchard, a figure in the Montreal underworld. Agents of the Drug Enforcement Administration (DEA) even fitted him out with a \$1 million Lear jet for some preliminary missions. And then he hit the Vesco connection, in a telephone conversation with Bouchard. As taped by Peroff, NEWSWEEK learned, Bouchard said: "You know this guy Vesco? You read about him? I know a friend of his, [Norman] LeBlanc, his right-hand man. And you can ask him for any amount of money ...

You will go to Vesco or LeBlanc. I think it will be LeBlanc."

"Vesco's name produced a lot of excitement with the Canadian officials," Peroff has recalled. But he said that DEA agents on the case immediately began acting jittery and started to queer the deal—asking him to make impossible demands on Bouchard. Tossed into jail suddenly in New York, Peroff was sprung only after promising to cooperate with Federal agents. Back in Montreal, he has said, "I asked one of the Mounties on the case, 'Why are you killing the deal?' and he told me, 'These are my orders and this isn't the only

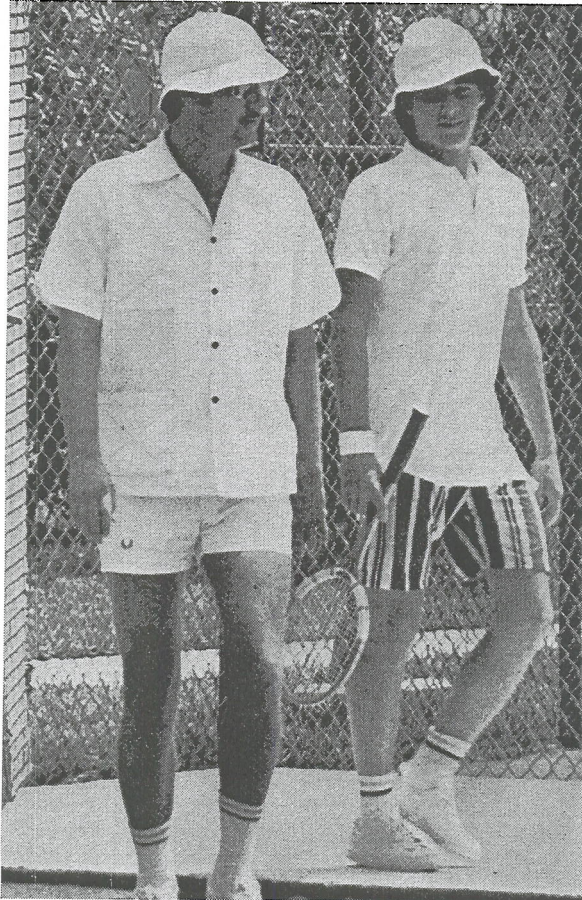
by Peroff and the White House, particularly the office of counsel J. Fred Buzhardt, or the several threats Peroff says DEA agents made ("Your life will be worth two cents") to keep him from talking to other government investigators. Indeed, there were enough unanswered questions to keep the Senate's permanent subcommittee on investigations pressing ahead with a thorough review of the whole mysterious affair.

The \$100,000 Coincidence

Of all the improbable aspects of the \$100,000 that billionaire Howard Hughes sent to Charles G. (Bebe) Rebozo, supposedly as a Nixon campaign contribution, the oddest was Rebozo's contention that he had stashed the money in a safe-deposit box for three years before returning it to Hughes last spring. That a businessman of Rebozo's acumen would allow so much money to idle seemed unlikely—and last week, another possibility was suggested. In sworn testimony in Florida, Richard Stearns, a former vice president of Rebozo's Key Biscayne Bank and Trust Co., said that Mr. Nixon had purchased a \$100,000 certificate of deposit at the bank—as he recalled it, in 1970, shortly after Rebozo received the second installment of the Hughes gift.

At first, the White House refused to comment on the matter, saying only that "all the President's personal finances will be made public some time next week." Later, however, leaks from the White House of the promised financial facts included the statement that the savings certificate in question had been bought in September 1969, well before the arrival of the Hughes cash—and on reflection, Stearns's memory turned softer.

The forthcoming financial statement, said one Administration official, "will disprove once and for all" the charges that Mr. Nixon made improper use of campaign funds, that he had a secret, million-dollar stock portfolio or that he finagled on his income taxes. But last week's leaked figures contained no real surprises. From Jan. 1, 1969, to May 31, 1973, Mr. Nixon reportedly had a gross income of \$2.8 million. Nearly half of it came from his annual \$200,000 salary and \$50,000 expense account; real-estate sales, the settlement of his law partnership and loans of \$725,000 to finance the purchase of vacation homes accounted for most of the rest. The statement shows that Mr. Nixon spent \$2.4 million during the same period, much of it for improvements and pay-



Vesco and son: Friends at court?

case we have to work with the U.S. Government on ..."

U.S. drug officials denied any White House influence on the case, and told a much different version of the story. "Peroff was the most difficult informant I've worked with in ten years," said one investigator. "His demands on us were unreasonable." Other authorities hinted that Peroff might have invented the Vesco involvement (the financier, in Nassau, angrily denied any drug dealing)—or that Peroff himself had been taken in by Bouchard.

The White House also denied using any pressure. But that didn't explain the dozen phone calls apparently exchanged

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ments on his two homes. The difference between income and expenditure, \$377,000, went into bank savings—including the 1969 certificate of deposit and another for \$150,000 that was purchased last March.

White House officials also disclosed that the President plans to announce that he and his wife will give their San Clemente estate—valued at \$500,000—to the public, upon their deaths. The Nixons, White House sources added, have told their lawyers to make sure that the estate was “free and clear” of debt when it was eventually turned over.

Whether all that would satisfy Mr. Nixon's critics was another matter. So far, the financial disclosures were only a bit more inclusive than their predecessors, and they fell far short of the income-

tax returns that the President had promised expansively in his Operation Candor. One man who wanted to know a good deal more was Richard Gerstein, Florida State's Attorney in Dade County. Gerstein moved to subpoena the records of Mr. Nixon's account in Rebozo's bank, another account opened there by the Committee to Re-elect the President and one in the names of Nixon crony Robert Abplanalp and Rebozo himself.

Fresh discrepancies also were emerging from the Senate investigation of the \$570,000 tax deduction taken by the President for contributing his Vice Presidential papers to the National Archives. The deed for the donation shows that it was notarized by Nixon attorney Frank DeMarco on March 27, 1969, months before such deductions were outlawed as of July 25. But when Senate investigators asked DeMarco for his notary records—required by law in California, where he practices—the attorney replied that he had not kept any documentation.