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Haig Said to Testify Simon
Warned of Hughes Inquiry

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WASHINGTON, May 15 — Gen. Alexander M. Haig Jr., reportedly told a closed-door session of the Senate Watergate committee today that he was warned a year ago by William E. Simon, then Deputy Secretary of the Treasury, that a Federal investigation of a \$100,000 political contribution from Howard R. Hughes had reached the point where it could eventually prove an embarrassment to President Nixon.

Sources familiar with his testimony said General Haig, the White House chief of staff, had identified Mr. Simon, who was confirmed last week as Secretary of the Treasury, as the individual who told him in the spring of 1973 that an Internal Revenue Service inquiry into the trail of the Hughes money had led to Charles G. Rebozo, Mr. Nixon's close friend.

General Haig's testimony about his knowledge of the Hughes-Rebozo matter was given under oath during an hour-and-a-half session before the Watergate committee members and lawyers, after the President had agreed to waive a claim of executive privilege invoked earlier this month before the committee by the general.

The committee voted unanimously today to ask the full Senate to extend its mandate in the Watergate case through the end of June. Senate Resolution 60, which authorizes the select committee's investiga-

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tion, was originally intended to expire in February, but had previously been extended until May 28.

Senate leadership sources said today they believed the body would grant the committee's request for the extra month in which to conclude its investigation of the Rebozo matter and other areas.

Mr. Simon, formerly head of the Federal Energy Office, could not be reached for comment on the report. The account of General Haig's testimony today marked the first instance in which Mr. Simon's name has been mentioned in connection with the Hughes-Rebozo investigation or any of the Administration's Watergate-related scandals.

There has been a procedure in effect since the early days of the Kennedy Administration by which the I.R.S. or the Treasury Department provides the White House with the names of prominent persons whose tax audits might become publicly controversial. But it is unclear whether details about these so-called "sensitive" cases had been given to the White House in the past.

Senator Sam J. Ervin Jr., the committee chairman, emerged from the closed session at one point and told newsmen that General Haig's responses to questions had indicated that "there was considerable discussion in the White House about the Hughes money from May of 1973 on."

Elaboration Sought

That was the month in which the I.R.S., which had then known of the billionaire's \$100,000 payment for a year, first inquired of Mr. Rebozo about its disposition.

Asked to elaborate on the remark by Mr. Ervin, a North Carolina Democrat, one source close to the committee's investigation gave the following account of General Haig's recollections.

General Haig, the source said, told the committee that he had advised Mr. Simon to repeat the information regarding Mr. Rebozo to Leonard

Garment, then the White House counsel. As a result, General Haig and Mr. Garment met with J. Fred Buzhardt, another White House lawyer, and J. Chapman Rose, a Cleveland tax lawyer who has advised Mr. Nixon on his income taxes, it was said.

The four men decided, General Haig reportedly testified, to inform the President of the I.R.S. investigation, but not Mr. Rebozo, and to suggest that Mr. Nixon advise his friend to consult about the matter with Kenneth W. Gemmil, a Philadelphia lawyer who had also served as a Nixon tax adviser.

General Haig is understood to have told the committee that, a few days later, the President directed him to ask Mr. Rebozo to talk with Mr. Gemmil about the money.

The I.R.S., which was attempting to determine the ownership of the funds for income tax purposes, had been told in May, 1972, that Richard G. Danner, a Hughes employe, had delivered the money to Mr. Rebozo two years earlier.

Role Acknowledged

Mr. Gemmil has previously acknowledged his role in arranging, in June, 1973, for the money to be returned by Mr. Rebozo to a Hughes lawyer in New York City.

At today's session, General Haig reportedly recalled that he was told by Mr. Gemmil in the summer of 1973, following the return of the money to the Hughes organization, that Mr. Rebozo had been absolved of any wrongdoing by the I.R.S. inquiry.

But General Haig reportedly said he was advised by the lawyer that the revenue agency could not make its finding public because the matter was then being looked into by Archibald Cox, the first Watergate special prosecutor.

It was not known whether General Haig's testimony touched on a central point in the committee's investigation—the role, if any, that White House knowledge of the Co: investigation of Mr. Rebozo played in the dismissal of the Harvard professor from his post as prosecutor last Oct. 20