

Nixon Fund Inquiry Focuses on Bribery and Tax Issues

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WASHINGTON, Aug. 23—The Federal grand jury investigating charges that campaign funds were used for President Nixon's personal benefit is considering allegations that were official Government favors were granted in return for some of the contributions, according to papers filled in court this week.

Moreover, the papers, which for the first time disclosed the 12 criminal statutes governing the scope of the investigation, suggest that the special Watergate prosecutor believes Mr. Nixon or his friend, Charles G. Rebozo, may have evaded Federal taxes on some of the money.

Additional questions were raised about the source of the funds by the inclusion, in an affidavit signed by Paul R. Michel, an assistant special prosecutor, of statutes concerning illegal political contributions by corporations or Government contractors.

Three Laws Cited

And Mr. Michel's citation of three laws prohibiting false statements and declarations under oath suggests that the prosecutors do not believe some of the testimony by the principals involved, before the Senate Watergate committee and elsewhere, about the disposition of the funds.

Although there have been reports for several months that Leon Jaworski, the special prosecutor, was looking into Mr. Rebozo's handling of at least \$150,000 in contributions to Mr. Nixon's 1972 campaign, the first official confirmation was contained in Mr. Michel's affidavit.

It had previously been thought that the inquiry, which has picked up where the Senate Watergate committee staff left off, was confined to possible violations of Federal campaign finance laws in the handling of a \$100,000 payment from Howard R. Hughes, the billionaire industrialist, and \$50,000 from A. D. Davis, a Florida grocery executive.

But the Michel Documents, filed in opposition to an attempt by Mr. Rebozo's attorneys to suppress the prosecution's subpoena for certain fi-

ancial records, indicate that every facet of the transactions is being investigated, from the motivations of the donors to the circumstances of the donations and the expenditure of the money itself.

Chief Judge George L. Hart Jr. of the United States District Court here denied the motion yesterday on behalf of Thomas Wakefield, Mr. Rebozo's attorney, and ordered that the records of the cash transactions be surrendered to the prosecutors.

Mr. Jaworski's office has been officially silent about the investigation, which apparently has been under way since April. At one point, his spokesmen even declined to confirm that Mr. Michel worked there.

No Official Comment

The spokesmen still decline to make any official comment on the course the inquiry is taking, particularly with respect to the possible involvement of Mr. Nixon.

But well-placed sources have said that no aspect of the complicated affair will be overlooked—"we just can't afford to," one said today—and that Mr. Nixon's alleged liability in the matter will be fully explored.

That alleged liability apparently focuses on one of the 12 statutes cited by Mr. Michel, which makes it a felony to attempt to "evade or defeat" a Federal tax.

The affidavit contends, for example, that \$4,562.38 "of funds originally derived apparently from campaign contributions" to Mr. Nixon in 1968 were "laundered," at Mr. Rebozo's instructions, through several bank accounts and were "ultimately used to purchase platinum diamond earrings for Mrs. Nixon."

The affidavit also suggests that more than \$36,000 in cash that was passed through some of the same accounts and used to improve the Nixon and Rebozo homes on Key Biscayne which are side-by-side, was taken from the money provided by Mr. Hughes or Mr. Davis.

Government lawyers queried today said that, while it probably was not illegal to divert campaign contributions to a candidate's personal use, such

funds would have to be declared to the Internal Revenue Service either as income or as a gift.

As far as it can be determined, Mr. Nixon did not declare the earnings or the home improvements, which included a swimming pool, as income on his Federal tax returns. And Mr. Rebozo, who directed the expenditures in both cases, apparently filed no declaration of gifts for tax purposes during the period in question.

In explaining to the court the direction of his investigation, Mr. Michel cited a statute prohibiting bribery, defined as offering anything of value "to influence any official act" of government, and another statute making it illegal to promise anything of "benefit" in return for political contributions.

'Impropriety' Found

In its final report, which was released last month, the Senate Watergate committee said it had found "impropriety of a significant degree" in the Justice Department's decision four years ago to permit Mr. Hughes, one of the world's wealthiest men, to add to his already sizable collection of casino-hotels in Las Vegas, Nev.

The report maintained that the "secret, ad hoc" decision by John N. Mitchell, then Attorney General, amounted to a reversal of the policy earlier laid down by the department's Anti-trust Division, without the division's knowledge.

It also noted that the negotiations with Mr. Mitchell over the matter were conducted by Richard G. Danner, the Hughes employe who has said he delivered the \$100,000 to Mr. Rebozo before Mr. Danner delivered one of the two \$50,000 installments.

Both Mr. Danner and Mr. Rebozo initially told the I.R.S. that the first \$50,000 payment was delivered in August, 1969, but the report states that both amended their testimony later. In July, 1969, President Nixon personally approved Mr. Hughes's purchase of Air West, a California-based airline.

Mr. Hughes, who is living in a hotel on Grand Bahama Island, was indicted with several other present and former associates by a Federal grand jury in Las

Vegas last month on charges of stock manipulation in connection with his take-over of Air West, now known as Hughes Airwest. Mr. Michel also disclosed in the documents filed with Judge Hart that the grand jury would be presented with evidence of illegal political contributions by corporations and Government contractors.

That disclosure coincides with a discovery made by lawyers for the Senate Watergate committee in the final days of the committee's investigation that half of the money given Mr. Rebozo may have been taken from the cashier's cage at Mr. Rebozo's Sands Hotel in Las Vegas, which is owned by Mr. Hughes's Summa Corporation.

A 'Likely' Possibility

If so—and the committee report terms it a "likely" possibility—the funds would amount to an illegal corporate contribution.

In addition, the Summa Corporation owns a helicopter-manufacturing division that a spokesman said today produced equipment under contract to the Federal Government.

The mention by Mr. Michel of statutes dealing with false statements by Government officials, perjury and false declarations before a court or grand jury reflect the mass of conflicting testimony, before the Watergate committee and elsewhere, about what happened to the Hughes and Davis contributions.

Mr. Rebozo has said that the Hughes money, delivered entirely in \$100 bills, was never used for anything before it was returned to a representative of the donor last year. He also has testified that the Davis contribution was given to Mr. Nixon's re-election committee, but no evidence of its receipt has been found.

Mr. Rebozo has not said where he got the \$36,000, also in \$100 bills, that is the target of the prosecutor's investigation. But Herbert W. Klambach, Mr. Nixon's former personal lawyer, told the Senate Watergate committee that Mr. Rebozo said he gave part of the \$100,000 to members of Mr. Nixon's family and White House staff.