

Nixon's Taped Remarks on Apparent Slush Fund

By JOHN M. CREWDSON
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Called Key Evidence in Rebozo Inquiry

WASHINGTON, Dec. 8—Two tape-recorded allusions by Richard M. Nixon to an apparent "slush fund" gathered from campaign contributions has been described by Watergate investigators as a central piece of evidence in the government's inquiry into the affairs of Charles G. Rebozo, Mr. Nixon's closest friend.

It has been known that, for the last year, the special Watergate prosecutor has been looking closely at Mr. Rebozo's handling of cash "contributions" to Mr. Nixon's 1972 re-election campaign, including a gift of \$100,000 from Howard R. Hughes, the billionaire, that Mr. Rebozo says he later returned.

But the transcripts of two April, 1973, conversations between Mr. Nixon and his aides, put into evidence at the Water-

the former President's brothers, and to Rose Mary Woods, his White House secretary.

The committee's lawyers found that about half of the \$45,977 spent on Mr. Nixon's two Florida houses had origi-

nally been deposited in \$100 bills, the form in which the \$100,000 Hughes contribution and another of \$50,000, from A. D. Davis, a Florida grocery executive, had been received by Mr. Rebozo.

But the Senate committee never established that any of the 1972 campaign money taken by Mr. Rebozo had been used for the President's personal benefit, and they never disproved Mr. Rebozo's contention that he had given the Hughes money back untouched.

Lawyers in the office of Henry S. Ruth, the special prosecutor, declined to talk about whatever progress they may have made after taking over the Rebozo investigation

where the Watergate committee left off.

But one lawyer suggested that "conclusions might be drawn" if the Watergate committee's record was considered in the light of Mr. Nixon's recorded remarks, and another prosecution official confirmed that, on the basis of the recording, his office was actively seeking to learn where the money came from and how it was spent.

Their Legal Fees

The remarks were made by Mr. Nixon during conversations with H.R. Haldeman and John D. Ehrlichman, then his two top aides and now two of the five defendants in the cover-up trial.

According to the prosecution's transcript Mr. Nixon began by urging the two men to accept "two or three hundred thousand dollars" from him to pay their Watergate-related legal fees.

Mr. Haldeman and Mr. Ehrlichman demurred, but Mr. Nixon continued to press them to accept:

"No strain," he said. "Doesn't come outta me. I didn't, I never intended to use the money at all."

"As a matter of fact, I told B-B-Bebe, uh, basically, be sure that people like, uh—who, who have contributed money over the contributing years are, uh, favored and so forth in general. "And he's used it for the pur-



Associated Press
Charles G. Rebozo

gate cover-up trial last week, contain the first solid indications that such a slush fund may have existed and that Mr. Rebozo distributed it at Mr. Nixon's direction.

The possibility of an illicit fund, made up of cash from wealthy contributors such as Mr. Hughes, was raised by the Senate Watergate committee in its report last summer.

Gift of Diamonds

Committee investigators produced evidence that Mr. Rebozo had received "at least" \$790,000, mostly in cash, on Mr. Nixon's behalf, had disbursed \$45,977 for improvements to the President's Florida homes, and had diverted some \$4,500 in leftover 1968 contributions to buy diamonds that Mr. Nixon gave to his wife.

The investigators also took back Mr. Nixon's one-time seasonal lawyer, that he had been told by Mr. Rebozo that part of the \$100,000 from Mr. Hughes had been given or lent to Donald and Edward Nixon,

pose of getting things out, paid for in check and all that sort of things."

"Bebe" is Mr. Rebozo's childhood nickname.

That exchange took place on the afternoon of April 17, 1973. But on April 25, Mr. Nixon made the same offer to the two men, who were to resign from the White House on April 30.

"Let me ask you this, to be quite candid. Is there any way you can use cash?"

Again Mr. Haldeman and Mr. Ehrlichman declined, and again the President persisted:

"As I said, there're a few, not much [unintelligible] as much I think as 200 there's available in '74 campaign already."

Mr. Nixon who like others in

the White House dropped the final three zeros when speaking of large sums of money, was apparently referring to funds that had been raised to support Republican Congressional candidates.

White House Denial

Lawrence M. Higby, one of Mr. Haldeman's assistant, told the Watergate committee earlier this year of a conversation in which Mr. Haldeman had spoken to him of a \$400,000 secret fund controlled by Mr. Rebozo that could be used for legal fees.

When accounts of Mr. Higby's secret testimony were published last June, however, the White House said that although Mr. Nixon had ex-

pressed his "concern" about the financial plight faced by his two aides, the President knew nothing of any legal defense fund, secret or otherwise, and had promised the men no financial assistance.

There were various news reports last year that Senate and Justice Department investigators had found "evidence" of a \$1-million "trust fund" administered in Mr. Nixon's behalf by the Key Biscayne (Fla.) Bank and Trust Company, which Mr. Rebozo heads.

The alleged trust fund was purportedly made up of interest earned on large "contributions" from individuals and corporations that were received and invested far in advance of the

Republican and Presidential election campaigns for which they were intended.

The special prosecutor's office has reportedly acquired a tape-recorded conversation in which a former officer of Mr. Rebozo's bank asserted that he had managed the Nixon "trust fund." But the officer, Franklin DeBoer, later denied knowing of any such fund.

At a news conference on Oct. 26, 1973, Mr. Nixon denied the "trust fund" reports, terming them "untrue" and adding that such reports "are things which, of course, do tend to get under the skin of a man who holds this office."

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