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Inouye Fund Group Guilty On Illicit Gifts

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A political fund-raising committee that supported U.S. Sen. Daniel K. Inouye (D-Hawaii) for re-election this year pleaded guilty yesterday to failing to report \$5,650 in campaign contributions from officials of the American Shipbuilding Co.

Inouye was a member of the Senate Watergate committee that investigated, among other items, contributions to the 1972 presidential re-election campaign of Richard M. Nixon, and specifically donations to that campaign from the American Shipbuilding Corp. Its board chairman, George Steinbrenner III, has pleaded guilty to making illegal contributions to that presidential campaign.

The Inouye group was given a suspended sentence yesterday by U.S. District Judge George L. Hart Jr. after pleading guilty to what the judge, the Watergate special prosecutor's office and attorneys for the Inouye group termed a technical violation of the law.

According to the criminal information filed by Assistant Watergate Special Prosecutoir Thomas F. McBride Jr., the money was donated in several installments by American Shipbuilding officials to a group of persons sponsoring a fund-raising dinner for Inouye on Aug. 3, 1973. The Watergate committee held hearings

as late as November, 1973, on contributions by American Shipbuilding.

The group, an unincorporated political committee known as DKI for '74, failed to report the donations and later returned the money to the persons in whose name the gifts had been given, prosecutors said. The political group also failed to report that it returned the gift, prosecutors said.

McBride said the special prosecutor's office had to receive a special delegation of authority from the Attorney General to investigate the gift to the Inouye campaign, since the prosecutor's mandate normally does not extend to 1974 Senate and House races.

The extension of authority was necessary because the facts in the Inouye contribution "were intertwined" in the presidential fund-raising investigation, McBride said.

McBride said that although the crime was a technical violation of criminal statutes, full disclosure in the future should be encouraged by such prosecutions. He said that the money was returned about the time it became public knowledge that American Shipbuilding was under investigation by the prosecutor's office.

Fund-raising groups shouldn't quietly accept money and then return it "when things get hot," McBride said.

Jeffrey Latavava, attorney for the Inouye group, said the organization "regrets the technical error that was made" and pointed out that the treasurer of the group was a volunteer worker. Without a sentence suspension by the judge, the group could have been fined up to \$1,000.