THE WHITE HOUSE

WASHINGTON

EYES ONLY

October 19, 1972

MEMORANDUM FOR: JOHN EHRLICHMAN

SUBJECT: SEC Vesco Investigation

The gist of the SEC claims include a perjury claim con-concerning the allegation that Vesco actually controlled I.O.S. at certain times through shell corporations (which Vesco has denied) and a broader charge that Vesco is now looting I.O.S. funds by loans to persons and shells affiliated with Vesco. This latter charge raises potential questions with respect to the SEC's jurisdiction over off-shore funds.

The investigation is now active. Vesco, in fact, testified before the Commission yesterday, taking the Fifth Amendment.

It would appear that Vesco is in serious difficulty and that a criminal reference is not unlikely.

More recently, there has been significant interest displayed by Costa Rica.

I would be happy to discuss this with you further.

LEW ENGMAN