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INQUIRY FOCUSES ON HOOVER'S LINK TO AN F.B.I. FUND

Possibility That the Director Converted Money to His **Own Use Investigated**

By JOHN M. CREWDSON Special to The New York Times

WASHINGTON, July 19 The Justice Department is investigating the possibility that funds belonging to the Federal Bureau of Investigation's Recreational Association were converted to the use of J. Edgar Hoover, the late F.B.I. director, and other senior bureau officials.

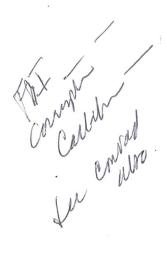
Sources close to the Justice Department inquiry said that the fund, which at one time amounted to more than \$80,-000, had for several years been controlled by Nicholas P. Callahan, who was abruptly dismissed last Friday as associate director of the bureau.

The sources said that Mr. Callahan's administration of the recreational fund had come under the scrutiny of Justice Department lawyers looking into alleged kickbacks to F.B.I. executives from private companies that held contracts with the bureau.

Ford's Viewpoint

At a news conference today, President Ford declined comment on Mr. Callahan's dismissal. He said that the decision to discharge him had been mached within the Justice Deertment. and that "Mr. Calla-1 was not a Presidential pointee."

Ose well-informed Government official indicated however, that Mr. Callahan's dehad been ordered, at in part, because of his



connection". with the recrease tional fund.

One well-placed source said that at least two persons with knowledge of the fund's administration had recently testified before a Federal grand jury that is hearing evidence uncovered by the Justice Department's inquiry.

Vacation Request

One former F.B.I. official said that he had often been told; that the fund, which Mr. Callahan, as head of the F.B.I.'s administrative division, controlled from 1970 to 1973, had been used to purchase gifts given by Mr. Hoover to other F.B.J. executives each Christmas.

The former official also said that he remembered a request! some years ago from Clyde A. Tolson, Mr. Hoover's late friend and deputy, for \$500 to help to

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Continued From Page 1, Col. 3 kickback case, including spe-

California vacation. official said that, as far as he the use of recreational fund. knew, Mr. Hoover had never paid for presents or vacations money.

1972, and Mr. Tolson died last orate on his reasons for seekyear.

ficials, all of whom asked not ades of service had long since to be identified, said that there qualified him for full retirehad been "some periodic grous- ment benefits. ing" by F.B.I. empoyees who Mr. Kelley, in a statement is-belonged to the F.B.I. Recre-sued from Bethesda Naval Hosational Association, for which pital, where he was undergoing they were assessed \$1 a year, treatment for a back ailment, They said "that they never did declined to discuss the matter the way of recreation," he said. vestigations of various allega-

point where bureau executives of the Federal Bureau of Inorganized a large F.B.I. em- vestigation." ployees' picnic to relieve the pressure.

The principal benefit of membership in the association, an- Kelley at the hospital last week other source said, was a sub-scription to The Investigator, the Bureau's internal newsletter, which was printed by the Bureau.

Money from the fund was also available to F.B.I. offices around the country, the source said, that wished to field an athletic, team or underwrite a social function. Those grants, he said, were approved within the bureau's administrative division.

The F.B.I. has more than 20,-000 employees, most of whom, culties that befell Mr. Callahan, the former official said, were although uncovered in connecmembers of the association tion with the kickback investi-"That was a must," he said. "If gation, had nothing to do with they didn't, they'd be in trou- that case or with the departble."

The fund also received, according to this source and other sources, a \$500 royalty for each episode of "The F.B.I. television series, which amounted Callahan that precipitated his to \$13,000 a year over nine dismissal was believed to inyears.

In addition, Mr. Hoover reportedly donated a portion of the proceeds from two of his others. books, "Masters of Deceit" and Revenue service agents work-"A Study of Communism," to ing on the case, which is under the recreational fund. The sec- the direction of Michael Shaond book, published in 1962, heen, who heads the Justice was prepared for Mr. Hoover Department's new Office of by a group of F.B.I. employees, Professional Responsibility, are a former bureau official said known to have conducted extoday.

interviews with at least former F.B.I. official and to have inhigh officials of the F.B.I., in-quired about his vacations vestigators working on the abroad.

finance part of Mr. Tolson's cially selected agents of the Another former senior bureau Service, made inquiries about

No Reasons Given

In announcing Mr. Callahan's with any of the recreational dismissal late Friday evening, Clarence M. Kelley, the current Mr. Hooverr died in May, F.B.I. director, declined to elabing a letter of resignation from One of the former F.B.I. of- Mr. Callahan, whose four dec-

He said that a few years ago, tions concerning former and the complaints reached the present officials and personnel

One Justice official said today that Attorney General Edward H. Levi met with Mr. to discuss preliminary findings by the Justice investigators.

Other officials there said, however, that the decision to discharge Mr. Callahan had been Mr. Kelley's alone.

Asked how soon the details of Mr. Callahan's alleged transgressions might become public, another Justice official replied that "things are moving right along."

Justice Department sources have since said that the diffiment's separate investigation of recent illegal burglaries committed by F.B.I. agents.

One source said that the alleged wrongdoing by Mr. volve no personal gain on his part, but rather the misuse of his authority for the benefit of

aminations of the net financial It is known that in recent worth of at least one former