

Telephone Police Wire In

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HOUSTON (AP) — They don't wear guns or badges and they can't make arrests, but the Bell Telephone Co. security force is one of the most powerful private police groups in the country.

Federal law allows Bell Telephone to conduct wiretaps for its own use under certain conditions. There is no limit to the number of taps provided the conditions are met. The company does not have to go through a court to run such taps nor report them to any government agency.

The Bell security organization conducts such taps in the 85 per cent of the nation where Bell is "the only phone company in town." The law permits Bell, or companies like it, to monitor any telephone conversa-

No Limit to Taps They Make

tion on lines where they have reason to believe telephone fraud against the company may be taking place.

This legal eavesdropping in the Bell System is done by the small, tightly organized group of 665 security agents. They control when, where and how it is done. At least 76 members of that force are former FBI agents.

A spokesman for American Telephone and Telegraph Co., parent company of the Bell system, said that company policy dictates that such wiretaps are only used to investigate cases of "electronic tool" fraud. The spokesman said this means

use of a "little blue box" mechanical device to make free phone calls.

The spokesman, attorney H. W. William Caming, in charge of legal matters involving industrial security for AT&T, said in rare cases the wiretap law is used to investigate other kinds of fraud against the company.

The Bell security group is the key link for law enforcement agencies which want to establish a legal wiretap of their own. Under Bell company policy, the security agents verify all court orders which permit law enforcement officers to wiretap. Bell officials here said the security agents are usually

the only ones who verify court orders.

Caming said in New York that company policy requires the agent to run the order through the phone company's legal department for verification. Caming said in rare cases the agent might skip the legal department procedure, but does so at the risk of his job.

Misuse of this system is prevented, according to one agent, only by "my integrity and the integrity of those with whom I work." Strength of that integrity is currently being questioned on two fronts.

A federal grand jury here is conducting an investigation into illegal wiretapping by police officers. Houston Police Chief Carrol M. Lynn

See BELL, G7, Col. 7

BELL, From G1

says that "sophisticated wiretaps" have been used with the aid and support of Bell Telephone Co. employees.

Bell has denied the charges. Five telephone company agents have testified before the grand jury.

In San Antonio, a former Bell executive, James H. Ashley, and the family of a deceased phone official, T. O. Gravitt, have filed a \$29.2 million lawsuit against Bell. Among the charges they make are that the company used illegal wiretaps.

The Gravitt family also claims that an investigation by the security force hounded Gravitt to his death.

Gravitt, who was a vice president in charge of the Bell system in Texas, died of carbon monoxide poisoning in the garage of his Dallas home in October. He left behind a suicide note and some memoranda charging misconduct by Bell in rate-setting, slush funding and influence-buying.

And Ashley has charged that the Bell security force serves an important role in these activities.

Houston, the largest city in the Southwestern Bell Telephone Co. area, has a security force typical of those throughout the Bell

system.

Jerry Slaughter, a sharp, precise, clean-cut man who usually wears dark, conservative suits, is chief of Bell security here. He operates out of a sparsely decorated office atop the 12-story Bell building here. On his office wall is an autographed photo of J. Edgar Hoover, the late FBI director. Slaughter served five years with the FBI. Two of the five agents under him are also FBI veterans.

Former "bureau men" are prominent throughout the Southwestern Bell system. Of 44 security agents in the company, 15 are former FBI agents.

Down the hall from Slaughter's office, in a room not much bigger than a closet, is the major investigative tool of the security force.

The small room is equipped with devices for monitoring conversations on selected telephone lines. Agents can call a switching station and be plugged into any Houston telephone. Officials here described the procedure as a relatively simple one, but Caming of AT&T said it was an elaborate one which takes some time.

The equipment can record

on paper tape the numbers called from the selected line. With the addition of a tape recorder, the instrument can also record conversations. And it's all legal.

"There's nothing clandestine about this," said Jim Russell, a security agent who gave a tour of the room to reporters after Bell officials earlier denied the room's existence.

According to James W. Shatto, a Bell attorney, the product of this monitoring is carefully guarded and surrendered to the FBI only by subpoena. This, says Shatto, is company policy.

Yet, one attorney said that "several scores" of persons have been tried and convicted on information Bell agents voluntarily surrendered to the FBI.

Several cases, cited in federal court records show indi-

viduals were convicted of gambling, possession of weapons and other charges unrelated to fraud as the result of information from phone company wiretaps volunteered by company security agents.

In Houston, Michael Clegg, a 32-year-old man from Marble Falls, Tex., was convicted last March of defrauding the phone company after his line was tapped by Bell agents for four months.

As a result of the Clegg wiretap, taps were established at several other towns around the country. In Memphis, for example, a listening post on the phone of one suspect was set up in the garage of a neighbor who happened to be a Bell employee.

After several months, the FBI arrested men in four cities in what one attorney called "a nationwide, coordinated bust."

The attorney said the FBI was given details gleaned from company wiretaps. The notes even included, in one case, names of stocks and bonds a suspect discussed on his phone.

Another attorney said that the Bell security force and law enforcement agencies have a very close "sweetheart" relationship in other areas.

Bell, for example, hires

about 70 Houston policemen who work as security guards at telephone company buildings during off hours.

Additionally, eight Bell officials in Texas, including Slaughter and his counterparts in Dallas and San Antonio, hold special Texas Ranger commissions. By law, this gives them virtually the same powers as regular police, including the right to carry guns. In practice, the special ranger appointments are mostly honorary.

This close relationship has advantages for both Bell and for police.

It provides for Bell an avenue to get information that would not be available otherwise.

For the police, the relationship helps cut through red tape in establishing wiretaps which are legal with a court order. The Bell security force is the gate keeper for setting up these legal taps.

Slaughter, in an interview, said the mechanics of a government wiretap go like this: the police bring a court order to Slaughter. He, and usually he alone, judges the validity of the order. Then he calls a supervisor in the telephone exchange involved and gets the needed information to pinpoint the wiretap location. Exchange office supervisors, said Slaughter, give him the information essential to establish a wiretap solely upon his word that court order exists.

The supervisors, said Slaughter, never see the order. There is no system for double-checking.

The primary purpose of the security force, said Slaughter, is to catch persons defrauding the telephone company, by one means or another, through making unpaid long-distance calls. Such frauds in Houston, said Slaughter, cost Bell "in the neighborhood of \$100,000 a year," a figure considerably lower than the salary paid the Bell security officers.