AEC Official Suspended in Loan Incident

Pocb 7-15-72

By Frank Carey
Associated Press

The Atomic Energy Commission reported yesterday its $36,000-a-year director of security has been "placed on leave without pay" pending the outcome of an investigation of allegations he borrowed more than $100,000 from other AEC employes and hasn't paid it back.

The official, the AEC said, is William T. Riley, 52, an employe of the commission since its inception 25 years ago, and since 1967 over-all chief of security for AEC's farflung installations, including protection of secret documents. He served as an Army counter-intelligence man in World War II.

But an AEC spokesman volunteered the comment that "there is no indication that any security matters are involved" in the current allegations against Riley.

As boss of security, Riley has been directly or indirectly responsible for the physical security of atomic installations of the AEC, including both weapons-making and other military and peaceful-uses.

The job also encompasses responsibility for "personnel security"—including work clearances for AEC's thousands of employes and those empolyed by contractors.

The commission disclosed, through a spokesman, that on June 14, Riley was "placed on leave without pay pending resolution of some allegations concerning his personal financial affairs."

The allegations, the spokesman said, "relate to the borrowing of money from other AEC employees . . . and . . . indications are that it's in excess of $100,000."

He also said that Riley had submitted a statement to the commission but that it is a confidential one which could not be made public.

The spokesman said the investigation is being conducted by AEC's division of inspection.

Riley has been replaced by Paul Gaughren, 57, a former deputy director of the division of security.