

FBI Probes 'Fed' Staff On Leak to Magazine

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By Ronald Kessler
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The Federal Reserve Board said yesterday that Chairman Arthur F. Burns requested the FBI to investigate Fed employees to determine if any gave Consumer Reports magazine a list of interest rates charged by banks for consumer loans.

A board spokesman made the statement after being asked questions about the interviewing of employees of the bank regulatory agency by FBI agents seeking to determine who might have leaked the interest rate list.

The list, which appears in the March issue of the 2-million-circulation consumer magazine, shows variations of as much as five percentage points in interest rates charged for auto, personal, and consumer loans by different banks.

Consumer Reports obtained

the list from sources it refuses to disclose after the U.S. District Court here ordered the Fed to give the list to the magazine under the requirements of the Freedom of Information Act.

The list was not given because the court's ruling was stayed pending the outcome of an appeal by the board.

"The purpose of the FBI investigation," a Fed spokesman said yesterday, "is to find out if there was a leak and if so who may be responsible."

"The only thing we know is that some figures involved in the litigation (under the Freedom of Information Act) were published by Consumers Union," he said.

Consumers Union is the

See FBI, A9, Col. 1

'Fed' Staff Probed By FBI on Leak

FBI, From A1

nonprofit parent of Consumer Reports.

Burns did not return a reporter's telephone calls yesterday.

An FBI spokesman said the bureau began an investigation last week at the request of the Justice Department's Criminal Division.

He said its purpose is to determine if there were violations of laws prohibiting theft of government property or disclosure of confidential government information in connection with the magazine article.

The spokesman said he believes the probe so far has been limited to Federal Reserve Board employees. Asked if the investigation might eventually involve the magazine, the spokesman said, "I couldn't say it would or it wouldn't."

Deborah M. Rankin, the Consumer Reports economics editor who wrote the consumer credit article in which the list appeared, said she has not been contacted by the FBI.

Ira J. Furman, a Consumers Union spokesman in Mount Vernon, N.Y., said the data published by the magazine is readily available upon request from each of the banks named in the story.

"You walk into a bank and say, 'What will you charge for an auto loan?'" he said.

Reading from a statement prepared in case of inquiries about the FBI probe, Furman said: "Consumers Union is astonished that the Federal Reserve Board continues to attempt suppression of purchasing information that is so vital to inflation-weary consumers."

He added: "We think the Federal Reserve Board should be spending its money and en-

ergy disseminating the information and promoting competition rather than covering up for the banks that are embarrassed by their noncompetitive interest rates."

A Federal Reserve source said FBI agents had interviewed a number of board employees and appeared particularly interested in the agency's computer system, which contains the interest rate data.

Among those interviewed, he said, was David R. Hull, a Reserve Board economist.

Hull apparently was a source said, because he told a colleague that a friend of his expected of leaking the data, the at Consumers Union gave him an advance copy of the March issue of the magazine.

Hull confirmed yesterday that he was interviewed by the FBI last week to determine if he had leaked the interest rates. He said he had not done so.

Hull referred further questions to his lawyer, who had no further comment.

Peter H. Schuck, Washington director of Consumers Union, said a Federal Reserve official asked him last Wednesday to have the magazine stop publication of the list.

The request was made after the board learned the magazine had the list, he said. By that time, he said the March issue was already on the newstands.

The magazine would have refused the request in any case, Schuck said.

In ordering the Reserve Board last May to give the data to Consumers Union, U.S. District Court Judge William R. Bryant said interest rates are public before the Reserve Board obtains them during monthly surveys. Therefore, he said, the data are not confidential.

The U.S. Court of Appeals



ARTHUR F. BURNS
... requested probe

last November sent the case back to Judge Bryant to obtain more specifics to support his ruling. The appeals court also urged the parties to the suit to settle the matter among themselves.