

Firm, U.S. Pay for Officials' Trip

By Jack Anderson

Three top government officials charged the taxpayers for a California vacation this year after a government contractor had already picked up the bills.

The trio reached at least one official decision between sunning and sipping at Palm Springs, Calif. They extended their host's million-dollar contract.

Not long afterward, one of the officials financed a salmon-fishing trip in Alaska with federal funds.

The tale began with the contract award to Grey Advertising, a prestigious New York firm, to promote the government's alcohol abuse program.

The three men responsible for the million-dollar contract were top officials of the Department of Health, Education and Welfare's National Institute on Alcohol Abuse and Alcoholism—its director, Dr. Morris Chafetz, his deputy, Kenneth Eaton, and the public affairs chief, Harry Bell.

When the contract came up for renewal this March, the three arranged to hold their negotiations in balmy Palm Springs, near the vacation home of a top company executive.

Chafetz wangled first-class tickets from the government, claiming leg ailments. In the past, the leg trouble hasn't kept him from playing tennis or shooting the slopes on skis. The other two officials also flew first

class so they could travel with their boss.

At Palm Springs' soigne Tennis Club, the trio and their wives settled into \$32-a-night rooms. They billed the government the maximum \$25 a day for the five-day stay.

They neglected to mention in their expense accounts, however, that their bills had already been paid by the advertising firm's subsidiary, Grey-North. The total tab, counting the expenses of the advertising executives, came to \$2,541.69.

Of course, the advertising firm charged off the \$2,541.69 against its government contract. Thus, the taxpayers wound up paying twice for the three officials' California vacation.

A few days after they left Palm Springs, the officials renewed the million-dollar contract. As far as we could determine, the firm is doing a good job.

The following July, one of the vacationers, Harry Bell, chartered a pontoon airplane in Alaska and took Grey-North vice president Fred Kline and other business friends on a salmon-fishing trip.

Bell submitted an official travel request for transportation from Anchorage to Tyonek village on July 27, 1974. We have learned that he actually flew to Bulchitna Lake to fish.

The following day, he made a travel request from Anchorage to Kenai, although he actually took another fishing trip, to Mull Lake. The taxpayers were

stuck for \$595 for these expeditions.

The three officials, Chafetz, Eaton and Bell, called the double billing a mistake. They did not intend to cheat the government, they told us. Chafetz pointed out that he could increase his income 500 per cent by leaving the government and practicing private psychiatry. All three vehemently denied that the favors from Grey-North affected their decision to renew the company's million-dollar contract.

Commenting on the Alaska trip, Bell said official business had been discussed while they flew and fished. This was confirmed by advertising executive Kline, who said he was unaware federal funds had been used to charter the plane.

Kline conceded that Grey-North had picked up the bills at Palm Springs but said this was provided for in the contract.

CIA Plant—Despite the sensitivity of U.S.-China relations, the Central Intelligence Agency has quietly placed an operative in the U.S. mission in Peking. He is James R. Lilley, a "political officer" who has also served in Cambodia, Thailand, and Laos.

This is but one of the explosive revelations in a soon-to-be published Washington Monthly article by investigative journalist John Marks, co-author of "The CIA and the Cult of Intelligence." Marks, now an associate of the Center for National Security

Studies, also disclosed that over a fourth of the 5,435 State Department employees who work overseas are actually undercover CIA agents, and the number is steadily rising. The Senate Foreign Relations Committee routinely approves the appointment to sensitive posts of Foreign Service Reserve Officers who are in reality CIA agents. Of the 121 names submitted to the committee last year 70 were agents, he wrote.

Strange Fantasy—Rep. Frank E. Denholm (D-S.D.) has a vivid imagination.

A tape has just reached us of his recent remarks before a South Dakota audience. "Jack Anderson is a personal friend of mine," said Denholm. "He called me and said, 'I've got to find something on you. I've got to do this on every member of Congress before election day.'"

"I said, 'Jack, I don't know anything, but if you can find something, go ahead and write it,'" the congressman continued. "Well, he came back the second day and said, 'The only thing I know of is that trip you took to Venezuela. It looks like it was paid for by the Venezuelan government.'"

The alleged conversation between Denholm and myself is pure fantasy. My associate Bob Owens, in checking out the Venezuelan junket, asked the congressman a number of specific questions about his trip to Venezuela. Denholm refused to answer.

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