

Casey Flap: A Short-Lived Summer-time Storm

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For the past several weeks, Washington has been treated to ominous rumblings and then open senatorial demands for the scalp of CIA Director William J. Casey.

Then, this week, the issue suddenly dissolved with his virtual exoneration by the members of the Senate Intelligence Committee, including those who were publicly calling for his resignation just a few days ago.

Sen. Barry Goldwater (R-Ariz.), the committee chairman who was the first to call for the CIA chief's ouster, sees nothing to be embarrassed about.

But he allowed yesterday that the short-lived summertime drama "probably never would have

happened" if Casey had only known where to find him by phone just three weekends ago.

As it turned out, Goldwater was staying with friends and the CIA's failure to alert the chairman of the Senate Intelligence Committee to a forthcoming expose in The Washington Post about the agency's new chief of covert operations, Max Hugel, led inexorably to a Senate "investigation" of Casey himself.

Casey's habit of not consulting with the congressional oversight committees about important matters had already become a sore point when Hugel was spotlighted in print July 14 as having been involved in improper and perhaps illegal business practices in the early 1970s.

In fact, Casey had appointed Hugel, a Reagan campaign colleague, to head the clandestine service in May without checking with either the

White House or the senators, who made pointed but unsuccessful protestations after the fact.

Goldwater was even unhappier when the allegations about Hugel came out without advance warning from his sponsor. Casey, it turned out, had tried to reach Goldwater on the July 11-12 weekend, but didn't know where to find him.

"I first heard of it inadvertently very late Sunday night [July 12] through a mutual friend," Goldwater says. The rest of the committee, it seems, knew nothing at all until Tuesday morning. Hugel resigned immediately, but the episode drew quick attention to a May 19 federal court ruling that Casey himself, along with other directors and officers of a defunct New Orleans company, had misled investors in a \$3.5 million fund-raising effort.

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By Friday, July 17, the committee had started what might best be described as preliminary inquiries — which still can be called an investigation only by stretching the word — into Casey's business career.

But Goldwater, while steaming privately, accurately reflected Casey's status with committee members at that time by stating that his job was secure "unless we find further allegations." The senator also accused the press of making "a mountain out of a molehill" in its coverage of the CIA's latest headaches.

The next week, reporters on Capitol Hill kept picking up word that Goldwater was telling his colleagues something quite different, namely, that Casey was "in trouble" and that it might be best for him to resign. On Thursday night, July 23, NBC television reported that "Goldwater has told some fellow senators he has advised Casey directly that he ought to quit."

The senator learned of that item on returning to his office after dinner, and did a quick burn. He decided to call a news conference later that night in the Senate Radio-TV Gallery to deny it in no uncertain terms. (Correspondent Robert Shakne says he still stands by his story. Goldwater still calls it "a god-damn lie.")

"At first, I told myself, 'Don't say anything about it. Just let it alone,'" Goldwater recalled yesterday. "I would have been better off if I'd done that."

Instead, he stuck out his chin, denied the report at the hastily convened press conference, and found himself peppered with follow-up questions.

At that point, he says, "someone asked me, 'What is your personal feeling?' So I told 'em."

Indeed, he told them repeatedly, declaring that he felt Casey ought to resign over the Hugel episode alone, because the CIA director had shown such bad judgment in insisting on his appointment.

Casey called Goldwater later that night to express his chagrin. The senator barked back. It was not a friendly exchange.

The next day, Friday, July 24, the tom-toms were beating on the Senate side of the Capitol. Sen. William V. Roth (R-Del.), an Intelligence Committee member, demanded Casey's ouster even more bluntly in



Associated Press

Casey, top left, conferring with Sen. Alfonse M. D'Amato last January at his confirmation hearing. In foreground are Sens. Daniel P. Moynihan and Barry Goldwater.

Senate Minority Whip Ted Stevens (R-Alaska) also jumped in, declaring that he had consulted with a number of senators on the committee and pointedly concluded that "Mr. Casey would be wise to accept Mr. Goldwater's advice."

According to an informed Senate source, several other Republicans on the committee were also "prepared to come out for Casey's resignation" when White House chief of staff James Baker called Senate Minority Leader Howard H. Baker (R-Tenn.) in the GOP cloakroom.

"Sen. Baker made clear where he stood," this source said. "He had not called for Casey's resignation and he had no intention to do so. He also said he was sure Sen. Goldwater would conduct a fair and thorough hearing."

After his chat with the White House, Baker also spoke with all other Republican members of the committee and "basically asked

them to let things lie, to wait until they got a report" from the committee staff.

a noontime press conference. He accompanied it with a printed statement that declared: "He should go — now."

Goldwater, according to a reliable source, also got a message that weekend, perhaps late Friday: that his favorite candidate for the CIA directorship, deputy director Adm. Bobby R. Inman, the man whom Goldwater personally asked President Reagan to appoint last winter instead of Casey, would not get the job, no matter what happened to Casey.

"That was what unwound it," this source declared. "He was told, 'If you get rid of Casey, you still aren't going to get Inman.' It was all downhill from there. The message was delivered to Goldwater and it came from [Sen. Paul] Laxalt," the president's best friend in the Senate.

Goldwater, however, denies being given any such word "by any member of the White House staff or by Sen. Laxalt."

"The only place I've seen that is in Newsweek," he insisted. The magazine reported in this week's editions that the White House had a short list of replacements for Casey, headed by three retired Army generals and pointedly excluding Inman, an intelligence professional who has tilted with the White House on a number of issues.

Goldwater contends that "I didn't place any credence" on the Newsweek story. But he also acknowledges that "I'm prejudiced, I think Bobby Inman is the best intelligence officer in the whole world."

Democratic sources close to the Intelligence Committee also think that the White House short list had, as one put it, "a very chilling effect. It was like saying, 'Here's the General Jack D. Rippers you're going to get.'"

In any case, the committee's "investigation" produced little more

than a rehash of old controversies plus Casey's own version, and documents, concerning the litigation over the bankrupt New Orleans firm. Even now, staff investigators have yet to examine pertinent court records in Louisiana. According to a forthcoming article in New York magazine by columnist Michael Kramer, the records there and in a related New York case conflict in important respects with Casey's claims of having had little to do with the company's affairs.

Goldwater, however, indicates he never paid much attention to the questions about Casey's business career. The senator says that unlike other committee members, he was a businessman himself and he understands, even if some of the others do not, "why a director of a corporation doesn't know about the dot over every i."

By the same token, Goldwater acknowledges, hardly anyone else on the committee thought the Hugel

episode alone sufficient cause for Casey to resign. And, Goldwater says that as far as he's concerned, Casey finally satisfied him on that score at a closed-door session Wednesday, by apologizing for the appointment.

"Mr. Casey admitted he'd been wrong at the hearing," Goldwater said in a telephone interview. "In fact, had he been able to get me on the phone that Saturday before the story appeared in The Post, this probably never would have come up. . . . I'm perfectly satisfied now. I'm going to work hand in glove with Casey. We'll get along."

Other committee members such as Sen. John H. Chafee (R-R.I.) say that Casey has not yet been "totally vindicated or cleared" and that they mean business when they say there are still "loose ends" to be investigated further. But Goldwater isn't holding his breath.

"As far as I'm concerned," he says, "the business end of Casey never bothered me."