

Lab Equipment Probe

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The Justice Department is investigating allegations that Ivan W. Conrad, former assistant director of the FBI laboratories, misappropriated substantial amounts of government-owned electronics equipment.

Informed sources said yesterday that Conrad came under scrutiny as part of Justice's widening probe into "abuses of power" by FBI executives during the final years of the late director, J. Edgar Hoover. The probe already has caused director Clarence M. Kelly to dismiss his chief deputy, Nicholas P. Callahan.

The sources said that FBI agents, armed with a search warrant, recently removed two station wagon loads of electronic equipment from Conrad's McLean home and impounded it at FBI headquarters.

The search resulted from what the sources described as an inquiry into charges that Conrad, who retired in 1973 after 10 years as assistant chief of the laboratories, had removed electronic equipment, which had been de-

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clared surplus, reconditioned it in his home and then resold it.

Conrad could not be reached for comment. His lawyer, former Assistant Attorney General Henry E. Petersen, told The Washington Post that "your information is substantially incorrect," but refused to discuss any details of the investigation involving his client.

However, the sources said that Conrad is a target of what has turned into a far-ranging probe into allegations of financial misconduct by FBI executives in the years preceding and immediately following Hoover's death in May, 1972.

The investigation is known to center on activities during that period in the bureau's powerful administrative division. Until his retirement in 1972, the division was headed by John P. Mohr; and many FBI sources contend that, with Hoover and his titular chief deputy, Clyde A. Tolson, seriously ill, Mohr actually

ran the FBI during that time.

Even after Kelley became director in July, 1973, most of his top appointment—including Callahan—were regarded within the bureau as Mohr loyalists; and Kelley has been plagued throughout his administration by rumors that Mohr continued to exert great influence over FBI affairs.

The current investigation was triggered by charges made last year before the Senate intelligence committee that a Washington electronics firm, U.S. Recording Co., was being paid large markups to act as a front for the FBI in the secret purchase of electronic surveillance equipment.

U.S. Recording's president, Joseph Tait, is a close friend and poker-playing companion of Mohr, Callahan and other present and former bureau executives. These relationships prompted Attorney General Edward H. Levi to reject an initial internal FBI probe of U.S. Recording as insuf-

ficient and to order Kelley to undertake a more thorough investigation under Justice Department direction.

During recent weeks, that inquiry has moved beyond the specifics of the U.S. Recording case into what Justice Department officials characterize as a pattern of "abuses of power." It is separate from another recently-initiated Justice Department probe into allegations that FBI agents engaged in illegal burglaries against suspected radicals.

Sources familiar with the investigation say that it so far has not uncovered any evidence of illegalities in the relationship between the bureau and U.S. Recording. But, the sources stress, that aspect of the investigation is continuing, and Conrad played a role in purchases of electronic equipment.

The investigation has turned up, the sources add, indications that FBI funds and property were misused in a number of ways. These were described by one

source as "seemingly piecemeal when looked at individually but collectively adding up to many thousands of dollars over a period of several years."

Among the abuses being probed are allegations that FBI officials improperly used money from the bureau's recreational association funds and from a confidential fund for payment of informers and used bureau personnel and materiel for repairing, painting and maintaining their homes and property.

According to the sources, most of the information uncovered so far has come from painstaking interviews with lower-level clerical and blue-collar employees of the bureau. The investigation, they added, has now started to move upward through the ranks; and some say that it is being impeded by an "old-boy network" of present and former officials reluctant to discuss what went on.

Several sources said that this was the reason for Callahan's dismissal. As Mohr's onetime chief deputy in the administrative division, Callahan controlled both the recreational and confidential informer funds and knew what uses were made of them.

Some sources said there is no evidence that Callahan benefited personally from any misuse of these funds. But, they added, his apparent sense of loyalty to friends and a belief that disclosures of wrongdoing would injure the FBI's reputation had led him to remain silent.

Callahan, who was fired without explanation on July 16, was replaced as associate director by Richard G. Held, former head of the FBI's Chicago field office.

Callahan has told The Washington Post: "I will only say that I never profited personally from any irregularity in the bureau and that after 41 plus years I have left extremely proud of my record and with my head held high."

One big problem in the probe, several sources noted, is that many of the alleged offenses occurred at a time that may soon be beyond the five-year statute of limitations applying to most white-collar crimes.