

# No Prosecution Is Urged In Financial Cases at FBI

By Ronald J. Ostrow

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Justice Department investigators have recommended against prosecuting any present or former FBI officials for alleged "abuses of power" involving bureau funds, services or materials, the Los Angeles Times has learned.

Attorney General Griffin B. Bell will withhold a decision on the matter, the first potential financial scandal in the FBI's history, until he reviews a report being written, a department spokesman said.

Other department sources, however, described the final review as a formality and said that Bell has decided to issue a "white paper" on the alleged financial wrongdoing. The paper is not expected to be issued until next month.

Closing of the case, which Bell has referred to as one of the "mines" he found floating at the Justice Department, would leave only one obstacle still facing the FBI as U.S. District Judge Frank N. Johnson Jr. prepares to take command of the agency in January.

That is the broad-scale investigation into break-ins, wiretaps and mail openings conducted by FBI agents searching for fugitive Weatherman terrorists in the early 1970s.

Bell hopes to write a conclusion to that matter, too. But if a trial is conducted on the only indictment returned so far—that of retired FBI supervisor John J. Kearney for conspiring to wiretap and open mail—it could not be completed before Johnson arrives.

In some ways, the abuse-of-power investigation represents a thornier problem for the FBI, because

it is the first allegation of financial wrongdoing to plague the tradition-minded bureau, which has been notably free of scandal for 50 years.

Department sources, while ruling out prosecution in the case, said the white paper may recommend administrative proceedings, or disciplinary steps, against officials still employed by the bureau.

Officials responsible for preparing the white paper, which would set out the abuses uncovered and outline steps to prevent a recurrence, are understood to be limited by the Privacy Act in how specific they can be.

The act bars public disclosure of information in government files about an individual without the person's prior written consent.

Thus, the paper is not expected to dispel a mystery in the abuse-of-power case—the July, 1976, firing by FBI Director Clarence M. Kelley of his No. 2 man, Associate Director Nicholas P. Callahan.

Kelly asked for Callahan's resignation on the order of then Attorney General Edward H. Levi. Bureau sources said at the time that Callahan had knowledge of the use of a secret informant's fund and FBI recreation money for entertaining government officials, but it could not be determined that this prompted Levi's order.

Callahan has refused to discuss the matter.

The abuse-of-power case involved only the relationship between some former FBI officials and the U.S. Recording Co. The Washington-based firm served as a "cutout," or front, through which the FBI channeled its purchases of electronic equipment as a means of disguising the source and type of equipment it uses.