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HERMAN: Mr. Kelley, three months ago in a speech, you apologized for a number of FBI activities, saying some of them were clearly wrong and quite indefensible, and giving us, perhaps unconsciously, an impression that they were all behind us. And in the three months that followed, a number of new investigations have opened up, a number of new things have come to light, including one burglary just a month ago, which fed new documents, new information, into FBI files. Do you have real control of the FBI, or is it still sort of a runaway agency?

MR. KELLEY: I feel that I have control of the FBI. I think this because the great majority of the organization are loyalists to the FBI, and I represent the FBI. They're not going to be wandering around without leadership, and I'm trying to afford it to them. And I'm going to do everything I can to maintain that control.

ANNOUNCER: From CBS News, Washington, a spontaneous and unrehearsed news interview on FACE THE NATION, with Clarence Kelley, Director of the Federal Bureau of Investigation. Mr. Kelley will be questioned by CBS News Law Correspondent Fred Graham; by Sanford Ungar, Washington Editor of the Atlantic Monthly; and by CBS News Correspondent George Herman.

HERMAN: Mr. Kelley, when I asked you my original question about the FBI being under your control or whether it was a runaway agency, your reply was, among other things, that a great majority of the FBI men were loyal and so forth; and that--although it sounds healthy--leaves the implication that outside of the great majority there is a lesser minority which is not loyal or under control. Could you explain a little bit what you meant by that?

MR. KELLEY: In the first place, I can't identify anyone who is not

actually loyal to the FBI. I think that they all are really loyal to the FBI; not all, however, are confident that the administration which I am now bringing into effect is the proper way to lead the organization. Some cling to traditions. Some cling to the idea that you can do anything you want so long as you follow certain ideas that were embedded in them throughout the many years of the leadership of Mr. Hoover. Now I'm not critical of Mr. Hoover; I'm merely saying that it was an authoritarian type of administration. Mine is not that. And I might say that I'm confident some feel more comfortable where they have the fatherly type of control, where they have that--again--very authoritarian type of control. And until this is banished from their minds, until they accept that we're in a different era, we're in a different control situation, we're besieged by the aftermath of Watergate--until that is well recognized by them, I may not get one hundred per cent support. Insofar as support to the Bureau--yes, I think that's there.

UNGAR: Mr. Kelley, isn't one of the problems that many of those people who resist your leadership have been in the upper ranks of the Bureau, people you named from the old Hoover guard to top positions in the FBI? You fired your first Associate Director, Mr. Nicholas Callahan, and I think many people wonder whether there aren't perhaps another half dozen or more members of the old guard who are either part of these old activities or helped cover them up, who've got to go before you can have control over the FBI.

MR. KELLEY: Sandy, of course, you must recognize that all those within the top echelon--and as a matter of fact, the majority of the people in the Bureau today--were in the Bureau at the time Mr. Hoover was the Director. And all of them had, during that period--had exper-

iences with the great leadership of Mr. Hoover, and as we look at the top echelon, we have some who were in leadership capacities. None now, however, was an Assistant Director or above at the time Mr. Hoover was there. All of them have been appointed to their present posts by me. The field has one Assistant Director, Bob Gebhardt. who was an Assistant Director at the time, but he's in the field. Now those men, I feel, have, in my estimation, become very well adapted to the new type of control, the new type of administration. I have no reason to believe that necessarily, they're bucking me. I think that some of it, perhaps, has been a little slow in coming, but I think they have the idea and have the feeling that this is the proper way to do things.

GRAHAM: Sir, may I ask you, specifically, you made--gave testimony, and you made in statements the remarks some months back that all of the burglaries had ceased, essentially, in 1966. Now since then, it was disclosed that scores, maybe more burglaries, in fact had taken place, some of them in '72 and '73. Now I gather that you were deceived by someone in the FBI, and my question is, have you found out who?

MR. KELLEY: In the first place, I have not found out who had deceived me. I am confident--I know that I was deceived. I do know that, however, you must understand that most people are reluctant to confess to something which they think may be the subject of even prosecution. So I can understand their reluctance. But I cannot thereby condone it. I think they should have told me--at least not make me stand out on a limb with this knowledge which they had, which they should have imparted to me.

GRAHAM: But sir, you're the Director of the FBI. If you can't find out who deceived you within the FBI, don't you think that's cause

for concern among the public?

MR. KELLEY: That is cause for concern; it is concern to me. And it is now being investigated, and the results will thereby dictate to me what action I take. And if I find those who have knowledgeably, knowingly, intentionally deceived me, I will take some action.

UNGAR: Mr. Kelley, why did you fire Mr. Callahan?

MR. KELLEY: This, of course, is a matter, Sandy, which is under investigation. I had facts presented to me which, at that point, indicated that action was warranted in asking for his resignation. Beyond that, I can only say that other matters are still being investigated and I cannot elaborate beyond just that particular point.

UNGAR: Well, Mr. Kelley, there's another man in the top ranks of the FBI right now, I believe in the number three position, who, according to a sworn testimony from an FBI secretary, was the witness to a forged signature on a document which was essential in the disposing of Mr. Hoover's fortune of about half a million dollars or so. I wonder whether you have asked this gentleman, Mr. James Adams, to explain to you why he signed the document, when Mr. Tolson had not signed it but his secretary had.

MR. KELLEY: I have talked with Mr. Adams about that particular thing. He has told me what happened. Insofar as a revelation of that disclosure, that, of course, cannot be made inasmuch as this too is a matter under litigation. I, possibly, during the course of this session, will mention--I cannot say something because of the fact that these matters are under investigation or are under litigation. I'm not trying to seek sanctuary. I'm merely explaining what is the fact. I have had this presented to me. I do not think that it impairs his

present capacity to do his job.

UNGAR: But doesn't it impair his credibility and that of the FBI when it has been stated under oath, by an FBI secretary, that he was witness to a forged signature and he is expected to be upholding the law?

MR. KELLEY: I don't think that necessarily--that you can assume from the statement I made that he made a disclosure which would place him in the position where he could be prosecuted or should be dismissed. I think that the basic facts as presented to me are subject to interpretation which would--I feel I safely made, that this would not impair his capabilities within the FBI.

GRAHAM: Mr. Kelley, there have been a series of disclosures of alleged irregularities by FBI men over the past month. How many, other than Mr. Callahan, have been disciplined?

MR. KELLEY: There has been just the request for a resignation from Mr. Callanan. There have been numerous investigations conducted; as a matter of fact, one under the general heading of the U. S. Recording Company, and then there's the one on the surreptitious entries, and there are others from time to time which come to light and are handled by either one of those or possibly another. And we cannot summarily dismiss--as a matter of fact, there are certain rules and regulations within the Civil Service structure that does not permit this. I am not waiting around without action. I'm insisting that these be delved into very carefully; I'm insisting that there be no cover-up. We're going ahead just as rapidly as we possibly can to get all of the facts. But until the facts are presented, we can't do anything about those particular things.

GRAHAM: Well, can you tell us now how many agents may be--or officials--may be disciplined, based on what you now know?

MR. KELLEY: I cannot say, Fred, just how many will be involved in this thing. I--

GRAHAM: Ball park figure?

MR. KELLEY: Well, the ball park figure possibly could be that-- from three or four on up. I don't know how many, but I think that possibly there would be that many.

GRAHAM: As high as thirty?

MR. KELLEY: When you go to the figure of thirty, you possibly are encompassing the situation involving surreptitious entries. Those might well be not construed as doing anything other than following the authority that they think stems from those higher up.

HERMAN: Well, let me pursue that, because when you were talking about the difficulties within the Bureau, you made a connection--that some of these activities which were indefensible and which were improper, were connected to old loyalties and to old ideas, and presumably to old leadership--to Mr. Hoover. Now that's one whole line of problems that you're faced with and are struggling with. The other whole line of problems that you're faced with and are struggling with has to do with money, and possible malfeasance of dividends and funds and insurance and so forth and so on. My question is, is that connected, by any route, by the same personnel or by any fashion, to the same group--an old loyalty group and back to Mr. Hoover and his friends?

MR. KELLEY: Again, George, you have almost all of the people presently in the FBI who were in the FBI at the time Mr. Hoover was the Director. Yes, many of the people involved in these other situations

could well have been styled Hoover loyalists at the time that they were under Mr. Hoover. They very definitely were influenced by tradition, by the authoritarian type of leadership. Just let me emphasize to you that I'm Clarence Kelley, and I'm not someone else, and my leadership is going to be that I'm going to keep it as clean and as clear as I possibly can. I do not condone and will not countenance cover-ups. I will not countenance any illegal activity. I'm not saying that I'm always going to do it right, but I'm going to do it the way I think it should be done. ¶And as these things are developed--and I'm insisting that they be developed--if they're there; I, however, have not been given full details. What I've done is to insist that they investigate them, and investigate them thoroughly, no matter who is going to topple as a result.

(MORE)

HERMAN: Let me ask you, Clarence Kelley, to use your own phraseology, there was a burglary that I alluded to earlier on the program, a burglary in Denver almost exactly a month ago, I believe it's a month ago tomorrow, by a man who was not an FBI agent but was a paid informer of the FBI, and there is some argument therefore whether it was an FBI operation, but nevertheless, some of the fruits of that burglary ended up in the files of the FBI. And then as you know, there was a great deal of legal foofaraw as to whether that was being withheld, whether it was truthfully told, and so my question is, what are you, Clarence Kelley, doing, what is your attitude and what are you doing about that?

MR. KELLEY: In the first place, this is one of the matters which I must say that it's under investigation, it's a part of litigation, and therefore, I cannot delve into it to the depth that apparently you want. I can say this, however, that the agent who was handling it is no longer handling that type of material, he has no informants, so that at least if there be any propensity on his part, it's stopped. In addition to that we had already set out rules, regulations and admonitions that that which is done by an informant can be construed as that which is done by the agent. And if it's wrong to be done by the agent, it's wrong to be done by the informant. Now, did he receive notice of it? I don't know that he did. He should have because it was widely publicized. So we had already laid the groundwork to prevent this and did not. It has now been brought out and in the litigation it will be, of course, exposed completely.

GRAHAM: Mr. Kelley, a lot of the recent irregularities that have come out have come out as a result of a suit by the Socialist Workers Party, involving the Socialist Workers Party, and of course, that just

happened that the suit brought that out, and my question to you is, to your knowledge, are there other scandals lurking in the woodwork like that, that we just haven't learned about yet?

MR. KELLEY: I hope not. But I cannot say categorically that there is nothing else which has not been revealed. Again, remember, people don't step forward and give you a confession about everything that they've done. I know of none which is lurking in the shadows.

UNGAR: Mr Kelley, speaking of the Socialist Workers Party, that group couldn't possibly find a better means of publicity than all the attention that the FBI has given to it, and the information about irregularities that have come out. Why, in 1976, is the FBI still investigating the Socialist Workers Party?

MR. KELLEY: Well, of course, were I to give you a complete and elaborate description of our procedures and an outline of our reasons for doing things, I would be here for quite some time, you well know.

HERMAN: But I think what Sandy really means is, is the Socialist Workers Party in your mind a threat to the United States government?

MR. KELLEY: Again, I'm not going to answer that without the full elaboration and we're now having a suit, and were I to say this is ridiculous for us to investigate, that might give fuel for that suit. I'm telling you that we're going to be going through this suit with a feeling that if there is corrective action needed, it will be taken. We've got guidelines Sandy, you know about them, and if this suit says you're wrong in going into that matter, we will stop it, just as we're going to stop anything else.

UNGAR: Mr. Kelley, isn't part of the problem though, that you have many agents who've worked so-called security cases for many years,

who have not been told that the red scare is off, that the 1950's and the 1960's are over, and that the FBI isn't and shouldn't be so concerned about political groups anymore.

MR. KELLEY: This is your opinion that the red scare is off. I don't know that it's completely off, Sandy. And, however, if this be the declaration of the courts and the Attorney General and the consensus of the authorities, all right, we'll abide by it.

UNGAR: Mr. Kelley, I don't think anyone doubts the need of the FBI to investigate any foreign agents, Soviet agents and others, in this country, and that's something I think people want to do. I mean the difference between investigating foreign communist threats of that sort and investigating political groups because they might have leftist tendencies in this country. Isn't that, shouldn't that be a thing of the past now?

MR. KELLEY: By all means do we avoid and should avoid anything just because it's politically oriented. It's when there is a possibility of overthrow of the government by force and violence and there is some sort of a espionage network attached to it, then we should investigate. Now, again, when it's determined that we are going down the wrong path we'll change the path.

GRAHAM: But sir, isn't it true that you investigated this group 38 years and have no evidence of illegal activities?

MR. KELLEY: I'm going to have to tell you again that this is a matter under investigation. There are according to their own statements, 2000, I don't think that because it's a small group is necessarily to indicate that it's not potentially dangerous.

GRAHAM: Sir, in regard to that litigation, the judge in that

case recently accused the FBI of giving false information repeatedly to the judge in the case. Are you looking into that state of -

MR. KELLEY: Yes, indeed. That's again, a very distressing thing. I say to you that we're not going to engage in any coverup. This smacks of a coverup.

GRAHAM: Have you found out who did that, sir?

MR. KELLEY: No sir, I have not as yet.

GRAHAM: How long have you been looking into it?

MR. KELLEY: Well, we have been looking into it for quite some time now, so that, as soon as it occurred, but it has not as yet been revealed.

GRAHAM: Well, why can't you find out in a chain of command as clear as that who is responsible for lying to the judge?

MR. KELLEY: Well, I think we will if there has been a definite illegal act, yes, we will find it out. But I'm just merely telling you I do not know at this point who was responsible for this.

HERMAN: Mr. Kelley, every time I read of the actions^{that}/you're taking to try to correct the situation inside the FBI and how you're moving and operating, and every time I read somebody like Sandy here, I read that you're moving slowly, or that you're doing this or that carefully because of the threat of mass. resignations. Is there a threat of mass resignations, of mass changes and defections from the FBI if you should move too rapidly against the remnants of the Hoover power structure?

MR. KELLEY: Well, actually --

HERMAN: I don't mean to blame that on Sandy. I'll just blame it on newsmen in general.

MR. KELLEY: No, no. But there have been many things done, particularly of things insofar as procedures and structures. And for the period of time I have been here, a little over three years, I have persistently pushed some structural revisions, such things as the way we go at our jobs, such things as the way we keep our paper, we've got a tremendous flow of paper, the priorities that we give our work, the matter of career development. All those are structural to try to build up the organization. Then we come on to matters which are construed as possibly prosecutable, or at least warranting disciplinary action. In those cases we have formed task forces in conjunction with the Department of Justice. Two of them are headed by our people, one is headed by Assistant Director Ash, another by an agent in charge by the name of Long. They're proceeding a little slowly, but they can't go any faster, they're going just with diligent speed.

HERMAN: I'm getting a little lost. What I really wanted to know/^{is} whether some rank, any large group in the rank and file, are sufficiently upset about the change in mode and in tone that you are putting on to the FBI, so that there has been any realistic threat or problem of massive resignation?

MR. KELLEY: I certainly know of no threat, nor do I think there is any possibility of a mass resignation. As a matter of fact, I think as this administration goes on that there will be greater support generated, because at the base of all of this is the principle of integrity. I think that the American people are entitled to integrity so we're going to maintain it at all costs because there is the seat of our need.

UNGAR: Sir, in speaking of your administration of the Bureau,

have you had, do you plan to submit a routine letter of resignation after the election in November to whoever is elected president?

MR. KELLEY: I do not. I have enjoyed myself very much, I think there's much to be done, I came here in order that I might do it, and I'm going to stay so long as my health is good and my need, the need for me is present.

UNGAR: Well, some people on the Bureau, as you know, are very concerned about establishing a precedent of FBI directors changing whenever there is a new president, which they feel would be bad and might politicize the Bureau. Do you think, for example, that if Jimmy Carter were elected president that he would be likely to keep you on as FBI director?

MR. KELLEY: I have not heard from Mr. Carter, I would say the proper person to direct your question is Mr. Carter. I would say that I am not going to submit my resignation so long as I think I can serve and so long as my health holds out.

UNGAR: But nothing on a routine basis.

MR. KELLEY: I am not going to submit it on a routine basis.

HERMAN: Let me just pursue that, not that I believe in any sense that you're using it as an out or anything of the sort, but your health has not been good. Will you be able to stay on, could you serve another four or five years as FBI director?

MR. KELLEY: My health problem centers in my back. It can be corrected by an operation. I have postponed the operation thinking perhaps that rest and care and the area of therapy might help it. It apparently will not. I probably will have to go to an operation, in which case I am assured that it will give considerable help to me.

Otherwise, I just went through a physical examination, I'm in excellent health and feel great.

HERMAN: Well, the subsidiary question which I guess follows immediately from that is, if you should be hospitalized and hors de combat for however long it might be, a week or a month, or however long, are you confident that your program will proceed at the FBI?

MR. KELLEY: I am confident that it will.

GRAHAM: Sir, one general question. If, for one reason or another, a new FBI director were to be selected by whoever the president is, would you think it would be a good idea to get someone from outside the FBI?

MR. KELLEY: No, I think it would be better to have him come from inside the FBI. There are many nuances of this job, there are many problems which experience alone can assist you. You might find that many mistakes will be made by virtue of the shuffling. It's a splendid organization, it should be maintained in that context.

UNGAR: Mr. Kelley,^{is} one of the problems with some of your top aides that they're not really loyal to you, they don't really have your best interests at heart, but maybe are still loyal to J. Edgar Hoover and the way he ran things?

MR. KELLEY: I don't believe that that is true to any great extent.

HERMAN: Thank you very much, Mr. Kelley, for being our guest on Face The Nation today.

ANNOUNCER: Today on FACE THE NATION, Clarence Kelley, Director of the Federal Bureau of Investigation, was interviewed by CBS News Law Correspondent Fred Graham, by Sanford Ungar, Washington Editor of

the Atlantic Monthly, and by CBS News Correspondent, George Herman.
Next week, House Minority Leader John Rhodes, Republican of Arizona,
Permanent Chairman of the Republican National Convention, will FACE
THE NATION.