

F.B.I. SAID TO VIOLATE LAW ON JURY REPORTS

Justice Department Says Bureau
Released Confidential Information
In Franklin Bank Case

By MAG H. SEIGEL

The Federal Bureau of Investigation has turned over confidential grand jury information to various Government agencies in violation of the law and against specific orders of Federal prosecutors, Justice Department officials disclosed yesterday.

John J. Kenney, Administrative Assistant United States Attorney in the Southern District of New York, told of the F.B.I. reports in an affidavit filed in Federal District Court in Brooklyn. The affidavit, opposed a motion to have the contents of the F.B.I. reports made known to defense lawyers in a pending civil suit stemming from the liquidation of the Franklin National Bank.

Grand jury minutes are legally sacrosanct and may be disclosed only through a court order, although grand jury witnesses can disclose their own statements. Unauthorized disclosure constitutes contempt of court.

The F.B.I., Mr. Kenney said, had a "longstanding policy to send reports to bank-examining agencies, when a bank incurs a loss of more than \$50,000," in the material in those reports, he said, was grand jury information, to which the agency had access because of its role as an investigator.

NO Heels of Indictments

The disclosure of the dissemination of grand jury information comes on the heels of the indictment of L. Patrick Gray 3d, former acting F.B.I. director, and two other former top bureau officials last April on charges that they had authorized burglaries and illegal searches, and of disclosures of a pattern of illegal wiretaps, break-ins, mail-opening and harassment of political dissidents by F.B.I. agents.

F.B.I. spokesmen in New York and Washington said they could not comment on the new reports because civil litigation was pending. A spokesman for the White House said there would be no comment because it did not know about the case. A spokesman at the Justice Department, a spokesman said there would be no statement until after Judge Thomas C. Platt of Federal District Court handed down a decision on whether to make the reports available to defense lawyers in the civil case.

In his affidavit, Mr. Kenney said that, without his knowledge and despite specific instructions to the contrary, the F.B.I. had on Dec. 27, 1974, sent a report to

the Federal Reserve Bank of New York relating to a grand jury criminal investigation that he had been conducting of the Franklin National Bank.

"This report," Mr. Kenney says, "contains a substantial amount of information taken from documents gathered by the Grand jury through the use of its subpoena power, and otherwise reflects matters occurring before the grand jury at that time."

F.B.I. Confirmation Alleged

The Federal prosecutor added that the F.B.I. had confirmed sending out the report and had said that other reports of the same grand jury investigation had been "similarly disseminated pursuant to a policy of the Federal Bureau of Investigation existing at that time."

Mr. Kenney disclosed yesterday that the reports had gone to the Comptroller of the Currency as well as to the Federal Reserve Bank, and that the first one also had been sent to the Federal Deposit Insurance Corporation, the plaintiff in the pending civil action against four insurance companies.

"This distribution of the F.B.I. reports," he said in his affidavit, "was conducted without my knowledge or the knowledge of anyone in this office."

As a result, Mr. Kenney said, he has asked that "the F.B.I. recall all such reports improperly distributed without court authorization."