

No. 2 Official Resigns at CIA

By William Chapman
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Lt. Gen. Vernon A. Walters, the Central Intelligence Agency official who was used by the Nixon White House in an attempt to block the Watergate investigation, resigned yesterday as the agency's deputy director.

The White House announced the resignation and said that a veteran civilian CIA official, Associate Deputy Director E. Henry Knoche, will be nominated to replace him.

White House press secretary Ron Nessen said that Knoche is the choice of CIA Director George Bush, who wants "to build his own team" at the intelligence agency.

Walters, 59, submitted his resignation as a matter of

protocol in January when Bysh took over. He is scheduled to retire from the Army on June 30 when he will have completed 35 years of service.

A skilled linguist, Walters served as interpreter for five Presidents during his Army career and was a close friend of former President Nixon, who appointed him to the CIA No. 2 spot in 1972.

Shortly afterward, Walters became involved in the efforts of White House aides H. R. Haldeman and John D. Ehrlichman to limit the FBI's investigation of the Watergate burglary.

Walters later testified he was ordered by Haldeman to instruct FBI Director L. Patrick Gray to cease investigation leads in the burglary case that might ex-

pose CIA operations in Mexico.

Gray at first agreed, but later said the investigation would proceed unless he received signed CIA documents instructing him to hold off.

At a subsequent meeting, Walters said, he and Gray agreed that the FBI investigation into Republican campaign money used to finance the burglary could not be blocked by CIA intercession.

Walters also said that Nixon's counsel, John W. Dean III, at one point suggested to him that CIA covert funds could be used to pay the bail and salaries for the five Watergate burglars. Walters refused.

A CIA spokesman said yesterday that Walters' resignation has no connection with recent investigations of the agency's activities and the revelations of domestic spying or with the current reorganization of the intelligence community.

"He simply felt that he has been here long enough and that it's time to retire," the spokesman said.

Walters' resignation will take effect on the day that his successor is confirmed by the Senate, the White House said.

Nessen said that President Ford "has a very high regard" for Walters and for the work he has done. He said that Walters has offered to serve in any other capacity at the President's request and Mr. Ford is considering the offer.

The confirmation of Knoche would break one long-standing tradition at

the intelligence agency. For the first time since the agency was founded in 1947, neither the director nor his principal deputy would be military men.

Knoche is a 23-year veteran with the CIA who has held a series of administrative positions. As deputy director, he would be in charge of the agency's day-to-day operations.

Knoche, 51, joined the CIA in 1953 as an intelligence analyst specializing in Far Eastern political and military affairs. He had previously served two tours of duty as a naval officer, during World War II and the Korean war.

From 1962 to 1967, Knoche was a special assistant to the CIA director. In 1967, he became executive director of the National Photographic Interpretation Center.

In 1969, he became deputy director for planning and budgeting and the following year was named deputy director for current intelligence.

From 1972 to 1975, Knoche was chief of the intelligence directorate's office of strategic research and in 1975 was appointed by Mr. Ford as associate deputy to the then director, William Colby.