

# House Panel's Spy Report Reveals New Violations

## A Look at Findings

By John M. Crewdson  
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The House intelligence committee has concluded after a year-long investigation that the federal intelligence agencies as currently constituted operate in such secret ways that they are "beyond the scrutiny" of Congress, according to the panel's final report.

The 338-page report, which has not been released but a copy of which was obtained by the New York Times, discloses a number of "irregularities" uncovered by committee investigators.

These include an apparent violation by the Central Intelligence Agency of a 1967 presidential directive prohibiting it from providing secret financial assistance to any of the nation's educational institutions.

The House committee also concluded that secret budget figures given to Congress by federal intelligence agencies over the years were "three or four times" lower than the totals actually spent by the United States in gathering intelligence at home and abroad.

Many of those expenditures, it said, were obscured from Congress and were not adequately audited either by the Office of Management and Budget or the agencies' own accountants, with the result that wastefulness and questionable expenditures had occurred.

The document is the third major government report in eight months detailing improper CIA covert activities at home and abroad.

On June 10 a presidential commission headed by Vice President Nelson Rockefeller released its report on the agency's domestic spying activities and on November 20 the Senate intelligence committee issued a report that included disclosure of assassination plots against foreign leaders.

The House committee's investigation, the report on which was approved in final form by a 9-to-4 vote of the panel's members Friday but which will not be made public until the end of this month, also turned up the following revelations:

- The National Security Agency, which is responsible for monitoring the communications of other nations and attempting to break their codes, illegally lis-

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tened in on overseas telephone conversations of American citizens whose names or telephone numbers had been provided to it by "another government agency."

- The FBI violated its own manual of regulations by preserv-

ing in its files "intimate sexual gossip" picked up by agents during a criminal investigation.

- Robert A. Maheu, a former top aide to billionaire Howard R. Hughes, arranged at the behest of the CIA to supply King Hussein of Jordan and other foreign leaders with female companions who were reimbursed for their efforts with federal funds.

- "Thousands, if not millions, of dollars of unwarranted mark-ups" were added to the cost of bugging equipment purchased by the FBI through a private company whose president was a close friend of high bureau officials.

An FBI spokesman said he would have no comment on the report's allegations until it is made public.

But William Colby, the outgoing director of the CIA, said that a preliminary draft of the House report he had seen was "biased and irresponsible."

Colby said through a spokesman that the panel's disclosure of several of the agency's sensitive activities would harm American foreign policy, and he criticized what he termed "a selective use of evidence" by the committee "to present a totally false picture of American intelligence as a whole."

A. Searle Field, the committee's staff director, responded that Colby had not yet seen the final version of the report approved by the panel on Friday, from which a number of names and other sensitive details were deleted.

The committee's three Republican members and one of its ten Democrats voted on Friday against releasing the report in its present form. However, one source present at that meeting said that none of the four had objected to the report's tone or conclusions, only to the inclusion of sensitive information about three covert CIA operations.

The document contains long sections on the CIA's financing of political parties in Italy and its shipment of arms to anti-Communist forces in Angola and to Kurdish rebels in Iraq, although none of the countries is identified.

Colby pointed out yesterday, however, that the unilateral release of that information, much of which has already appeared in news accounts, violated the committee's agreement with the White House to first seek President Ford's approval to make it public.

Told of the committee assertion regarding the violation by the CIA of the 1967 presidential directive, Colby replied through a spokesman that he believed the agency to have been in compli-

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ance with President Johnson's order to halt "any covert financial assistance or support, direct or indirect, to any of the nation's educational or private voluntary organizations."

The House report noted, however, that Carl Duckett, who heads the CIA's division of science and technology, testified to the panel last November 4 that the agency "still has ongoing contracts" for research and development "with a small number of universities," and that some of them were covertly let — that is, that the institutions performing the work were unaware that they were working for the CIA.

The agency, the report declared, was "unilaterally reserved the right to, and does, depart from the (1967) presidential order when it has the need to do so."

It quoted a June 21, 1967, memorandum to Richard Helms, then the director of the CIA, noting that the agency would try to conform to the Johnson guidelines "as rapidly as feasible and wherever possible," but that "the agency must retain some flexibility for contracting arrangements with academic institutions."

The secret intelligence budgets given to Congress, the General Accounting Office said, did not contain a number of important items, including 20 per cent of the National Security Agency's annual budget, the budgets of the Pentagon's Advanced Projects Research Administration and the National Security Council, and the costs of domestic counter-intelligence functions performed by the FBI.

The expenditures of those funds, the report said, were largely unchecked by Congress and even by the Office of



Management and Budget, which assigned only six full-time auditors to the foreign intelligence agencies.

It said this spending was also inadequately monitored by CIA accountants, who told the committee that in many cases they had been forced to "rely solely on the integrity" of many agency officials.

One of the categories of inappropriate expenditures cited by the agency was Maheu's reported procurement of women, which a committee source said occurred around 1957. This was some years after he became a consultant to Hughes and about the same time that he produced for the agency a pornographic film, "Happy Days," which starred an actor who resembled Indonesian President Sukarno.

The report did not elaborate on the production of the film, or whether it was ever used to embarrass Sukarno, as the agency had intended, the source said.

The House committee's investigation focused mainly on the operations of the CIA and touched

on the FBI only peripherally. But it turned up one instance: the bureau's investigation of a radical "think-tank" organization here, which the report said violated a number of FBI regulations covering the conduct of criminal investigations by its agents.

Despite a bureau regulation that prohibits such inquiries from continuing beyond 90 days unless there is a likelihood of eventually uncovering criminal activities, the investigation of the organization, the Institute for Policy Studies, lasted from 1968 to 1973.

No criminal violations were found during that five-year period, the report said, and the bureau concluded in May, 1974, that there had been "a paucity of information" to indicate that such violations had occurred.

Nonetheless, the report said, the bureau's agents at one point seized the institute's garbage and recorded in their reports "intimate sexual gossip" about the organization's members and others, despite a bureau regulation prohibiting the retention of such "social or personal" information "not relevant to subjects' subversive activities or affiliations."

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