

Levi Rejects Probe of FBI, Orders Another

By Ronald J. Ostrow
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An FBI investigation into allegations of financial wrongdoing within the bureau has been rejected as unsatisfactory by Attorney General Edward H. Levi, the Los Angeles Times learned yesterday.

Department sources said Levi last month ordered FBI Director Clarence M. Kelley to conduct a broader probe into, among other things, the relationship between past and present bureau officials and a supplier of electronic eavesdropping equipment.

A suggestion that the inquiry be referred to another investigative agency is understood to have been rejected because Levi is determined to establish that the FBI can police itself.

A report on the initial investigation, conducted by the FBI's Inspection Division, which has the reputation of rigid enforcement inside the agency, was submit-

ted to the Justice Department in January. The investigation was said to have uncovered no evidence of illegal acts, but sources familiar with it said it raised more questions than it answered.

FBI sources said the new probe is causing far more concern inside the agency than the upcoming report on FBI counterintelligence abuses by the Senate intelligence committee.

The inquiry is not expected to be completed for two to three months. If wrongdoing is established, it would be the first major money corruption scandal in the FBI.

In addition to the FBI investigation, the Internal Revenue Service is conducting "net worth" examinations of two principals covered by the FBI investigation, John P. Mohr and Joseph Tait.

Mohr, retired from the FBI, was No. 3 man under the late FBI Director J. Ed-

gar Hoover and was responsible for the bureau's administrative side. Tait heads U.S. Recording Co., which served as a front through which the FBI channeled its purchases of electronic equipment as a means of disguising the source and type of equipment it employs.

The net worth examinations, which compare an individual's sources of income with his assets and expenditures, are being conducted to help determine the truth of allegations that kickbacks figured in the FBI's selection of U.S. Recording.

Like the FBI's inquiry, the IRS net worth investiga-

tions are under the supervision of John M. Dowd, a veteran prosecutor who is reporting to Deputy Attorney General Harold R. Tyler Jr. and Levi on the investigations.

Mohr and Tait, through their lawyer, Brian P. Gettings, declined to discuss the investigation. But Gettings did issue an "absolute, categorical denial" yesterday when asked about an allegation that Tait had made cash payments to Mohr.

An FBI spokesman referred questions on the investigation to Dowd, who said, "I'm not at any liberty to discuss the matter."

Another source said the inquiry is examining "every matter connected with this," adding that it extends beyond Mohr, Tait and U.S. Recording.

Directing the FBI agents assigned to the case is Richard H. Ash, the assistant director who heads the FBI's identification division.

The rejected inquiry was conducted by the inspection division under Assistant Director Harold N. Bassett. Sources said the new assignment of the matter reflected Bassett's service under Mohr and Nicholas P. Callahan, now No. 2 man in the bureau.

Callahan and James B. Adams, deputy associate di-

rector and another FBI veteran who served under Mohr, are understood to be among the high bureau officials questioned during the investigation.

The U.S. Recording portion of the inquiry stemmed partly from information the House intelligence committee received last year from Martin L. Kaiser, a producer of electronic equipment, some of which was channeled through U.S. Recording.

Kaiser told the committee that prices of some of his equipment had been increased by nearly a third before it was delivered to the FBI.