

# Informant's Charges Reportedly Spur Senate Inquiry on

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The Senate Permanent Subcommittee on Investigations is beginning a major inquiry that will examine the competence and integrity of Federal agencies involved in drug-law enforcement, according to reliable sources.

The subcommittee staff, at Senator Henry M. Jackson's order, distributed a confidential report to committee members, Washington sources said yesterday. Mr. Jackson, a Washington Democrat who is the subcommittee chairman, ordered a preliminary investigation begun in December and the report reflects the tentative findings of that investigation.

The investigation is to check the story of an undercover informant who said he was ignored and shoved around after he reported that his underworld sources had named Robert L. Vesco, the fugitive financier, and an associate, Norman LeBlanc, as the financial backers for a heroin smuggling scheme.

The alleged mistreatment of the informant, and the downgrading of his potentially explosive information is what interest the Senate investigators. They are not attempting to determine whether the informant's information was accurate. Mr. Vesco and Mr. LeBlanc have denied that they had any role in such a scheme.

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## Account by Informer

The study centers on a story told by Frank Peroff, 36 years old, a former undercover informant for several Federal agencies. Mr. Peroff's story was reported in The New York Times in November and Senator Jackson's order for a preliminary study was prompted by those disclosures and by reports of his staff's interviews with Mr. Peroff.

Both Mr. Peroff and his wife, Judy, testified before subcommittee members in executive session last Friday. Committee sources said yesterday that next week Federal drug-law enforcement officers will be brought before the subcommittee in executive session.

Federal agencies that were involved with Mr. Peroff include the Customs Bureau, the Bureau of Narcotics and Dangerous Drugs, the Drug Enforcement Administration, the Department of Justice and the Secret Service as well as some staff members at the White House.

Title of the report distributed

to Senators yesterday is "The Peroff Case — Possible Involvement of Robert Vesco and Norman LeBlanc in a Narcotics Conspiracy and the Government Investigation Thereof."

Mr. Vesco, a fugitive from Federal indictments, is ac-

cused of taking millions of dollars from Investors Overseas Services, Ltd., a mutual fund organization, and Mr. LeBlanc is a French-Canadian who is one of Mr. Vesco's chief lieutenants.

Mr. Vesco was a co-defendant with John N. Mitchell, former Attorney General, and Maurice H. Stans former Secretary of Commerce, on charges of conspiracy, obstruction of justice and perjury in connection with a \$200,000 contribution by Mr. Vesco to Mr. Nixon's re-election campaign. The two former Cabinet officers were acquitted earlier this month at a trial in New York. Mr. Vesco is in Costa Rica, which has refused to extradite him.

Both Mr. Vesco and Mr. LeBlanc denied involvement in any narcotics smuggling plan. The Senate investigation is reportedly little concerned whether or not they were involved on the theory that this is beside the main issue of the subcommittee's interest.

The investigation is reportedly aimed at testing the quality of the agencies' performance in running down leads provided by Mr. Peroff.

One main investigative line is to resolve the question of

whether the agencies dropped Mr. Peroff after he passed on reports from his own sources that named Mr. Vesco and Mr. LeBlanc. The two men were described by an underworld source as financiers behind a \$300,000 plan to bring in 150 kilograms of heroin from the secret laboratory of a plant in Marseilles, France.

The suspicion reportedly is that Mr. Vesco's extremely delicate political relationship with the Nixon Administration may have colored the agencies' handling of Mr. Peroff's information.

Mr. Peroff's story, as told to subcommittee investigators, is substantially the same one he told The Times last fall.

He said that in 1973 he lived in Rome with his wife and their five children, having gone there from Florida where he had been engaged in some questionable transactions in-

volving securities. He said that he had come into possession of \$430,000 in counterfeit American money and had turned it over to United States Secret Service agents.

The counterfeit money came to him, he said, from Conrad Bouchard, a Canadian under-

world figure, who was suspected of drug trafficking. Mr. Peroff, at the urging of United States narcotics investigators in Europe, began working full-time as an undercover informant, moved to New York and then to San Juan, Puerto Rico.

## 2 Reported Targets

Agents told Mr. Peroff, he said, that their target was Mr. Bouchard and his alleged associate, Giuseppe Cotroni, a reputed member of the Mafia living in Canada.

Mr. Peroff said that he had been told to record telephone calls from Mr. Bouchard and that he had made trips to Montreal where he was put in contact with Royal Canadian Mounted police officers, who then took under surveillance Mr. Peroff's meetings with

Canadian underworld figures.

Mr. Peroff gradually developed, and reported to his control agents, he said, the fact that the Bouchard-Cotroni plan was to have Mr. Peroff use an airplane that the Canadians thought he controlled to bring heroin into the United States.

The undercover informant, who was paid about \$35,000 in expense money and per diem fees in about six months, was led to believe that his information was highly prized, he said.

On July 6, 1973, Mr. Peroff said that, for the first time, he heard Mr. Vesco identified as the person who was financing the smuggling scheme. This was in a telephone conversation that Mr. Peroff said he recorded.

He said that the recording had been turned over to the agents for whom he was work-

ing. He said that four similar conversations in which Mr. Bouchard named Mr. Vesco and Mr. LeBlanc in connection with the scheme had also been recorded and turned over to agents by July 10. Senate investigators have reportedly established that this is a valid account.

At that point, the narcotics agents seemed to abandon Mr. Peroff, he said. Eventually he was forced to drop the scheme. When he complained, in calls to the White House, he was arrested on warrants from Florida, which eventually proved to be invalid.

Mr. Peroff said, and the Senate report is said to confirm, that he was forced to follow the orders of the agent in charge of him as the price of his release from jail.