

Whalley Indicted In Fraud

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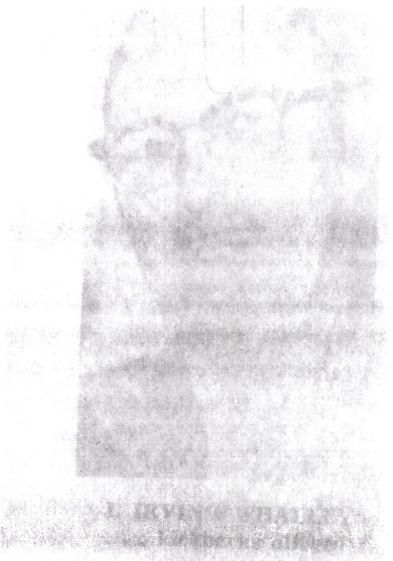
Former Rep. J. Frank Whalley (R-Pa.) was indicted yesterday by a federal grand jury described as "a major crime-fraud scheme that involved forcing kickbacks on his congressional employees and using the money for relatives and his own travel and business expenses."

Whalley, 71, was a ranking member of the House Foreign Affairs Committee when he resigned Jan. 15 after 12 years in Congress. He was appointed by President Nixon to a one-year term as a delegate to the United Nations.

The indictment returned by U.S. District Court Judge James R. Anderson says that Whalley, during his nine years in Congress, had his employees in his district kick thousands of dollars from their salaries.

The money, the indictment said, in special bank accounts that Whalley controlled.

Some of the alleged kickbacks were first reported in



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threats" during a conversation in his Washington office.

The three counts in the in-

dictment—mail fraud and two charges of obstruction of justice—carry a total maximum penalty of 15 years in prison and an \$11,000 fine.

Last night Whalley's attorney, Martin J. McNamara said the ex-congressman would not comment on the charges until his arraignment, which prosecutors said probably would take place within the next two weeks.

Previously, Whalley denied the kickback reports in Anderson's columns. He announced his retirement soon after then.

An auto dealer and prominent Presbyterian layman,

Whalley also owns a coal mine and a bank in his home town of Windber, Pa., a city of about 6,000 residents, 10 miles southeast of Johnstown.

The indictment charges that Whalley listed a printer in Pennsylvania and one in Washington as his office employees and used their salary money to pay his printing bills.

With 15 of his regular employees, the indictment says, Whalley "did demand and ob-

tain kickbacks and rebates" and then made them pay income taxes on the full amount they nominally were being paid.

Some of the kickback money, the indictment asserts, was used by Whalley to pay salaries of several relatives who were barred by law from being on his congressional staff payroll.

Whalley also used the money in some of his business activities, the indictment said,

but Assistant U.S. Attorney James F. McMullin, who is prosecuting the case, declined to say which ones.

The federal grand jury investigation began last winter after a year-long probe in Pittsburgh, headed by the U.S. attorney there, Richard Thornburgh.

Yesterday, McMullin said the two investigations lasted more than 1½ years partly because of Whalley's "efforts at obstruction."

According to the indictment, Whalley "supervised and directed" his legislative assistant, Ronald K. Ence, to prepare a false affidavit for the House Ethics Committee in mid-October, 1971, about two weeks before he prevented Miss Kogut from going to the FBI.

"These people were not so much co-actors (in the fraud scheme)," McMullin said, "as they were victims."

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