

Watergate Forces Retirement at CIA

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The Watergate has claimed a major victim in the Central Intelligence Agency with the forced retirement of its dedicated director of security, Howard Osborn.

A veteran of 26 years at the cloak-and-dagger complex, the 56-year-old Osborn was caught up in the suppression of a mysterious CIA memo that described how documents were burned at the home of Waterbugger James McCord, an ex-CIA agent.

The secret memo was based on information supplied by a former FBI inspector, Lee Pennington, then with the CIA as a paid "consultant." Pennington, an old family friend of the McCords', had visited Mrs. McCord after her husband was arrested inside Democratic National Committee headquarters in June, 1972. He found her burning papers and documents. Earlier, she had burned typewriter ribbons.

Pennington loyally reported the episode to his CIA bosses, and the CIA wrote it up in memo form. For more than a year and a half, it lay in the CIA files like a paper bomb.

Meanwhile, FBI sleuths were asking embarrassing questions about whether the CIA knew of destroyed documents from among McCord's papers, and were getting persistent denials from the CIA.

Finally, Senate Watergate committee vice chairman Howard H. Baker Jr. (R-Tenn.) began snooping into the CIA role in the cover-up, and a middle-level CIA employee who knew of the hidden memo threatened to blow the whistle.

After some debate, CIA Director William Colby was told of the suppressed memo and he quickly contacted Rep. Lucien Nedzi (D-Mich.), chairman of a House intelligence subcommittee. They agreed that the best course was to let all congressional committees involved in the Watergate probe, as well as Leon Jaworski's special prosecutors, know about the memo.

Nedzi, after full hearings with Pennington, McCord and CIA officials including Osborn, concluded that the CIA had not dispatched Pennington to burn the papers, as the memo seemed to suggest. Osborn claimed that he had not even known of the memo. Nevertheless, Nedzi and Colby were both worried about the cover-up.

"It led to the early retirement of Osborn," Nedzi told us. When we reached the ex-CIA security boss at his home near the agency he had served so long, he clung to his oath of secrecy.

"I had planned for over a year to retire in June," Osborn insisted. "I realized there was no financial benefit to staying and decided to retire . . ."

Navy Blues—A defense contractor has charged that a boy-

hood friend of Sen. Russell B. Long (D-La.) offered the senator's services for \$150,000 to settle the contractor's dispute with the Navy.

Long, chairman of the powerful Senate Finance Committee, knew nothing of any such offer, according to his office, nor has our investigation showed that Long ever authorized one. J. Roy Becnel, who is accused of making the offer, swore to us: "I never asked for a dime. I never expected anything."

But the contractor, Lewis Malnak of Cherry Hill, N.J., has told Internal Revenue Service investigators that Becnel sought cash for his services.

Malnak, president of Lew Malnak Associates, went to Becnel in 1972 for help in settling a \$750,000 contract claim with the Navy. Malnak says he had heard that Becnel knew Long and that Becnel identified himself as a "bag man" for the Louisiana senator.

Malnak swears that Becnel asked for \$50,000 in cash "to get the claim settled immediately" through Long's office. When Malnak protested that he lacked such a large sum, Becnel suggested that he boost his claim above \$1 million and pay \$150,000 if Becnel's efforts were successful, according to Malnak.

Malnak, with no important contacts in Washington, had tried several times unsuccessfully to see Long's top aide, Bob Hunter. Once Becnel became in-

involved in the case, the barriers fell quickly.

"They walked Becnel in like he was a member of the staff," Malnak recalls. He claims Hunter promised to "look into (the case) because Becnel asked him to." Malnak's logs show he met with Hunter three times in 1972.

At the last meeting, Malnak says, he felt that Hunter had lost interest. Malnak says he never promised nor paid Becnel a commission, nor ever talked money with Hunter.

In commenting on the case, Hunter says he has known Becnel for years, as has Long. Hunter recalls meeting with Malnak at Becnel's request, but says he did nothing to help Malnak.

Becnel, a former justice of the peace and drainage contractor, hotly contests Malnak's story. "I'm not a satchel man," he steamed. "I never knew Russell Long to take a dime. I'll get hold of Malnak and break his neck."

Footnote: Malnak's interest is in getting his claim settled. He charges that he was "blackmailed" after his detection equipment discovered that the Navy had bought faulty distress-warning devices for Polaris subs. Reps. Edwin Forsythe (R-N.J.) and Les Aspin (D-Wis.) have asked for a complete Justice Department probe of the Navy's handling of the case.

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