

F.B.I. Intelligence and Counterespionage

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WASHINGTON, Aug 7—The Federal Bureau of Investigation is spending a secret \$82.5-million a year for its intelligence gathering and counter-espionage activities, the House Select Committee on Intelligence was told today.

It was the first time that the figure for the F.B.I.'s expenditure on intelligence and national security operations has been made public. The bulk of the \$82.5-million is spent on internal security, counter-espionage and intelligence gathering on national security and organized crime matters, testimony before the committee revealed.

Eugene W. Walsh, assistant director for the F.B.I.'s administrative division, declined to give a more detailed breakdown of how the bureau spends this money on the ground the information would be a "source of comfort" to organized crime elements and those who threaten the nation's security.

He acknowledged, however, that this money had never been carefully audited by anyone outside the bureau.

Under questioning by A. Searle Field, the committee counsel, Mr. Walsh said that a substantial portion of the \$82.5-million was spent in counterespionage activities.

Action on Enemy Agents

Mr. Walsh said that there were thousands of enemy agents operating in this country. Later an F.B.I. spokesman said that since 1970 the bureau had only halted the activities of some two of these agents a year. Five persons were arrested by the bureau on espionage charges and five others were asked to leave the country by the State Department after an F.B.I. investigation revealed they were using their diplomatic status for espionage.

Mr. Field pointed out in his questioning that not only the

F.B.I. but also the Central Intelligence Agency, the Defense Intelligence Agency and the three military services spent substantial amounts of money on counterespionage.

The heretofore secret figure of \$82.5-million is carried in the F.B.I.'s annual budget of some half a billion dollars, but its use is not identified in budget documents.

Mr. Walsh testified about F.B.I. budget matters in general terms and noted few specific areas of expenditure. He did reveal, however, that the bureau spent "a half million dollars" in its investigation of the kidnapping of Patricia Hearst.

In this, the sixth day of the House committee's hearings, the committee seemed to break little new ground and did not go into closed session. During the afternoon portion, the committee heard from Donald C. Alexander, commissioner of the Internal Revenue Service.

Training of Agents

Under questioning, Mr. Alexander said the I.R.S. discontinued 10 years ago a school that taught the service's agents how to place wiretaps and bugs and how to make surreptitious entries. He said at the same time it halted a program to test undercover agents by subjecting them to large amounts of liquor and the advances of women I.R.S. employees.

I.R.S. officials also testified that they gave 30,000 tax returns of 8,000 Americans to 12 other Government agencies in connection with investigations by those agencies.

The agencies receiving the returns included the Department of Agriculture, the Alcohol, Tobacco and Firearms Bureau, the Department of Commerce, Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, the General Accounting Office,

the Interstate Commerce Commission, the Department of Justice, the Department of Labor, the Securities and Exchange Commission and the Renegotiation Board.

The Justice Department and its United States Attorneys used some 500 of the returns.

Mr. Alexander for the first time acknowledged that the I.R.S.'s massive computer in Martinsburg, W. Va., was vulnerable to being tapped electronically by someone with sufficiently sophisticated equipment. But he said the service was taking what precautions it could, including placing a

Budget Is \$82.5-Million

high metal fence around the entire Martinsburg facility that would bar the eavesdroppers from setting up close to the computer.

Meanwhile, the Presidential press secretary, Ron Nessen, was asked whether Mr. Ford had taken a position on testimony that the National Security Agency was eavesdropping on the telephone calls of American citizens.

Mr. Nessen said "the intelligence agencies, including N.S.A., have vital national security responsibilities and the President in no way will preclude these intelligence agen-

cies from carrying out legitimate foreign intelligence responsibilities."

He said, however, that the President had "stated all intelligence agencies will operate within the constitution and applicable law."

William S. Colby, Director of Central Intelligence, told the House committee yesterday that N.S.A. listened in on telephone calls made by Americans in this country.

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