

NY Times MAY 17 1974
**TALKS REPORTED
IN COVER-UP CASE**

**Caulfield and Gray Meeting
With Prosecution About
Charges on Watergate**

WASHINGTON, May 16 — John J. Caulfield, a former White House aide, and L. Patrick Gray 3d, former acting director of the Federal Bureau of Investigation are dealing with the special Watergate prosecutor's office over possible criminal charges, according to informed sources.

In Mr. Caulfield's case, the sources say, formal plea bargaining is in the works and so sort of charge in the Watergate cover-up is at issue.

Mr. Gray, who was not indicted in the cover-up, reportedly is waiting to see if the prosecutors feel that he committed perjury during his unsuccessful confirmation hearings in February and March, 1973. Sources said there was no plea bargaining involved in his case.

Mr. Caulfield, 45 years old, a former New York City police officer, became a White House aide, undercover political operative and finally assistant director for criminal enforcement of the Treasury Department's Bureau of Alcohol, Tobacco and Firearms.

While at the White House, he recruited James W. McCord Jr. as security coordinator for the Committee for the Re-election of the President.

Letter From McCord

Mr. Caulfield testified last summer before the Senate Watergate committee that in De-

ember, 1972, shortly before the Watergate trial of Mr. McCord and six others was to begin, he received a letter from Mr. McCord warning against any White House effort to blame the Central Intelligence Agency for the Watergate bugging operation.

Mr. Caulfield said he passed the letter to John W. Dean 3d, then counsel to the President. Early the next month, Mr. Caulfield said, he was reached in California by Mr. Dean and was asked to give Mr. McCord a message.

First through an intermediary, and then by himself, Mr. Caulfield said, he urged Mr. McCord to plead guilty in the case in return for which Mr. McCord would be granted executive clemency in about a year, his family would be provided for, and he would be given a job when he got out of jail.

Mr. Caulfield, who also testified before the Watergate grand jury and admitted his role there, was not among the seven men indicted in the alleged cover-up conspiracy.

Positions Not Clear

While the exact plea-bargaining position of the two sides could not be determined, sources indicated that Mr. Caulfield was hoping to be offered a misdemeanor charge instead of a felony charge as a result of his cooperation with the prosecution. Former Attorney General Richard G. Kleindienst pleaded guilty today to such a misdemeanor count.

Mr. Gray, who was named acting director of the F.B.I. after the death in 1972 of J. Edgar Hoover, admitted during the Senate hearings and before the grand jury that on June 28, 1972, he was given documents from the desk of E. Howard Hunt Jr., a Watergate conspirator.

Mr. Gray testified that Mr. Dean and John D. Ehrlichman, a former Presidential assistant, told him the documents were "political dynamite." Mr. Gray said he understood the two men to say they wanted the documents destroyed. He said he actually destroyed them around Christmas of 1972.

Meets With Prosecutors

At Senate hearings on his nomination to become permanent F.B.I. director Mr. Gray was asked whether he had any knowledge of the F.B.I. having wiretapped a number of reporters and White House aides. He said he did not.

The New York Times later reported, however, and other sources have since confirmed, that an internal F.B.I. memorandum said Mr. Gray had indeed been informed of the wiretaps prior to his confirmation hearings.

Mr. Gray has met at least twice with the prosecutors, once on April 16. Last Wednesday, Mr. Gray was seen emerging from a Watergate grand jury room. Sources have since acknowledged that he again denied any knowledge of the F.B.I. wiretaps at the time of his confirmation hearings.

The investigation of Mr. Gray is being conducted by the prosecution task force looking into allegations of misuse of Government agencies.