

# Petersen Reportedly Blocked U.S. Attorney Ouster

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SAN DIEGO, July 23—Assistant Attorney General Henry E. Petersen is reported to have blocked a recommendation by a Department of Justice review team that the United States Attorney here, Harry D. Steward, be removed from office for questionable conduct.

The recommendation is said to have been made to Mr. Petersen last Oct. 20 by the then Deputy Attorney General, William D. Ruckelshaus. That was the day Mr. Ruckelshaus was dismissed by President Nixon following Attorney General Elliot L. Richardson's resignation after they refused to obey White House orders to oust the Watergate special prosecutor, Archibald Cox.

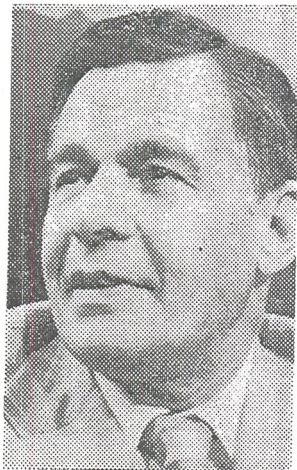
At least six efforts to reach Mr. Petersen for comment over the last 10 days were unavailing. A Government source said that Mr. Ruckelshaus had been prepared to remove Mr. Steward because of strong doubts expressed by a department review team about his fitness in office and the team's conclusion that he should be replaced.

The United States Attorney has long been a target of criticism by several Federal judges, a large segment of the local bar and a Congressional group headed by Senator James V. Tunney, Democrat of California.

### Insufficient Grounds

Mr. Petersen's reported quashing of the review team's recommendation, marked the second time in four years that he had absolved Mr. Steward of charges of obstructing justice and other misconduct on the ground that they were insufficient to warrant his removal.

Mr. Petersen acknowledged,



Associated Press

Henry E. Petersen

however, during questioning by the Senate Judiciary Committee in April, 1972, that an inquiry by the Federal Bureau of Investigation had found Mr. Steward guilty of what Mr. Petersen called "highly improper conduct."

More recently, the Watergate special prosecutor, Leon Jaworski, has shown an interest in the Federal attorney in connection with an investigation of persons accused of making illegal contributions to Richard Nixon's Presidential campaign in 1968.

In evaluating Mr. Steward's fitness to remain in office, the Justice Department review team was said to have cited his successful efforts in early 1970 to protect from criminal prosecution his political patron, C. Arnolt Smith, the financier and a long-time friend of President Nixon, and Mr. Smith's chief lieutenant, Frank Thornton.

Mr. Smith was recently in-

dicted by a Federal grand jury. He was charged with criminal conspiracy and bank loan frauds amounting to \$170-million, growing out of last year's collapse of his banking and industrial empire.

Mr. Steward, on instructions from the Justice Department, divorced himself from the grand jury's bank fraud investigation of Mr. Smith, who is credited with having obtained Mr. Steward's appointment in 1969 as United States Attorney. The grand jury's deliberations were left in the hands of a Deputy United States Attorney, Warren P. Reese.

Amid rumors that Mr. Steward was about to announce his resignation "for reasons of health," he said: "Those rumors have been going around for months and they are pure and utter poppycock. I have no intention of resigning and the department has no plans to fire me."

### No Action Taken

A Justice Department spokesman disclaimed any knowledge of a departmental recommendation for Mr. Steward's removal but confirmed that the matter had come under internal review.

The evaluation of Mr. Steward was ordered by Mr. Ruckelshaus as a basis for determining whether the Federal attorney, whose initial four-year term expired last Oct. 5, should be reappointed or replaced.

Mr. Petersen subsequently took no action, with the result that Mr. Steward has continued to serve as United States Attorney nine months past his four-year term, without reappointment.

Senator Tunney has served notice on several occasions that he will strongly oppose

any effort to reappoint Mr. Steward and that he is prepared to ask the Senate Judiciary Committee, of which he is a member, to reopen an earlier inquiry into Mr. Steward's conduct.

In Judiciary Committee hearings in March and April of 1972 on the nomination of Richard G. Kleindienst to be Attorney General, Mr. Petersen assumed major responsibility for having recommended in early 1971 that Mr. Steward be cleared of improper conduct charges on the basis of results of the F.B.I. administrative investigation.

The F.B.I. inquiry was carried out in November and December, 1970, after Mr. Kleindienst, then Deputy Attorney General, summoned Mr. Steward to Washington in connection with allegations by David Stutz, an agent of the Internal Revenue Service and member of an I.R.S.-F.B.I. task force that had been investigating Mr. Smith and others.

Mr. Petersen testified that, of five allegations made against Mr. Steward by the task force, only one had held up, Mr. Steward's blocking of a subpoena sought by the investigators for a grand jury appearance of Mr. Thornton on charges against Mr. Smith.