

Ex-Gurney Aide Says Mitchell Stopped F.B.I. Inquiry Into Shakedowns

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TAMPA, Fla., May 3—A key witness in the extortion and conspiracy trial of former Senator Edward J. Gurney of Florida has testified that the Federal Bureau of Investigation began investigating his shakedown of home builders in Florida within two or three months after it began in 1971. But nothing came of the investigation after Attorney General John N. Mitchell, said he'd "take care of it," the witness, Larry E. Williams, testified this week.

The Government has charged that from February, 1971, until some time in 1973 or 1974, Mr. Williams, who at that time was an aide to Mr. Gurney, collected hundreds of thousands of dollars from home builders seeking Federal Housing Administration grants or mortgage insurance in Florida. Home builders have testified that they could not sell low-cost and middle-cost housing without the F.H.A. mortgage guarantees.

In indictments returned last year, the Government said that home builders seeking F.H.A. projects were forced to give "campaign" donations to Mr. Gurney or else found their applications languishing on an official's desk for months or years.

While testifying this week, Mr. Williams said that the only F.H.A. official in Florida who tried to fight the system was Forrest Howell of the Jacksonville office, and that Mr. Howell was probably responsible for the abortive F.B.I. investigation in 1971.

Mr. Williams, a 30-year-old former car rental agent, testified that Mr. Howell called him one day to say that Phillip Emmet, a Gainesville, Fla., builder, had a big project pending before the F.H.A. and might be approached for a contribu-

tion. Mr. Williams said he was raising scheme despite warnings that he would be dismissed if he did not, Mr. Williams said he should have seen that he and Senator Gurney were being "set up" by Mr. Howell.

Mr. Williams testified that Mr. Emmet refused to agree to pay the \$5,000 that was asked for, and said that he intended to file a complaint with F.H.A. officials in Washington.

Shortly thereafter, two F.B.I. agents appeared at Mr. Williams's office in Orlando and took a statement from him about the situation. Mr. Williams said he lied in the sworn statement, saying that

he had not asked Mr. Emmet for money.

Gurney Side Notified

Mr. Williams testified that after the F.B.I. agents departed, he called Mr. Gurney's administrative assistant, James L. Groot, and told him about the investigation.

Mr. Williams testified that Mr. Groot later reported that Mr. Gurney had mentioned the investigation to Mr. Mitchell while the two of them were participating in a Flag Day ceremony and that Mr. Mitchell had chuckled and said, "Don't worry about it, I'll take care of it."

Mr. Williams, who took the stand more than a week ago, is scheduled to continue testifying.

Thus far, he has testified mostly about the various deals he worked as a "fund raiser" for Mr. Gurney.

There have been estimates that Mr. Williams may have collected as much as \$500,000 before the scheme collapsed. He said the money was to be used to improve Mr. Gurney's image in Florida and as a start for a re-election fund for 1974. Mr. Gurney did not seek re-election after being indicted. Mr. Williams, a Miami builder, John Priestes, and the former head of the F.H.A. office in

office in Miami, William Peliski, have already served short prison terms on charges growing out of Mr. Williams's fund raising activities.

On trial with Mr. Gurney are Mr. Groot and another former assistant, Joseph Bastien, and two former F.H.A. officials, Ralph N. Koontz and K. Wayne Swiger.

In testimony Thursday, Mr. Williams said that in 1972, efforts were made to widen the fund-raising scheme to include other states. He said that discussions along this line had been held with Lamar Seals, the head of the F.H.A. office in Atlanta.