

DIRECTOR OF F.B.I. TARGET OF INQUIRY

SEP 1 1976

Concedes Being Questioned on a Possible Misuse of Government Services

NYTimes SEP 1 1976

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Special to The New York Times

WASHINGTON, Aug. 31— Clarence M. Kelley, the Director of the Federal Bureau of Investigation, acknowledged today that he had been questioned by Justice Department investigators about possible misuse by him of Government services and property in his home.

In a statement released by his office, he said that he had told members of a department panel looking into Bureau improprieties that window valances had been constructed in his suburban apartment by bureau carpenters.

Mr. Kelley said that "an assessment is being made as to the cost of the valances," and that he intended to reimburse the bureau for the labor and materials involved.

Mr. Kelley's statement, in which he also acknowledged having informed Justice Department investigators about "a small portable cabinet" in his apartment that had been constructed by the bureau's exhibits section, was the first public indication that the director had become a subject of the inquiry into alleged misappropriation of bureau re-

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sources.

The statement was issued in response to a report in today's Washington Star that quoted informed sources as saying that the Kelley matter had come to the attention of the investigators.

The use of the bureau's exhibits section to perform favors for other bureau officials is a principal aspect of the department's inquiry, and several former bureau officials have noted that the section did considerable work on the home of the late J. Edgar Hoover in his nearly five decades as F.B.I. Director.

Mr. Kelley, who is 64 years old and is recovering from back surgery, said that after his confirmation as director in 1973, his wife, who died last November, "asked me to obtain valances for the windows" in the living room of their apartment.

"Without my knowledge," he said, "the valances were ordered from the exhibits section" of the bureau, "and they were subsequently installed. I did not learn until after that they had been made in the exhibits section.

"An assessment is being made

as to the cost of the valances, and I fully intend to pay for them."

After he moved into the apartment, Mr. Kelley continued, "I felt the need for a cabinet which was to be used for the retention of miscellaneous items such as F.B.I. stationery, pencils and pens, paper clips and memo pads."

Such a cabinet was constructed for him by the bureau, he said, adding, "I consider this cabinet and its contents to be bureau property, which will be returned when I leave the bureau."

Mr. Kelley said that he had also informed the investigators that "on a few occasions my personally owned automobile was delivered to a local garage by F.B.I. personnel for repairs." He said that he had paid for the repairs himself.

He added that, after becoming director, he and his late wife received "some gifts" from his personal staff and from senior bureau executives, and that he was "prepared to make restitution for any such gifts which are not clearly permitted by pertinent provisions of the Code of Federal Regulations."

Mr. Kelley's statement did not describe the gifts or indicate in any way that they might have been irregular.

The director, who only weeks ago dismissed Nicholas P. Callahan, his chief deputy, because of Mr. Callahan's reported misappropriation of bureau

funds, said today that he had instructed F.B.I. agents working with the Justice investigators "to leave no stone unturned" in seeking out corruption in the bureau.

Subpoenas Stayed

In a related development, a Federal judge in New York ordered today that grand jury subpoenas issued to a number of past and present bureau agents there be stayed, pending a decision on a motion to quash them.

The judge, Henry F. Werker of Federal District Court in Manhattan, issued the stay after Jack B. Solerwitz, an attorney for some of the agents, charged that the inquiry into several burglaries by bureau agents had become unconstitutionally broad.

In reply, J. Stanley Pottinger, head of the Justice Department's civil rights division, which is investigating the burglaries, said, "I don't think the motion [to quash the subpoenas] is well-founded" and that he would make his reasoning known at a scheduled court hearing Friday morning.

Justice Department lawyers conducting a separate investigation of alleged F.B.I. improprieties earlier this month negotiated a plea of guilty by John J. Dunphy, who had headed the exhibits section of the Bureau's laboratory division to a charge of misusing Government property.

Mr. Dunphy's agreement with the prosecutors to admit having used bureau materials to construct a birdhouse at his residence is understood to have included a provision that he testify about similar abuses before a grand jury here.

Although both the window valances and the cabinet in Mr. Kelley's apartment were constructed for him by the exhibit section, it could not be learned whether Mr. Dunphy's testimony had been the source of the Justice Departments' knowledge of them.

The unauthorized use of Federal employees to perform personal services for public officials is not unknown in Washington.

There have been periodic reports of high-ranking military officers ordering enlisted men to tend to their gardens and to undertake other personal tasks, and of Secret Service agents having undertaken some chores on behalf of persons they were assigned to protect.