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(Mount Clipping in Space Below)

First FBI official pleads guilty of corruption

By MARGARET GENTRY.
 WASHINGTON (AP) — An FBI section chief is awaiting sentencing after becoming the first bureau official in history to plead guilty to a criminal charge of corruption.

John P. Dunphy entered the guilty plea Friday as part of an agreement with Justice Department prosecutors involved in a broad probe of alleged financial corruption and other abuses of power within the FBI. Dunphy was fired from the bureau Thursday.

Department spokesman Robert Havel declined to discuss other terms of the plea bargain. Normally, plea bargaining involves an agreement by the defendant to testify against others involved in wrongdoing in exchange for being charged with a lesser crime.

Dunphy, who was paid \$37,800 a year by the bureau, confessed to stealing about \$100 worth of lumber and other materials from the FBI. The specific charge was converting government property to his own use. He faces up to one year in prison and a \$1,000 fine.

Havel said Dunphy is believed to be the first bureau official in FBI history to be convicted of a criminal charge stemming from his job.

A 28-year FBI veteran, Dunphy for the past several years has been chief of the exhibits section, which builds displays for the public tour of the FBI building. The unit also constructs scale models of crime scenes and builds other displays for use in court trials.

An FBI spokesman said Dunphy's "resignation was requested Thursday and accepted as a result of an internal FBI investigation."

The Dunphy case marked the first criminal charge to emerge from the financial corruption probe that began last spring, and there were signs that the other major department investigation of FBI misconduct also was moving toward criminal charges.

It was disclosed Friday that the department has granted immunity from prosecution to some FBI agents who have agreed to testify against colleagues involved in burglaries.

Assistant Atty. Gen. J. Stanley Pottinger, through a spokesman, said he is "in the process of authorizing immunity for some agents."

Department sources have confirmed that the probe directly involves at least 30 agents or officials and indirectly involves dozens more.

FBI Director Clarence M. Kelley has said many agents and officials fear they may be indicted or disciplined as a result of the probe.

Department officials have tentatively decided to seek indictments against some FBI men for violating the civil rights of American citizens by breaking into their homes or offices, sources say.

The FBI acknowledged last year that agents committed hundreds of so-called "bag jobs" against political militants during the 1960s. Kelley said a year ago the practice ended in 1966, but he was forced to correct the statement after discovering that burglaries continued at least through April 1973.

Kelley has said others in the FBI lied to him about the extent of the burglaries but he hasn't yet discovered who deceived him.

(Indicate page, name of newspaper, city and state.)

PAGE SEVEN

SUNDAY NEWS

BOGALUSA, LA.

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AUG 18 1976

FBI-NEW ORLEANS

Sent Bureau 8/18/76

(Mount Clipping in Space Below)

Mr. Kelley on the Spot

To say that FBI director Clarence M. Kelley stumbled into an embarrassing situation this week would be putting it mildly. Revelation that his agency has been conducting domestic burglaries as recently as a month ago places Mr. Kelley on the proverbial "spot."

Last year the FBI chief declared publicly there had been no FBI burglaries since 1969. Acting quickly to close the credibility chasm created this week, Mr. Kelley asserted that the erroneous statement was the result of deception by other FBI officials.

The anger that Mr. Kelley must surely have felt at being duped is overshadowed by the realization that the chain of command at the FBI still needs overhauling.

Clearly, Mr. Kelley needs to harness his underlings so that believ-

ability in our law enforcement agency can be restored. As a step in the proper direction, Mr. Kelley is launching a major review of policies involving informers — informers who commit the crimes, including burglaries, to gather information and sell it to the FBI. The FBI currently spends about \$3.5 million on informer operations.

To avoid further awkward moments in the public spotlight, Mr. Kelley has said that from now on he will not make "categorical, sweeping statements" about what may be happening at the FBI or not. Apparently he feels that some deceptive practices may continue for the time, being.

The bureau director's first order of business should be directed at making sure the head is aware of what the tail is doing.

(Indicate page, name of newspaper, city and state.)

SECTION ONE
PAGE TEN

TIMES-PICAYUNE

NEW ORLEANS, LA.

Date: 8-17-76
Edition: MORNING
Author:
Editor: ED TUNSTALL
Title: MR. KELLEY ON
THE SPOTCharacter: 66-2832
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Classification:
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66-2832-35

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Support for FBI

The Federal Bureau of Investigation has been taking some lumps lately. The agency is accused of making illegal entries, of burglaries. There also have been charges that some recreational funds were misused for parties and the like.

The burglaries, of course, occurred during investigations and were not made to obtain loot for the FBI agents. Whether the entries were justified is yet to be seen, but anyway, FBI Director Clarence Kelley has clamped down. It is to be assumed that funds such as those set aside for recreation will be more judiciously used in the future.

Director Kelley said in a recent press conference: "Regrettably, the good that the

FBI has accomplished, its contribution to tranquility in our nation, has been overlooked or forgotten amid the critical headlines of today."

Well, those who are critical of the FBI were probably prompted to do so because the FBI had been far above criticism for so long. It's the old story of the cabbage and the rose. Nobody thinks much about seeing a cabbage in the gutter, but nobody likes to see a rose there and when one is found there, people talk about it. If there had been a constant stream of criticism of the FBI, as there has been of many public bodies, then nobody would have thought much about the recent disclosures.

(Indicate page, name of newspaper, city and state.)

SECTION A
PAGE FOUR

SHREVEPORT
JOURNAL

SHREVEPORT, LA.

Date: 8-23-76

Edition:

Author:

Editor: S. TINER

Title: SUPPORT FOR
FBI

Character: 66-2832-36
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FBI - NEW ORLEANS	

Sent Bureau _____

The FBI is one of the best run of any federal agency and is one of the best law enforcement agencies in the world. It came into being in the turbulent 1920s when most of the gangsters about whom we see movies today were alive and active. Crime fighting methods developed by the FBI and the training it gave to its own agents and to state and local lawmen did much to stem the advance of organized crime. Of course organized crime still exists. It has become more sophisticated as technology has improved in all lines. But where would we be without the expertise of the FBI?

We believe that the current charges against the FBI involve only a small percentage of the many, many fine agents and it may come out that the indiscretions were merely bad judgment. At any rate, Director Kelley appears to have the situation in hand.

The FBI is a bulwark against crime and it does its job well. We hope that the Congress and the people will continue to give the agency the support it deserves.



(Mount Clipping in Space Below)

Ex-FBI Official OK'd Break-Ins; 'I'd Do It Again'

WASHINGTON (AP) — A former high-ranking FBI official confirmed Sunday that he approved two FBI break-ins in 1972 but insisted that "I think this is justified and I'd do it again tomorrow."

W. Mark Felt, former associate director of the bureau, said he ordered FBI agents to burglarize the Weather Underground in New York and the Palestine Liberation Organization in Dallas "on the basis of what I knew and what I felt (acting FBI director L. Patrick Gray) wanted me to do."

Interviewed on the CBS News program "Face the Nation," Felt acknowledged that the break-in against the Weather Underground, a domestic organization, was not sanctioned by law but contended it was "extra-legal," not "illegal."

He added that if he is indicted for his role in the break-in his defense will be that "the national security of the country is paramount."

The Justice Department is considering possible criminal charges arising from FBI burglaries committed against domestic political groups during the past five years. Felt apparently would not be liable for prosecution arising from the PLO break-in since it was not directed against U.S. citizens.

Felt defended the break-in against the Weather Underground, saying that organization has claimed responsibility for "hundreds of bombings," including explosions in the Pentagon and U.S. Capitol. He displayed a Weather Underground publication entitled Osawatome which he said was printed in Cuba and smuggled into this country through New Orleans.

Asked if he expected to be indicted, Felt said "I think they have to have a scapegoat."

(Indicate page, name of newspaper, city and state.)

— SEC 3 PAGE 16

— TIMES PICAYUNE

— NEW ORLEANS, LA.

Date: 8-30-76

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Editor:

Title: ED TUNSTALL
EX-FBI OFFICIAL
OK'D BREAK-INS

Character: "I'D DO IT AGAIN"

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Kelley 'Can't Remember' If He Requested Break-in

WASHINGTON (AP) — FBI Director Clarence M. Kelley said Thursday he does not remember if he requested authorization for a break-in by bureau agents while he was in charge of the FBI's Birmingham, Ala., field office in the late 1950s.

A spokesman for Kelley said the director could neither confirm nor deny a Washington Star report that he had asked FBI headquarters in Washington to approve a break-in more than 16 years ago. He quoted Kelley as saying: "If I did have a recollection, I would have no hesitancy in admitting it."

The Star reported Thursday that a former top official of the FBI said Kelley requested approval for a break-in sometime between December of 1957 and

November of 1960 while head of the Birmingham FBI office.

The former official, who was not named by the Star, said he could not recall the reason given for the request.

Break-ins were among the investigative techniques used by the FBI during its controversial counterintelligence program, Cointelpro — an effort to harass, discredit and disrupt organizations that were considered threats to the nation. Agents wishing to break into an office or home had to first gain approval from Washington headquarters. The Cointelpro program began in 1956 and ended in 1971.

The assertion that Kelley asked for break-in authorization is the first that allegedly links him with such practices. Kelley earlier this year publicly apologized for past FBI misdeeds but did not list the past actions he considered wrong.

He also declined to say if he had ever participated in any of the activities he was criticizing, saying "I'm not saying Clarence Kelley engaged in such activities or did not engage in these activities."

Kelley's spokesman said Thursday that field agents assumed break-ins were proper technique during the period they were being used because the authorization came from J. Edgar Hoover, then head of the bureau. He said agents assumed Hoover acted at the direction of the attorney general or the President.

The Senate Intelligence Committee concluded in its report on the FBI that there was no indication that any attorney general ever was informed by Hoover or other FBI personnel of the break-ins.

(Indicate page, name of newspaper, city and state.)

SEC. 1 PAGE 10

TIMES PICAYUNE

NEW ORLEANS, LA.

Date: 8-27-76

Edition:

Author:

Editor:

Title: ED TUNSTALL
KELLEY "CAN'T
REMEMBER IF HE
REQUESTED BREAK-

Character:
IN

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Classification:

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9/1/76*

(Mount Clipping in Space Below)

Russell Baker

Government burglary shows wastefulness

NEW YORK — Reading about the government's burglary squads, one is dismayed at how wastefully they were used. Here is a government billions and billions of dollars in debt. Its assets, however, include some of the nation's most skillful burglars, highly advanced equipment for breaking and entering, and the will to put both to work.

Logically, we might expect the federal burglars to come out the window with truckloads of swag to invigorate a debilitated treasury. But we're not dealing in logic. We're dealing in government. And so, all we get is some microfilm snapped at the scene of the job by the CIA boys and the minutes of the last meeting of the Downtown Trotsky Athletic Club and Revolution Society pilched by the FBI.

What a thin return on the tax dollar. All right, maybe snapshots and minutes are valuable to the security police, who conduct these operations for national security. Still, the treasury needs money, too, just as desperately as the police need documents, and it is galling to reflect that these light-footed payrollers, having broken in to steal papers, are too delicate to pause on their way out and pick up some cash, a few stones, a TV set, or at least a typewriter, for the treasury.

This is probably because federal burglary executives have failed to point out that cash and other negotiables are even more vital to national security than snapshots. It is all very well to know what hellishness is being hatched in dark rooms, but as every defense contractor knows, the government has to put up money if anything is to be done about it.

Do not misunderstand. This is no squeamish complaint about the ugly necessities of national security. To the contrary, it is a tough, hard-nosed plea for good, old fashioned horse sense. If we are going to burgle for national security, we ought to do it right, and nothing contributes more to national security than plenty of money.

Thus, by roundabout path we arrive at tax reform, that blessing to which every statesman is committed. Jimmy Carter threatens, if elected, to bring us tax reform in a year or two. Worse, Congress is now writing a tax bill which threatens to bring it about immediately. This version, they will say, will reform the horrors created the last time Congress gave us tax reform.

The words "tax reform" send chills down the spine of every sentient American because each new reform deepens the nightmare of income tax law. Just when you have got a purchase on this monster, Congress reforms it and everybody has to start all over again. It has become a complexity to confound a Dickens lawyer, a maze to make King Minos's labyrinth look like a playpen.

The conscientious citizen would have to devote every waking hour to its study if he wanted to make a reasonably close guess at what he owes his government each April.

Even then, he would probably be wrong. Last year a test of Internal Revenue's workers — the people who help the desperate fill out their forms — showed that the majority even of these "experts" didn't know what the law meant. So now, unless supernatural providence intervenes, it is all going to be changed again.

I should like to propose a sensible reform: Burglary. The government should repeal the present tax law for two or three years and see what its existing burglary teams can bring in by way of revenue.

There is no persuasive argument against this elegantly simple reform. Consider:

It would increase government efficiency by telling underworked federal burglars already on the payroll to raise their productivity.

(Indicate page, name of newspaper, city and state.)

SECTION A
PAGE FIFTEEN

STATES-ITEM

NEW ORLEANS, LA.

Date: 9-9-76
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Author: RUSSELL BAKER
Editor: WALTER G. COWAN
Title: GOVERNMENT BURGLARY SHOWS WASTEFULNESS

Character:
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Classification: 66-2832-39
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FBI-NEW ORLEANS

108

It would be in the national security.

It would be psychologically satisfying to the great majority of taxpayers, who already believe they are being robbed by the government but can never find any fingerprints.

It would save billions of work hours by relieving taxpayers of the obligation to master the law in order to guess what they ought to hand over.

It would free thousands and thousands of lawyers from the drudgery of tax court duties and give them time to restore simple justice to the penniless and downtrodden.

It would eliminate the injustice of loopholes and cheating by exposing the secret vaults and mattresses of the unscrupulous to the same peril as the television sets of the working stiff.

Would it be criminal? Most certainly. It would be a grave mistake to legalize it. This would lead to a new bureaucracy, a swelling list of new amendments to the law, specifying persons who could not be burgled and privileged sanctuaries whose boodle is forbidden to the government's second-story men — in short, to a new tax code.

Would Americans tolerate a government so deep in crime? Well, they have made the Mafia a best selling, box office smash. They have lived happily with bootleggers and bookmakers until governments moved into these rackets and ran up the costs, skimmed the take and made it impossible to get a drink most places at 4 o'clock in the morning.

With a government bursting for its revenue, every American would have an added opportunity denied under the present tax law. You would have the right, if you caught the tax collector, to flatten him with a poker.



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

STATEMENT OF
CLARENCE M. KELLEY
DIRECTOR
FEDERAL BUREAU OF INVESTIGATION
BEFORE THE
SENATE SELECT COMMITTEE ON INTELLIGENCE

SEPTEMBER 22, 1976

SAC *[Signature]*
ASAC *[Signature]*
3 *[Signature]*
5 *[Signature]*
6 *[Signature]*

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Anderson



Today marks my first appearance before the Senate Select Committee on Intelligence. I want to assure you that I sincerely welcome the opportunity to work with you.

I believe that we can and must develop a clear base of understanding between the Executive and Legislative Branches on the proper role of the FBI in the discharge of its complex national security responsibilities.

As the Supreme Court so aptly observed in its Keith Decision in 1972, "Unless Government safeguards its own capacity to function and to preserve the security of its people, society itself could become so disordered that all rights and liberties would be endangered."

Yet the maintenance of national security is a hollow victory unless it can be achieved with the least possible intrusion into the rights and privacy of our citizens. Balancing these imperatives will require the greatest study and serious thought.

Together, I feel we can reach a meaningful understanding which will best serve our country.

Since I became Director in 1973, there has been a continuous examination of all major aspects of the FBI's operations. One such study, initiated in 1974, established that a quality, rather than a caseload quantity, approach in the assignment of our manpower and other resources would produce better results.

Originally, this quality approach was tried on an experimental basis in four of our 59 field divisions. It proved so successful that we implemented it field-wide in 1975.

Today, the quality approach is being applied to all areas of jurisdiction, including those in the foreign intelligence and domestic security fields that are of prime interest to this Committee.

In July, 1973, we had 21,414 domestic security cases. By March 31, 1976, before the Attorney General's guidelines took effect, we had--through application of the quality approach--reduced this caseload to 4,868 investigative matters, a 78 percent reduction. As of September 20, 1976, this figure has been further reduced to 626. This includes investigations of 78 organizations and 548 individuals.

This reduction has been made possible largely because we have discontinued investigations of rank and file members. We are confident that the FBI can meet its responsibilities by focusing our investigations on the activities of organizations and on individuals who are in a policy-making position in those organizations or who have engaged in activities which indicate they are likely to use force or violence in violation of Federal law.

In effecting this reduction, we have kept these vital principles in mind:

First, there must be no sacrifice or compromise of the essential security needs of the United States.

Second, there must be the least possible intrusion on the rights and privacy of our citizens, including their sacred right of legitimate dissent.

Third, although domestic security cases differ in some respects from ordinary criminal investigations, these cases should be tied as closely as possible to actual or potential violations of Federal law. In furtherance of this objective, last month I transferred the supervision of all domestic security cases from our Intelligence Division to our General Investigative Division, which has responsibility over criminal matters.

In an effort to insure uniform adherence to the guidelines and laws applicable to these and all other areas of our jurisdiction, I have combined the Office of Planning and Evaluation and the Inspection Division. In this new Division I have created a Professional Responsibility Section. It will report directly to me.

I have also expanded the role of the Legal Counsel Division in reviewing all areas of FBI policies and operations. Legal Counsel will report directly to me and to the Associate Director.

The investigations transferred include those involving domestic organizations oriented toward violence and individuals affiliated with such groups, as well as civil unrest and demonstration matters and basic revolutionary groups dedicated to the overthrow of the Government. The General Investigative Division will also be responsible for several categories of criminal investigations formerly administered by the Intelligence Division. These are bombing matters, sabotage, passport and visa violations, and protection of foreign officials and official guests of the United States.

The guidelines which the Attorney General issued last March set forth standards and procedures for domestic security investigations. But, the FBI regards these to be minimum standards. FBI Headquarters has imposed stringent criteria to insure we use our manpower resources in the most productive manner.

There are a number of reasons why we have been able to bring about a major reduction in our domestic security caseload.

The decade of the 1960's was marked by protests, often violent, on our Nation's streets and campuses.

We entered the 1970s still engaged in an undeclared conflict in Vietnam which was unpopular with some segments of our population. Not in recent history had this country been so divided over an issue, and this division was not limited to rhetoric but included demonstrations that often erupted into violence.

There were deliberate criminal acts, including bombings and sabotage, by persons opposed to our involvement in Vietnam. The role of the FBI in this confrontation was clearly to thwart the efforts of those who resorted to violence as an expression of their opposition.

With the cessation of the Vietnam War in early 1973, a major cause for divisiveness in this country was eliminated, and the potential for violence was lessened, but not eliminated.

The FBI began closing thousands of investigations at that time as determinations were made that certain groups and individuals no longer were engaged in activities that were likely to involve violations of Federal law.

The FBI met the unusual challenges of the 1960s and early 1970s. The Senate Select Committee has examined these and other problems in the intelligence field which led

to the creation of this Oversight Committee; and as the Committee is aware, the FBI fully cooperated in that review.

You have my absolute assurance that your Committee will receive the same full cooperation in carrying out its responsibilities under Senate Resolution 400.

One of the tasks confronting this Committee is the formulation of a legislative charter defining the FBI's jurisdiction in the domestic security and intelligence fields. This will be a most precise and demanding undertaking.

As I remarked to Senator Church's Committee, the legislative charter must be sufficiently flexible that it does not stifle the FBI's effectiveness in combating the high incidence of crime and violence across the United States. The charter must clearly address the demonstrated problems of the past; yet, it must amply recognize the fact that times change and so also do the nature and thrust of our criminal and subversive challenges.

The fact that the Department of Justice has undertaken the formulation of operational guidelines governing this area of our activities does not in any manner diminish the need for legislation. The responsibility for conferring jurisdiction resides with the Congress.