

# Memorandum

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To : SAC, RICHMOND (87-15542)

Date

7/15/91  
~~6/2/88~~

From :

Supv. 3 ( [redacted] )

b6  
b7c

Subject : DESTRUCTION OF FIELD FILES AND RECORDS

Re Bureau airtel to all SAC's dated 12/14/87  
Bureau teletype to all FBI Field Offices 9/23/88

I have reviewed this file, and under the criteria set forth by Order and Memorandum filed 9/9/86 in the U. S. District Court, District of Columbia, Washington, D. C. This file should be retained:

Justification for Retention is as follows:

\_\_\_\_\_ Historical and/or background information.

\_\_\_\_\_ Investigative/Administrative Needs.

(1) X \_\_\_\_\_ FOIPA Matters

\_\_\_\_\_ Exceptional/permanent files

\_\_\_\_\_ Set Tickler to review file for possible file destruction.

\_\_\_\_\_ 5 Yrs

\_\_\_\_\_ 10 Yrs

2 - Richmond

1 - File 87-15542

1 - 66-2751 Sub A

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(3)

## KEEP AS TOP SERIAL

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P 341729Z FEB 80

FM DIRECTOR FBI

TO ALL FBI FIELD OFFICES IMMEDIATE

PERSONAL ATTENTION

ALL LEGAL ATTACHES IMMEDIATE

PERSONAL ATTENTION

BT

UNCLAS CORRECTED COPY

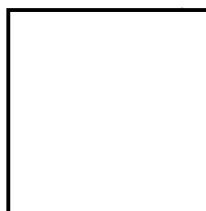
ABSCAM

87-15542\*

THE ABSCAM INVESTIGATION IS PROGRESSING WELL. IN LIGHT OF THE PUBLICITY THIS PAST WEEKEND, IT IS INCUMBENT FOR ME TO REMIND YOU AGAIN OF THE ABSOLUTE NECESSITY OF ABSTAINING FROM PUBLIC COMMENT DURING THE PREJUDICEMENT PHASE OF THIS INVESTIGATION. THE INTEGRITY OF THE INVESTIGATION AND THE RIGHTS OF THE POTENTIAL DEFENDANTS MUST BE SAFEGUARDED IF WE ARE TO ASSURE SUCCESSFUL PROSECUTION. PLEASE CONTINUE TO OBSERVE THE DIRECTIVES SET FORTH IN MY TELETYPE JANUARY 30, 1980.

SAC advised  
7:45 pm 2/4/80  
m

ASAC WB



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87-15542-10

SEARCHED	INDEXED
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FEB 4 1980	
FBI - NEW YORK	

PAGE TWO DE HQ 0002 UNCLAS

FOR THE INFORMATION OF OFFICES NOT RECEIVING 1/33/87  
TELETYPE, CAPTIONED PROJECT IS A SOLELY BUREAU CONTROLLED  
UNDERCOVER OPERATION TARGETED AGAINST MAJOR POLITICAL  
CORRUPTORS, AS WELL AS MAJOR SWINDLERS AND PROPERTY  
THIEVES. MOST RECENTLY NUMEROUS INQUIRIES HAVE BEEN  
MADE BY THE MEDIA CONCERNING THE EXTENT OF THIS INVESTIGATION.  
THE INQUIRIES INDICATE DETAILED CURRENT INFORMATION ABOUT  
ABSCAM IS KNOWN TO SEVERAL NATIONAL AND LOCAL MEDIA  
REPRESENTATIVES.

IN ORDER TO INSURE UNIFORMITY IN ANY RESPONSE  
GIVEN BY THE BUREAU THE RECEIVING OFFICES ARE DIRECTED TO  
REFER ANY MEDIA INQUIRIES TO HOMER A. BOYNTON, JR., EXECUTIVE  
ASSISTANT DIRECTOR, FBIHQ. IN ADDITION TO THE PRECEDING  
INSTRUCTIONS NO COMMENT IS TO BE MADE BY RECEIVING OFFICES  
FOR ANY REASON.

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FM MIAMI P

TO DIRECTOR IMMEDIATE

AND ALL OFFICES VIA BUREAU.

BT

UNCLAS E F T O

ATTENTION: BUREAU SUPERVISORS [REDACTED]

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b7C

HANDCARRY TO ALL [REDACTED] CS..

[REDACTED] FBW(A); RICO(D), 00:MM, BUFILE 87-148207, MM FILE 87-40011.

ABSCAM; ITSP, 00: BROOKLYN QUEENS, MM FILE 87-39877.

RE TELCALL OF SUPERVISOR [REDACTED] HAUPPAUGE, NEW YORK RA,  
TO SUPERVISOR [REDACTED], MIAMI, FEBRUARY 4, 1980.

RE TELCALL ADVISED MIAMI THAT AS OF FEBRUARY 4, 1980, THE  
UNDERCOVER (UC) YACHT VARIOUSLY NAMED "GRAND HOTEL," "LEFT HAND"  
AND "CORSAIR" HAD BEEN COMPROMISED THROUGH PHOTOGRAPHIC AND  
DOCUMENTARY DISCLOSURE BY "NEWSDAY" NEWSPAPER, NEW YORK CITY.

SUBSEQUENTLY, THE "MIAMI HERALD" NEWSPAPER RAN A FRONT PAGE

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*HAND CARRY*  
*From one supervisor to next*  
*to SAC [REDACTED]*

*ASAC [REDACTED]*



87-15342-11

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*IRC*

PAGE TWO MM 57-43311 AND MM 37-39377 UNCLAS E F T O  
PHOTO AND STORY OF THE YACHT.

ON FEBRUARY 5, 1933. SAID STORY INCLUDED SPECIFICS AS  
TO WHERE THE YACHT HAD BEEN DOCKED, INDIVIDUALS SUSPECTED OF BEING  
ON BOARD, NOT TO MENTION THE FOLLOWING: [REDACTED] HAD FINISHED  
18 HOLES OF GOLF BEFORE JOINING THE PARTY. [REDACTED] DROVE  
TO THE YACHT FROM HIS ROOM AT THE SPANISH RIVER INN."

b6  
b7C

THE THOUGHTLESS AND IRRESPONSIBLE RELEASE OF INFO REGARDING  
THE YACHT HAS EFFECTIVELY JEOPARDIZE THE UC IDENTITIES AND  
POSSIBLY THE LIVES OF UC AGENTS, AS WELL AS OPERATION GOLDCON  
AND ANY OTHER UC ACTIVITY RELATED THERETO. THEREFORE, ALL  
DIVISIONS ARE BEING ADVISED OF THE DISCLOSURE TO PROTECT UC  
AGENTS AND UC OPERATIONS THAT MAY HAVE USED MIAMI'S YACHT OR  
THE NAME AND LOCATION OF MIAMI'S YACHT FOR CREDIBILITY OF THEIR  
OWN SEPARATE UC OPERATIONS.

SACS SHOULD NOTIFY ALL UC PERSONNEL IN THEIR RESPECTIVE  
DIVISIONS; SPECIFICALLY: [REDACTED] DALLAS, [REDACTED]  
WASHINGTON FIELD, [REDACTED] CLEVELAND, [REDACTED]  
[REDACTED] ALL NEW YORK,  
MIAMI AGENTS [REDACTED]

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b7C

PAGE THREE 77-47711 AND 77-39377 UNCLAS E F T O

[REDACTED]  
[REDACTED] AND ASSOCIATED INFORMANTS.

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FM DIRECTOR FBI

TO ALL FBI FIELD OFFICES IMMEDIATE

BT

UNCLAS E F T O

ABSCAM

[REDACTED]

DURING THE LAST FEW DAYS, SUBSTANTIAL INFORMATION HAS BEEN PUBLISHED AND BROADCAST BY THE MEDIA CONCERNING THE ABOVE INVESTIGATIONS. MEDIA PERSONNEL HAVE IDENTIFIED THEIR SOURCES OF INFORMATION AS "LAW ENFORCEMENT PERSONNEL," "DOJ PERSONNEL," AND "FBI SOURCES." IT IS POINTED OUT THAT WHEN DISCUSSIONS OF PENDING CASES APPEAR IN THE MEDIA, PARTICULARLY WHEN THERE HAVE BEEN NO INDICTMENTS, REPUTATIONS CAN BE DAMAGED AND QUESTIONS OF UNFAIRNESS CAN BE INTRODUCED TO CLOUD OTHERWISE LEGITIMATE INVESTIGATIVE ENDEAVORS.

b6  
b7c

ALL SACS SHOULD EMPHASIZE TO THEIR AGENT AND SUPPORT PERSONNEL THE NEED TO MAINTAIN THE INTEGRITY OF OUR INVESTIGA-

87-15542-12

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PAGE TWO DE HQ 0357 UNCLAS E F T O

TIONS BY NOT DISCUSSING CASES WITH INDIVIDUALS ON OTHER THAN A  
"NEED TO KNOW" BASIS.

THESE INVESTIGATIONS ARE PROGRESSING VERY WELL AND YOU  
SHOULD INSURE THAT THE LEADS DEVELOPED IN THESE AND OTHER  
INVESTIGATIONS CONTINUE TO BE HANDLED IN ACCORDANCE WITH OUR  
NORMAL INVESTIGATIVE PROCEDURES.

BT

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(Mount Clipping in Space Below)

## FBI's 'Abscam' Probe Area Man Said to Cooperate

A Midlothian businessman alleged to have carried bribe money intended for a South Carolina congressman will cooperate with the Federal Bureau of Investigation in its probe of congressional influence-buying, according to the Long Island newspaper, Newsday.

The businessman, John R. Stowe of the 1700 block N. Briarpatch Drive, allegedly received \$50,000 from FBI agents posing as representatives of an Arab sheik, the newspaper said yesterday.

The money was intended for Rep. John W. Jenrette, a Democrat, to obtain his promise to use his influence to ensure the "sheik" could have asylum in the United States, the paper reported.

Federal agents visited Stowe at his home Saturday, and he agreed to cooperate in the investigation, Newsday said.

Stowe could not be reached for comment. Jenrette has denied any wrongdoing.

A source said Stowe is the only man who can say that he handed \$50,000 to Jenrette, according to Newsday.

Stowe brought Jenrette to a Washington town house, where Jenrette looked at the \$50,000, the paper said.

Jenrette allegedly said he did not know whether he could "produce," then said he would think about the matter and left with Stowe. Newsday quoted a source as saying.

Shortly afterward, Jenrette allegedly called an agent who was posing as the sheik's representative and said Stowe could pick up the money the next day, the paper said.

Stowe came to the town house the next day and picked up the money in view of a hidden camera, Newsday said.

Jenrette has been reported as saying his dealings with the "Arabs" involved only his efforts to obtain money for a project in his district.

Stowe and his wife, Barbara, bought a townhouse in Midlothian's Briarwood Hearth section in mid-September. Gary Harris, the house's former owner, said today.

Stowe reportedly moved to Virginia from the Myrtle Beach, S.C., area, an area Jenrette represents. An acquaintance said Stowe was a representative for a vending company, but that could not be confirmed.

Mrs. Stowe worked for about a year as an agent for a Chesterfield-based real estate firm but left it in 1978, a spokesman there said.

Neighbors described Stowe as pleasant and in his 40s. One man described Stowe as quiet and said, "It seems to me he is away quite often."

Spokesmen for the FBI in Washington and Richmond refused to comment on the case.

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

Page 7  
"Richmond News  
Leader"  
Richmond, Va.

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FBI-RICHMOND	

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(Mount Clipping in Space Below)

## Two Governors Support Baker

*From Wire Dispatches*

Sen. Howard Baker claimed "a special boost" for his presidential campaign yesterday with the endorsements of Govs. Robert Ray of Iowa and Richard Snelling of Vermont.

The two campaigned with Baker for New Hampshire's Feb. 26 primary election, the Tennessee senator saying he will be spending "virtually all of my time" hunting votes in the state from now until election day.

Baker said in Peterboro that George Bush probably is the leader now, but that is a result of "inflated momentum" gained from the victory in Iowa on Jan. 21.

"Bush got a big boost from that straw poll in Iowa," but gained no nominating delegates, Baker said.

Meanwhile, Bush said the time has come to stop kicking around the FBI and let it continue its investigation of an "outrageously ugly" case of alleged political corruption.

Eight members of Congress have been implicated in the FBI probe, and legal and ethical questions have been raised as to whether the bureau used entrapment.

In a second day of campaigning in Massachusetts for the March 4 primary, Bush stopped in North Quincy and later in New Bedford, where he opened a campaign headquarters.

Speaking to workers at an insurance company in North Quincy, Bush declared: "One of the things that troubles me now is Congress all going out there trying to see if the FBI did something wrong. Why don't they look at what those congressmen did wrong and let the FBI continue its investigation? Somehow, we've got to get away from this idea that we're always wrong in our institutions."

In Washington, in his first detailed economic policy statement of the campaign, Sen. Edward M. Kennedy declared that his program of mandatory wage and price controls could "cut inflation by half within a year."

Kennedy now concedes that they would be indefinite, while in his initial proposal, about 10 days ago, he mentioned only a six-month freeze. Both ideas — particularly the indefinite controls — are strongly opposed by almost all economists, including those who advise Kennedy.

As he has done increasingly in recent days, Kennedy attacked the Carter economic record and "a performance characterized by inaction, abdication, confusion and inconsistency."

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

Page A-6  
"Richmond Times-Dispatch"  
Richmond, Va.

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or

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Submitting Office Richmond

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FEB 10 1980

FBI-RICHMOND

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(Mount Clipping in Space Below)

## Scandal Data Withheld From Panels

WASHINGTON (AP) — The Justice Department today refused to turn over to congressional ethics committees evidence that the FBI has amassed on eight members of Congress allegedly implicated in the bureau's political corruption inquiry. Assistant Attorney General Phillip Heymann conveyed the refusal to the House ethics committee by reading a letter from Attorney General Benjamin Civiletti.

The letter said sharing of evidence with the ethics committees could endanger criminal prosecution of guilty persons and result in the leaking of other information that might be harmful to innocent parties.

"If this committee were to begin a full investigation before we have had a fair opportunity even to complete our criminal investigations, a number of guilty individuals could go unprosecuted or unpunished and innocent ones may be more severely prejudiced," the letter said.

### CITES DIFFICULTIES

Citing difficulties presented by "simultaneous investigations," Civiletti's letter asked that the congressional ethics panels forego their probes pending completion of Justice Department prosecutions.

The letter said the department then would be willing to fully cooperate with congressional investigations which can lead to disciplining of members found guilty of wrongdoing or improprieties.

Earlier today in a CBS-TV interview, Sen. Howell Heflin, D-Ala., chairman of the Senate Ethics Committee, said Heymann told him last night that FBI evidence would not be made available for congressional investigations.

Heflin, a former appeals court judge, said he was "torn between a lot of responsibilities and obligations."

### 'CLEAR MATTER UP'

"There is an obligation to clear this matter up... immediately if we can," he said. "We've got to protect individual rights. But I think the American people need to have their faith restored in the American political process."

Heflin said his committee might go to court to force the Justice Department's cooperation in its inquiry, but he said he hoped some settlement could be reached without legal action.

In a related development, FBI agents will meet Thursday with members of New Jersey's Casino Control Commission following the resignation of a commissioner alleged to have taken \$100,000

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

Pages 1&7  
"Richmond News  
Leader"  
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from agents posing as aides to Arabs seeking an Atlantic City gambling license. The official, Kenneth MacDonald, has denied accepting any money.

#### AN ALLEGED BOAST

Also under scrutiny is an alleged boast by Sen. Harrison A. Williams, D-N.J., the only senator among the eight congressmen linked to the probe, that he saved the developers of a new casino \$3 million through the intercession of commission chairman Joseph Lordi.

Williams' wife Jeannette is a consultant to a New York firm that is majority owner of the proposed project and once served on the firm's board.

At this point, officials said, the House and Senate ethics panels lack independent information on which to conduct effective probes of their own.

Rep. Charles Bennett, D-Fla., chairman of the House committee, said that a Justice Department refusal to share its information would leave his committee with little to go on.

#### WOULD PREFER DELAY

But he also said he would prefer to delay the committee inquiry, which would concentrate on possible violations of House rules, if it would imperil the FBI's case. "If it means that persons would escape

criminal prosecution because of a committee hearing... obviously people should not be allowed to escape criminal prosecution," Bennett said.

However, several members of the two panels are known to feel strongly that some investigation should go forward even in the face of an FBI refusal to cooperate.

Meeting with House leaders during the day yesterday, Attorney General Civiletti urged a three-month delay in any Capitol Hill inquiry, according to several congressional sources.

Even if wrongdoing were found, the House and Senate panels have no authority to exact punishment. They can recommend only punishment ranging from a reprimand to expulsion from Congress.

#### WILLING TO BUY FAVORS

In all, some 20 public officials and 10 businessmen and lawyers have been implicated in the 14-month investigation, in which sources say FBI undercover men posed as aides to a wealthy Arab sheik willing to buy favors from congressmen and

other public officials.

The undercover agents paid out almost \$500,000 in cash, but sources said fewer than half the officials actually took money. Some transactions were videotaped by the agents.

Besides state and local officials in New Jersey and Pennsylvania, sources say subjects of the FBI investigation include Sen. Harrison A. Williams Jr., D-N.J., and Reps. John M. Murphy, D-N.Y., Frank Thompson Jr., D-N.J., Michael O. Myers, D-Pa.; Raymond F. Lederer, D-Pa.; John W. Jenrette, D-S.C.; John Murtha, D-Pa.; and Richard Kelly, R-Fla.

Most of them have denied any wrongdoing.

A source said yesterday that "the cases of those eight will be presented to grand juries."

A source close to the investigation also has said a ninth member of Congress may be involved in the case. But the source said that at this time that individual, who was not identified, does not appear to be the subject of further scrutiny.

(Mount Clipping in Space Below)

## Probe Figure Is Silent

A Midlothian man allegedly implicated in the FBI's congressional bribery investigation declined to comment on the case yesterday.

John R. Stowe of the 11700 block N. Briarpatch Drive, Midlothian, was identified by sources in the Long Island newspaper Newsday as having been the "bagman" for a \$50,000 bribe allegedly intended for Rep. John W. Jenrette Jr., D-S.C.

The newspaper said Stowe was contacted Saturday by federal agents and has agreed to

cooperate with the investigation of corruption in the national legislature.

"I just walked through the door," Stowe told The Times-Dispatch yesterday afternoon.

"I've been on the road. I'm aware of what's going on. I can't make any comment at this time."

"I thank you for your interest, but I can't make any comment at this time," Stowe said.

Stowe allegedly brought Jenrette to a Washington town house where federal agents, posing as representatives of a non-existent Arab sheik, of-

fered the congressman \$50,000 to use his influence to ensure the sheik's asylum in the United States.

Jenrette did not take the money at the time but allegedly sent Stowe back the next day to pick it up, an act that Newsday said was filmed by a hidden camera.

Stowe was to receive \$15,000 of the money, Jenrette is alleged to have told the federal agents.

Jenrette has denied any wrongdoing in the case.

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

Page C-6  
"Richmond Times-Dispatch"  
Richmond, Va.

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FBI-RICHMOND	

FBI/DOJ

(Mount Clipping in Space Below)

# Area Man Linked To FBI 'Sting'

By Peter Bacque  
Times-Dispatch Staff Writer

A Midlothian man is alleged to have been a "bagman" in the FBI's congressional bribery investigation, according to a report published yesterday in the Long Island paper Newsday.

John R. Stowe, of the 11700 block N. Briarpatch Drive, Midlothian, allegedly received \$50,000 in bribe money intended for Rep. John W. Jenrette Jr., D-S.C., from FBI agents posing as representatives of an Arab sheik, the newspaper said.

Stowe, Newsday said, has agreed to cooperate with law enforcement authorities after being visited by federal agents at his home Saturday.

Stowe came to Richmond from the Myrtle Beach, S.C., area, where he was in business for several years. Jenrette represents the Myrtle Beach district in congress.

Jenrette has denied any misconduct. Stowe could not be reached for comment last night.

A Myrtle Beach munitions manufacturer told The Times-Dispatch last night that Jenrette had approached him on behalf of a group of potential investors in his financially failing company in December.

A FEW DAYS LATER, James W. Neal, American Gear and Pinion Co. president, said in a telephone interview, Stowe called saying he was the man Jenrette had said would contact him. The purchase of the munitions fuse manufacturing firm was

moving forward until the investigation came to light. Neal said Stowe called him Sunday and said he would not be able to go through with the deal.

American Gear and Pinion is undergoing financial reorganization in U.S. Bankruptcy Court in South Carolina, Neal said.

ACCORDING TO NEWSDAY, its source said Stowe is the only man who can say that he physically handed \$50,000 to Jenrette, even though the source said the South Carolina congressman "was" recorded confirming that he had received the money.

The payment, Newsday reported its source said, was for Jenrette's promise to use his congressional office to ensure that the sheik could have asylum in the United States.

According to the Newsday story, Stowe brought Jenrette to a Washington town house, where Jenrette looked at the \$50,000 offered.

He began mumbling that he didn't know if he could produce and said something about having to give \$15,000 to Stowe. Newsday quoted a source as saying.

Jenrette then allegedly told the agent he would think about the matter and he and Stowe left, the paper said.

A short time later, Jenrette allegedly called the agent and said that Stowe could pick the money up the next day; the newspaper reported.

The next day, Stowe came to the town house and, in view of a hidden camera, picked up the money, Newsday said.

Jenrette said Sunday that his dealings with the bogus Arabs were limited to trying to obtain funds for a project in his district and that he had done nothing illegal or improper.

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

Pages B1&7  
"Richmond News  
Leader"  
Richmond, Va.

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b7c

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## No More Trap Funds for FBI, Senator Says

From Wire Dispatches

Sen. Ernest Hollings, D-S.C., who heads an appropriations subcommittee that handles FBI funding, says he will not appropriate money so undercover agents can set up traps for congressmen.

And Rep. Don Edwards, D-Calif., whose House Judiciary subcommittee has oversight over FBI operations, said yesterday he will ask questions at a routine hearing later this month about whether FBI undercover agents always follow the rules in their investigations.

It was disclosed last weekend that FBI agents posed as favor seekers for wealthy Arab businessmen willing to make huge payoffs for congressional help with immigration and business problems. The FBI implicated eight members of Congress in the "Arab scam" bribery scandal.

### 'INFLUENCE-PEDDLERS'

Assistant Attorney General Philip Heymann, in charge of the Justice Department's criminal division, told the House Ethics Committee "influence peddlers" — not FBI agents — were responsible for getting congressmen involved.

But Hollings noted the FBI contacted Sen. Larry Pressler, R-S.D., who left the undercover meeting "screaming no, no." Hollings said that "indicated to me the (bribe) offer was coming from the government."

"And if that's the case," Hollings said yesterday, "that's improper law enforcement and we're just not appropriating money to be setting up traps to try the integrity of people in public office or otherwise."

Hollings said he was not satisfied with Attorney General Benjamin Civiletti's discussion on entrapment when he testified on the operation Tuesday.

### 'JUST DIDN'T ANSWER'

"He just didn't answer the question ... I asked him to get on top of the case and he was giving me a long answer that indicated to me that he was concerned about it (entrapment) too," Hollings said.

Edwards said his subcommittee hearing on FBI operations Feb. 26 is a routine one that will cover all types of FBI activity, including "sting" operations similar to the one that implicated the eight members of Congress.

"The key thing we are going to be interested in is the criminal standard," Edwards said. "The FBI is authorized to conduct an investigation where there is reasonable belief that a person has engaged in, is engaged in, or will engage in criminal activity."

"So now we will look at that in relation to sting operations," Edwards said. "We will get into, I trust, rules and regulations, and whether or not criminal standards are always respected and observed."

One of eight members of Congress named in the FBI's bribery investigation admits taking \$25,000 in cash, but says he did so as part of his own personal inquiry into

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

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"Richmond News  
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—Richmond, Va.

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AP Laserphoto

# REP. RICHARD KELLY, R-FLA., IS PURSUED BY REPORTERS ON CAPITOL HILL Implicated in Bribery Probe, He Has Admitted Taking Money for Own Investigation

wrongdoing by unidentified "shady characters."

Rep. Richard Kelly of Florida, the only Republican named in the FBI "sting," told that story in an interview on a network television news special yesterday, shortly after the Justice Department indicated there likely would be indictments in the case within 90 days.

Also yesterday, Assistant Attorney General Philip Heymann cautioned the House and Senate Ethics Committees that if they pursued their own competing investigations, they could imperil the prosecution of those who may have committed criminal acts.

"A number of guilty individuals may go unprosecuted or unpunished," Civiletti said in a letter read to the committees by Heymann.

In New Jersey, where much of the "sting" operation began, there were newspaper reports that the investigation was reaching high into the administration of Gov. Brendan Byrne.

Meanwhile, Heymann said it will take about 90 days for the Justice Department to present its evidence to federal grand juries.

Some members of both committees had indicated they would seek to force the Justice department to turn over evidence for their own investigations of senators and House members.

But Heymann said, "We are pretty firmly of the mind at present that the criminal trials should be allowed to go forward."

Heymann estimated that all indictments would be handed down within 120 days and trials completed in six months.



(Mount Clipping in Space Below)

# Authorities Give Clues To Anatomy of 'Sting'

(C) *New York Times Service*

WASHINGTON — The political bribery scandal that broke last weekend created a sensation not only because eight members of Congress and several other public officials were involved but also because the federal government employed a highly unorthodox investigative technique.

Federal agents posed as Arab sheiks and their associates, rented lavish homes and hotel suites and spent large sums of money to create a climate in which the officials could be induced to take bribes.

This technique, called a "sting" operation, has worked successfully for local police forces on a much smaller scale.

But the method had never been employed in a highly publicized political corruption case, and

its use in this latest affair has raised a number of questions.

How, for example, did the investigation begin? Why was the "sting" method used? How were the targets of the investigation selected? Had the investigation run its course by the time the details were disclosed? Why would law enforcement authorities disclose information on an investigation to reporters before it was presented to a grand jury?

What follows, based on interview with law enforcement officials and other authorities, are the answers to those questions:

**HOW DID the investigation begin?**

It began, as so many investigations have over

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

Pages A1&2  
"Richmond Times-  
Dispatch"  
Richmond, Va.

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the years, with an informer. A man named Mel Weinberg, who had been convicted in a fraud case, agreed about two years ago to provide federal agents with information about the theft of two valuable paintings from the loading platform of the United Nations Plaza apartments in Manhattan. He hoped to obtain a more lenient sentence in return for his information.

Working with Weinberg's information, an undercover agent for the Federal Bureau of Investigation posed as an Arab sheik willing to buy the paintings. The operation was successful. The paintings were recovered, and the thieves were arrested.

But Weinberg had more information to impart, and the investigation continued. He began to lead the authorities, still posing as Arabs or their American associates, to public officials who he said were susceptible to bribery. The case began to snowball.

"When middlemen came to undercover agents and said they could deliver political services as well as other goods, we did not step back. It was sort of a high inside pitch, and we did not back away," said Philip B. Heymann, the assistant attorney general in charge of the Justice Department's criminal division.

Weinberg led the authorities to Mayor Angelo J. Errichetti of Camden, N.J. He, in turn, steered the investigators to Kenneth N. MacDonald, a member of the New Jersey Casino Control Commission, and Howard L. Criden, a lawyer from Philadelphia.

Errichetti also introduced the undercover agents to Sen. Harrison A. Williams Jr., D-N.J., and Criden brought four congressmen, all Democrats, into the operation: Michael O. Myers and Raymond F. Lederer of Pennsylvania, John M. Murphy of New York and Frank Thompson Jr. of New Jersey. Criden also brought three members of the Philadelphia City Council into the picture.

Other middlemen, working like Criden, introduced the undercover agents to the other public officials who are under investigation.

By this point, the undercover agents had rented an expensive house in Washington, a yacht, a hotel suite in New York, a beach condominium and private airplanes as covers for their operations.

**WHY WAS the "sting" method used.**

Heymann said that he was enthusiastic about such operations for three reasons: No person's civil liberties are violated, "there can be no mistake about guilt or innocence because of the videotape" and there is a "chilling effect" on further corruption.

On the last point, Heymann gave the example of a "sting" operation in Boston last year in which undercover agents rented a warehouse and bought

large loads of goods hijacked from trucks around New England. Since the operation was concluded about nine months ago, the assistant attorney general said, there has been only one such truck hijacking in all of New England.

**HOW WERE the targets of this latest investigation selected?**

The authorities emphasized that, in each case, the public officials were brought into the operation by middlemen who did not know that the men posing as wealthy Arabs and their representatives were really undercover agents.

The authorities said that they were completely at the mercy of the middlemen, some of whom were felons.

"No one associated with the United States ever picked any politician for the investigation," Heymann said. "The middleman did all of that."

**HAD THE investigation been concluded by the time it was disclosed last weekend?**

As recently as the middle of last month, the operation was moving at full steam. Between Jan. 15 and Jan. 17, the three Philadelphia city councilmen, George X. Schwartz, Harry P. Jannotti and Louis C. Johanson, were taped receiving bribes in the Barclay Hotel in Philadelphia, according to investigators.

However, the evidence is that by last weekend the operation had been brought to an end. Exactly why it was stopped is not clear.

There is speculation in Washington that the operation had become too expensive to continue, especially the demands of buying stock in the transaction with Williams.

Heymann would not confirm that speculation, but he acknowledged that there were budgetary limitations on any investigation.

There has also been a suggestion that a federal judge, who had been approving telephone wiretaps, refused to extend the authority.

**WHY WOULD law enforcement officials disclose information to reporters before it was presented to a grand jury?**

The reporters who broke this particular story will not disclose their sources. But, in general, there are several reasons why investigators are willing to talk about the fruit of their work before it can officially be made public.

One reason is the belief of some law enforcement officers in the field that charges against politicians tend to be watered down or negotiated away by expensive legal talent once they reach the Justice Department's headquarters in Washington. If the case is known to the public, it is felt, there will be pressure on the department for strong action. More ominous, some law enforcement authorities may have a grudge against a politician and want to punish him with publicity even if an indictment is not warranted.

FBI

## TRANSMIT VIA:

☐ Teletype☐ Facsimile☒ Airtel

## PRECEDENCE:

☐ Immediate☐ Priority☐ Routine

## CLASSIFICATION:

☐ TOP SECRET☐ SECRET☐ CONFIDENTIAL☐ E F T O☐ CLEAR

Date 2/15/80

TO: DIRECTOR, FBI (87-147437)  
 (ATTN: TRANSPORTATION CRIMES UNIT-CID,  
 SUPERVISOR [REDACTED] HAND CARRY  
 TO ROOM 5042 J. EDGAR HOOVER BUILDING)

b6  
b7c

FROM: SAC, BROOKLYN-QUEENS (87-81067) (P) (HRA)

SUBJECT: ABSCAM 87-15540 C  
 ITSP  
 (OO: BQ) 194-82

For information of receiving offices, the following  
 represents [REDACTED] set forth in addendum to this  
 communication.

In an effort to obtain [REDACTED] b3  
 [REDACTED], it is requested  
 that the following investigation be conducted:

Advise BQMRA if subpoena necessary to obtain  
 [REDACTED] (if so indicated your division),  
 title, name, and address of individuals to direct subpoena.

- 3 - Bureau (87-147437) (Personal attention SAC)
- (1 - Transportation Crimes Unit)
- 1 - Alexandria (Personal attention SAC)
- 1 - Columbia (Personal attention SAC)
- 1 - Miami (Personal attention SAC)
- 1 - Newark (194-30) (Personal attention SAC)
- 1 - Philadelphia (87-28301) (Personal attention SAC)
- 1 - Richmond (Personal attention SAC)
- 1 - Saint Louis (Personal attention SAC)
- 1 - Tampa (Personal attention SAC)
- 1 - Washington Field (87-23321) (Personal attention SAC)
- 1 - Brooklyn-Queens (87-81067)

RBR:dam  
 (14)

Approved:

Transmitted

(Number)

87-15540-21  
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 SERIALIZED FILED

FEB 19 1980

b6  
b7c

BQ 87-81067

2. For purposes of obtaining [redacted] advise BQMRA title, name and address of individuals to direct subpoena.

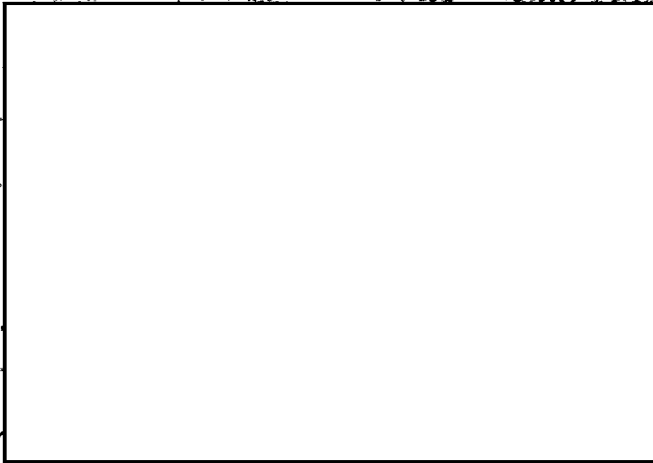
3. In view of the fact that the attached [redacted] b3  
[redacted] may not be all inclusive with respect to all [redacted] and [redacted] receiving offices are requested to verify accuracy of [redacted] in their respective divisions and add on [redacted]  
[redacted]

Upon receipt of results of investigation by BQMRA, it is anticipated that Grand Jury subpoenas will be issued and served by the United States (US) Marshall Service for [redacted] for [redacted] will then be forwarded to FBIHQ for [redacted] and results will be made available to interested offices.

In view of the importance of this matter and the fact that it has been designated a Bureau Special, it is requested that it receive immediate priority. b3

For the assistance of receiving offices [redacted] is set forth as an addendum to this communication.

Newark



(Mount Clipping in Space Below)

## Payoffs Termed Daily Occurrence

NEW YORK (AP) — Undercover FBI tape recordings paint a picture of almost daily payoffs to U.S. Immigration and Naturalization Service employees in New York for cards, documents, permits and authorization stamps.

The recordings were made last year during a continuing federal investigation that, sources said, has spread to INS offices in Newark, N.J., and Miami and to 12 countries.

The Associated Press has learned that about 15 INS employees in New York are under investigation and that several others are the subject of sealed indictments.

The FBI's "Abscam" investigation has resulted in the indictment of one INS employee, but officials say there is no connection between Abscam and the local INS probe.

INS officials in New York and Washington, D.C., declined comment.

### Used in Trial

The tapes were used as evidence earlier this month in the little noticed trial of Isidore Markowitz, an analyst in New York City's Community Development Agency. Markowitz was convicted of giving INS clerk Juan Espinal,

\$2,800 in return for forged or blank documents.

Espinal, whose job gave him access to a wide range of INS files, went to the FBI in April 1979 after fellow employees asked his aid in illegal activities.

Espinal was wired by the FBI, and the recordings are of 3½ months of meetings and telephone calls Markowitz had with Espinal and an INS undercover investigator.

The transcripts examined by The AP cover 20 hours of tape recordings; 32 additional hours are sealed.

The transcripts and other evidence produced at Markowitz's trial allege payoffs:

— To about 20 INS employees in New York, Miami and Newark and to U.S. consular employees overseas as well as employees of 12 foreign countries.

— To "immigration consultants" who bribe low-level INS employees to help bona fide aliens entitled to legitimate paper work avoid bureaucratic red tape.

— Ranging from daily \$50 payments for employment permits to elaborate, \$40,000 workups involving the wholesale forgery of official files and the issuance of coveted alien green cards.

— To destroy incriminating files and create complimentary, trouble-free files.

Targets of the investigation include file clerks, inspectors in the travel documents section, deportation officers, detention section guards, contact representatives and clerks in the citizenship, alien and investigation sections.

Also under investigation are representatives of several refugee and immigrant organizations in the city, according to federal sources. They are suspected of regularly steering clients to Markowitz in return for \$150 referral fees.

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

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"Richmond Times-Dispatch"  
Richmond, Va.

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(Mount Clipping in Space Below)

# U.S. Attorney to Lead Probe of Abscam News Leak

*From Wire Dispatches*  
**WASHINGTON** — Richard Blumenthal, the U.S. attorney for Connecticut, was named yesterday by Attorney General Benjamin Civiletti to supervise the Justice Department's internal inquiry into how news organizations obtained confidential information about the government's political corrup-

tion investigation. Civiletti also said that, except for the senator and seven representatives who have been identified in news reports, there are no other senators or congressmen to my knowledge in any way related to the Abscam investigation.

Blumenthal, 33, worked briefly in the White House during the Nixon administration but declined an appointment to be head of VISTA because he disagreed with that administration's Indochina and domestic policies.

Law enforcement experts said it was significant that the inquiry would be conducted by a U.S. attorney and not solely by the Justice Department's Office of Professional Responsibility. That office was created in 1975 to oversee investigations of alleged misconduct by employees of the department.

A United States attorney has the authority to convene a grand jury to deal with criminal charges such as violation of the privacy act and obstruction of justice. The Office of Professional Responsibility can deal only with administrative matters.

Blumenthal refused to answer reporters' questions.

In a speech to National Press Club members yesterday, Civiletti also defended the FBI against suggestions of entrapment in its investigative methods, which involved use of agents posing as representatives of Arab investors.

"Crimes were not created by the FBI at all," he said, while conceding that some judge might decide a middleman or informant might have engaged in entrapment.

"Other than the unfortunate, regrettable and inexcusable leaks that have endangered innocent persons by identifying them specifically, there are no other senators or congressmen to my knowledge in any way related to the Abscam investigation," he said.

Civiletti said that he had no criticism of reporters for using "ploys" to elicit information from the authorities. He did say, however, that he found it "bizarre" that editorials in some newspapers were critical of the disclosures while, elsewhere in the paper, they were being published.

Civiletti declined to answer a question about whether Blumenthal would require department officials to take polygraph, or lie detector, tests at part of his inquiry.

(United Press International said last night that Justin Stanley of Chicago, president of the American Bar Association in 1976-77, had agreed to examine the findings of the inquiry independently to make sure that it had been comprehensive.)

Abscam is the FBI code name for the 16-month operation that resulted in allegations that about 20 public officials and 10

businessmen took part in bribery attempts by undercover agents in exchange of political favors or other services.

So far, members of Congress implicated in the operation are Sen. Harrison A. Williams Jr., D-N.J., and Reps. John M. Murphy, D-N.Y.; Frank Thompson Jr., D-N.J.; Michael O. Myers, Raymond Lederer, and John P. Murtha, all D-Pa.; Richard Kelly, R-Fla.; and John W. Jenrette, D-S.C.

Last week, a source close to the investigation had said a ninth congressman was in a gray area. The source said yesterday the ninth man had been cleared, but refused to identify him.

The ninth man had been approached by intermediaries in the investigation but had turned them down and had never met with undercover FBI men, this source said. "He is not among those congressmen who have revealed their contacts with intermediaries," said the source, who asked not to be named.

Three New Jersey Democratic congressmen, Reps. James Howard, William Hughes and James Florio, have publicly said they turned down approaches from intermediaries.

A companion investigation, code-named Brilab for bribery,

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

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labor, involves alleged bribery attempts in connection with the award of state government and union health insurance contracts. Public officials in Texas, Oklahoma, Arkansas and Louisiana have been implicated, and grand juries in Houston and New Orleans will begin taking testimony in the case this week.

In New Orleans, John Volz, U.S. attorney for the western district of Louisiana, said yesterday that involvement in the Brilab investigation ranges nationally.

"I think you can safely say it involves all 50 states," he said at a news briefing. "I'm certain by the time this is over, it will involve other jurisdictions, other cities... other states."

In New Jersey, Gov. Brendan Byrne endorsed a bipartisan proposal to abolish the state's part-time Casino Control Commission, some of whose members have been implicated in the Abscam investigation, and replace it with a full-time panel.

As a result of New Jersey's controversy over licensing of Atlantic City casinos, state legislative sponsors of casino bills in several other states, notably New York and Pennsylvania, are having second thoughts about pressing for legalized gambling in their states.

"New Jersey is nailing the

coffin on casinos in New York," said Dr. Gerald Lynch, chairman of a New York study panel that endorsed casino gambling for the state.

In other developments yesterday:

— Knowledgeable sources confirmed that Mario Noto, former deputy U.S. commissioner of immigration, was under investigation for an alleged offer to help Carlos Marcello, reputed New Orleans underworld boss, in exchange for the promise of a job after Noto retired.

Noto was reported to have tried improperly to lift travel restrictions against Marcello, who had been under a federal deportation order since 1953.

— The Washington Star reported that the White House has withheld action on a recommendation to President Carter that he name Louis Lambert, unsuccessful candidate for governor of Louisiana and chairman of the Louisiana Public Service Commission, to the Federal Energy Regulatory Commission.

Lambert has denied an allegation he was paid \$10,000 in exchange for a promise of favorable treatment on insurance contract awards if he were elected governor. The White House refused comment.



AP Laserphoto

**Benjamin Civiletti**  
"Crimes Were Not Created"



AP Laserphoto

**Richard Blumenthal**  
Significant Appointment

(Mount Clipping in Space Below)

# Outside Lawyer May Be Brought Into Probe

WASHINGTON (AP) — Attorney General Benjamin Civiletti is considering bringing a well-known outside lawyer into an expanded Justice Department inquiry of how the FBI Abscam investigation leaked to the news media, sources say.

Department sources, who declined to be identified, said Civiletti is considering some role for Chicago attorney Justin Stanley, a 69-year-old past president of the American Bar Association.

Although outsiders have been brought into several previous internal department investigations, that step has never been taken in a leak inquiry.

## WILL BE INTERROGATED

Meantime, sources said yesterday that 100 to 200 department employees will be interrogated in the leak investigation and

that all will be asked if they are willing to take lie-detector tests.

One source said, however, that few polygraph tests actually will be administered and then only "in those instances where the investigators actually think they're onto something."

Yesterday, Civiletti, who has been criticized in Congress for the Abscam leaks, told the National Press Club he is beefing up the inquiry into the source and motivation of the leaks. In his strongest denunciation to date, he called them "unfortunate, regrettable and inexcusable."

## ORDERS SECURITY REVIEW

Civiletti announced that Dick Blumenthal, the 33-year-old U.S. attorney for Connecticut, will assume day-to-day management of the investigation in the Of-

fice of Professional Responsibility.

Civiletti also said he had ordered a review of the department's security procedures.

Officials familiar with the Justice Department's dozen leak investigations in recent years said this was the second time employees had been asked if they would take lie-detector tests.

Department officials said that in only one such inquiry did investigators come close to pinpointing the source of the leak. The person, however, left the department before the inquiry was completed.

Abscam is the FBI code name for the 16-month operation in which undercover men posed as representatives of an Arab sheik willing to pay bribes for political favors. Sources have said eight members of Congress, about 12 other public officials

and 10 lawyers and businessmen are implicated in the case.

## TAKE POLYGRAPH TESTS

The sources said department regulations prevent investigators from compelling employees to take polygraph tests, but that all those interviewed in the investigation will be asked if they are willing to. The sources said that would likely include even Civiletti and FBI Director William Webster. "Top officials aren't favored in these investigations," one source said.

The sources said there would be no penalty for refusal to agree to a polygraph test, but that "investigators might pursue corroboration further in the cases of those who refused a test."

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

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"Richmond News  
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(Mount Clipping in Space Below)

# Webster Describes Abscam Probe As 'Most Careful'

WASHINGTON (AP) — Defending the Abscam probe, FBI Director William H. Webster says it would be "absolutely foolish" for undercover agents to jeopardize such investigations by luring suspects into taking bribes against their will.

Webster said the Abscam investigation, which has implicated eight members of Congress, was "the most carefully monitored, the most carefully controlled" probe in the bureau's 56-year history.

The director made his first detailed public defense of the operation in a half-hour television interview yesterday with Carl Rowan, a syndicated columnist and television commentator.

## IT'S HIS OBLIGATION

Noting that undercover agents secretly videotaped the alleged bribery transactions, Webster said, "The filming of those scenes were for court purposes. It would be absolutely foolish for a special agent of the FBI to go beyond the legal provisions and jeopardize the integrity of the investigation."

"He knows it's going to be in court, and it's his obligation to make that a good case."

Some members of Congress, including several who were never touched by the investigation, contend that the undercover agents were trying to lure unwitting politicians into a bribery trap.

Perhaps the strongest denunciation came from Rep. John Seiberling, D-Ohio, who said the continued use of undercover investigations means that "the FBI can target anyone... find anyone's weakness."

"I don't buy that argument," Webster asserted.

"We are not permitted, and would not, target anyone simply to get them. We are interested in criminality. What we are trying to do is identify the people who betray their trust, and betray the trust of the American people, by the use of their office to enhance the pocketbooks of the white-collar criminal and the organized crime member who uses them."

## 'LEGITIMATE PURPOSE'

That mission, he continued, "is a legitimate purpose which perhaps only the FBI in the United States can do successfully."

Webster said a committee of high-level FBI and Justice Department officials monitored Abscam and other undercover probes to assure that investigators did not encroach upon individual rights.

Webster was asked to respond to allegations that the bureau purposely leaked details of the investigation to the news media.

"There is no basis in fact for that assertion," Webster said. "I deplore these leaks. It just finds it very difficult to believe that anyone in the bureau participated in it."

However, he said, "I don't rule out the possibility" that FBI employees were involved in the leaks. He said the bureau is cooperating fully with a Justice Department inquiry to track down the source of the leaks.

Any FBI employee found to be responsible will be "severely disciplined," Webster said.

Richard Blumenthal, the U.S. attorney for Connecticut, took charge of the internal probe yesterday. He declared that he might subpoena news reporters and their notes if that action became necessary to track down the persons who disclosed information to the news media.

Attorney General Benjamin Civiletti assigned Blumenthal to the case.

"It is not our present intention to subpoena reporters or notes, but we are not foreclosing any method of investigation, including that one," Blumenthal told a news conference.

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"Richmond News  
Leader"  
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(Mount Clipping in Space Below)

## Prosecutor Named By House Panel

WASHINGTON (AP) — The House ethics committee voted yesterday to hire Barrett Prettyman, a Washington lawyer, as special counsel for its inquiry into the FBI's bribery investigation.

Rep. Charles E. Bennett, D-Fla., the committee chairman, said one of Prettyman's first tasks will be to find out how much information the panel can get from the Justice Department on the seven House members implicated in the FBI undercover operation.

The chairman said Prettyman's meetings with Justice Department officials will help determine how fast and aggressive an investigation the House committee can conduct without interfering with government prosecutions.

Prettyman, 54, was an assistant to Attorney General Robert F. Kennedy in 1963 and later served on President Johnson's White House staff.

Prettyman also was a special consultant to a Senate Judiciary subcommittee investigation of Vietnam refugees in 1967 and 1968.

Bennett acknowledged he had someone else in mind for special counsel but was overruled. Bennett did not identify his choice for the job.

Rep. Richardson Preyer, D-N.C., a committee member, said he believed Prettyman was chosen primarily because "he's a fresh face" without any connection with earlier ethics committee investigations — as Bennett's choice had.

The seven House members implicated in the FBI investigation are Reps. John M. Murphy, D-N.Y.; Frank Thompson Jr., D-N.J.; Michael O. Myers, D-Pa.; Raymond F. Lederer, D-Pa.; Richard Kelly, R-Fla.; Rep. John W. Jenrette, Jr., D-S.C., and John P. Murtha, D-Pa. Also implicated is Sen. Harrison A. Williams Jr., D-N.J.



AP Laserphoto

Barrett Prettyman  
Former Johnson Aide

Attorney General Benjamin Civiletti recently told the House and Senate ethics committees that if they insist on conducting competing investigations, "guilty individuals may go unprosecuted." The Justice Department has made clear it will resist turning over evidence in the FBI investigations at this stage.

Meanwhile, Republicans on the House Judiciary Committee agreed to urge defeat of a resolution intended to force the Justice Department to turn over all its evidence in 30 days, said one of the Republicans, Rep. Robert McClory of Illinois.

The resolution was introduced by Rep. Peter A. Peyser, D-N.Y., who contended that the

allegations have already damaged public confidence in Congress so much that Congress must conduct its own investigation immediately.

Murphy of New York, one of the congressmen mentioned in the FBI investigation, denied any wrongdoing again yesterday but said he does not know how FBI videotapes of alleged bribe offers by undercover agents will make him look.

"I violated no laws; I took no money," Murphy said at a news conference.

The tapes are reported to have shown Murphy being offered a satchel containing \$50,000 and that he replied "Howard will take that."

Murphy confirmed yesterday that Howard Criden, a Philadelphia lawyer, arranged the meeting with persons Murphy said he thought were representatives of an Arab sheik planning to invest money in the United States.

Murphy said, "I never asked Criden to accept any money." But when asked about reports the videotapes showed him saying "Howard will take that," Murphy replied, "I can't answer that question until I see the tapes."

In another development, 11 House Republicans criticized Kelly's story saying it "challenges credibility and suggests Mr. Kelly acted in a manner unbecoming a member of Congress."

Kelly has said he did accept \$25,000 and stuffed the cash into his pockets but did so only as part of his own investigation.

The congressmen asked House Republican leaders to conduct an inquiry to determine whether Kelly should be expelled from the House Republican Conference or denied party privileges such as re-election help.

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

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WMB  
FBI/DOJ

(Mount Clipping in Space Below)

### Congressman Wants to Testify In Abscam Case

ST. PETERSBURG, Fla. (AP)—U.S. Rep. Richard Kelly wants to testify before a grand jury in a federal bribery probe but may fight a subpoena for documents in the case, his lawyer says.

Anthony S. Battaglia, Kelly's chief defense lawyer, told the St. Petersburg Times he would attempt today to arrange an appearance for the Central Florida Republican before a grand jury to be empaneled in Washington on Friday.

Meanwhile, the New York Times reported today that the FBI was trying to determine whether an informant in the case used inside information from the so-called Abscam investigation to work private swindles for his own financial gain.

Several California businessmen have accused the informer, who they identified as Joseph B. Meltzer, of swindling them out of at least \$150,000 by portraying himself as the representative of wealthy Arab sheik, Kambir Abdul Rahman, who was willing to lend them money.

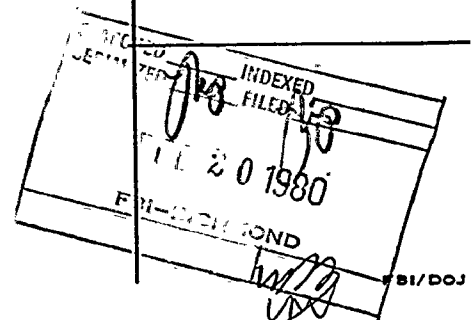
(Indicate page, name of newspaper, city and state.)

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"Richmond News  
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(Mount Clipping in Space Below)

# Informer May Have Worked Own Scam

(C) New York Times Service

NEW YORK — The Federal Bureau of Investigation is looking into whether a man it had employed as an informer used inside information about the government's Abscam operation to work private swindles for his own financial gain.

Several California businessmen have accused the informer, whom they identified as Joseph B. Meltzer, of swindling them out of at least \$150,000 by portraying himself as the representative of a wealthy Arab sheik, Kambir Abdul Rahman, who was willing to lend them money. In reality, the sheik never existed. He was invented by the FBI for its undercover investigation into alleged political corruption that was given the code name Abscam, for Arab scam.

Meltzer was an informer in a case that led to the Abscam operation, and a friend of another informer, Mel Weinberg, who was involved in Abscam, according to law enforcement authorities.

Some of the businessmen who dealt with Meltzer said that he had portrayed himself as a top executive of Abdul Enterprises Ltd., the same company that undercover federal agents in the Abscam operation said that they represented.

Moreover, in interviews in San Diego, the businessmen said they believed that Meltzer

had actually been working with the cooperation of the bureau and had identified himself sometimes as an FBI informer and at other times as an undercover agent. Some also said that until recently they believed the bureau was assisting Meltzer in bringing the sheik's enormous fortune into this country for investment. That had bolstered their confidence in him, they said.

Asked for comment yesterday, Homer A. Boynton, executive assistant director of the FBI in Washington, said that "at the time of Meltzer's alleged West Coast activities, he had no association with the FBI."

Boynton added: "The FBI became aware of the allegations and has been working closely with the U.S. attorney to resolve them."

Robert Smith, a Justice Department spokesman, said the department would have no comment on Meltzer or on the questions the situation raised about the use and reliability of informers in criminal investigations.

When details of the federal investigation became public two weeks ago, some of the California businessmen said they were shocked to discover many similarities between that operation and Meltzer's. They said they began to consider the possibility that Meltzer, while working for the FBI, had em-

barked on his own scam in which they became his victims.

Furthermore, they said that they had informed the FBI earlier about what Meltzer was doing, but that the bureau had not stopped him or warned them not to trust him.

In most of their deals with Meltzer, they said, he assured them of receiving sizable loans under favorable terms from the "emir," he represented. In return, they agreed to sell the sheik a percentage of the businesses they planned to start. As a condition for receiving the loans, they said they paid Meltzer thousands of dollars in front money. The loans, however, always failed to materialize, as did the sheik in rendezvous they flew to in spots around the world.

Meltzer, asked whether he had accepted money from businessmen to whom he had promised loans, said, "Maybe yes, maybe no."

He conceded that, in the past, "I was representing Abdul Enterprises" but that "I really couldn't tell you in what capacity." He also said he served as the "authorized agent" for Foreign Investments Group Ltd., which he had told the businessmen was the successor company to Abdul Enterprises.

"You're putting me on the spot," Meltzer said. "I don't like to be put on the spot. Unless I speak to my attorney, I will not."

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

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answer any questions.

He declined to give the name of his attorney or to say whether he had been working for the FBI.

When asked if he had defrauded any people, Meltzer said, "It's a matter of opinion."

As recently as last week, some of the businessmen, among them Robert Jackman of La Jolla, president of Intersea Fisheries Inc., continued to wonder whether they would eventually receive the money they were promised by Meltzer as a representative of Abdul Enterprises.

Others, including William Dickinson of a San Francisco communications company, said they suddenly felt that they had been taken. With indignation Dickinson said he had turned over to the FBI voluminous documentation of Meltzer's activities.

Some of the businessmen said that similar documentation, along with tape recordings, obtained by The Times, clearly indicated to them that Meltzer had been privy to detailed information about the Abscam investigation and had apparently used it as a cover for his own activities. They said it therefore appeared that, even after the bureau received complaints from the businessmen, it did not stop him for fear of jeopardizing its own investigation.

Several of the businessmen,

including Kai Gulve of San Diego, said they had been told they could check with Michael Elzay of the Chase Manhattan Bank in New York if they wanted to make sure that Kam-bir Abdul Rahman had assets in this country.

Spokesmen for the Chase Manhattan have confirmed that Elzay was a bank vice president but have declined to comment on reports by law enforcement authorities that a bank account was set up there for the investigation.

Several of the businessmen said their faith in Meltzer had grown when it appeared that he did indeed have connections within the bureau.

"Any time anyone told anything to the FBI, it went straight back to Meltzer," said Howard Flink, one of the men who, expecting commissions, had arranged deals with Meltzer on behalf of half a dozen West Coast concerns.

According to court records in Florida, Meltzer, who is 55, is soon to begin serving a 30-month prison sentence for the interstate transportation and sale of \$100,000 worth of McDonald Corp. securities that had been stolen from a New York City brokerage firm on Jan. 7, 1977.

Court records in Florida from the time of his arrest show that he had been charged with another man, Robert Reid, then 52. According to newspaper reports, Reid said he worked as a consultant for the Arab International Trade Center in Manhattan. Meltzer, described as a former branch manager for the Fuller Brush Co., was granted a delay in serving his sentence in order to undergo a hip replacement operation.

Meanwhile, according to many of those involved, he portrayed himself at different times to different people as an undercover agent or informer for the FBI, but warned them that grave harm would result if they broke silence on that subject.

"I was told that for my own benefit, I should not contact Abdul," said Howard Flink, who brought several companies in touch with Meltzer. "He said it could cause physical harm to me and my family and to Meltzer because he was working with an East Coast investigation."

(Mount Clipping in Space Below)

## Reacting to Abscam

Rep. John Brademas said his reaction was one of "shock and sadness." Sen. Robert Byrd was "disappointed, discouraged and shocked." Rep. Robert F. Drinan declared, "I'm sick."

The disappointing, discouraging, shocking and sickening report was that eight members of the U.S. Congress — plus a number of local and state officials — had accepted bribes in an FBI "sting" operation called Abscam.

Since word of the two-year investigation leaked out a little over two weeks ago, the reaction of most Americans, we suspect, has been generally in line with that of the lawmakers quoted above. Some others, however, unfortunately cynical as to everything relating to politics, may be giving the bribery report relatively little attention. "So what?" they may be saying.

But the most curious reaction has been that of some people who are putting as much onus on the FBI as on the congressmen who, it is alleged, were happy to line their pockets illegally in return for favors they agreed to grant in their official capacities.

The charge being made against the FBI is that it trapped the members of Congress into committing illegal acts. Entrapment — luring or enticing a person into committing a crime — is illegal, and obviously no governmental agency should resort to it. If the FBI was guilty of using entrapment, that fact almost certainly will be revealed; the agency itself has put its dealings with members of Congress on film and tape, and presumably these pictures and recordings eventually will be made public as part of any prosecutions.

But it is premature to criticize the

FBI now; the full story of what happened in the cases of the members of Congress has not been told. Furthermore, even if the agency did not meet the highest standards in its probe, that does not mitigate the offense — from the moral and ethical standpoints — of any congressman who violated his oath of office.

The best example of a weird perspective on Abscam perhaps is found in Henry Fairlie's column in last Sunday's *Washington Post*. "There is very little difference," he wrote, "between a politician stuffing into his pockets a few thousand dollar bills from an imagined Arab and a journalist stuffing into his bank account the many thousands of dollars which he may accumulate from actual corporations [in fees for speeches]." That is a wild comparison, since the politician's act is a violation of law, while the journalist's is completely legal, even if, as Mr. Fairlie contends, there could be conflicts of interest in some such cases. The columnist also refers to "the American obsession with every small act of corruption . . ." and to the "sleaziness" in the democracy that makes an opportunity for bribery tempting.

If the reports that have leaked out about Abscam are true — that not only some members of Congress but also other elected officials took bribes — then the FBI operation has served a valuable purpose in exposing people in public office who ought not to be there. The FBI should continue its undercover "sting" investigations, not only to catch run-of-the-mill thieves and robbers in fake fencing operations, but also to put the finger on public officials and others in lofty positions in society who are engaged in white-collar crimes.

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

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"Richmond Times-Dispatch"  
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in government went out of style years ago. Our Presidents have too much power for a democracy.

TERESA KING.

### ***FBI May Be the Victim Of Abscam Outrage***

Editor, The News Leader:

It seems strange that the only issue Congress seems concerned about in regard to Abscam is the conduct of the FBI. Can this be the same Democratic Congress that was so morally outraged by Spiro Agnew?

Perhaps congressional Democrats are outraged only when Republicans receive payoffs. Certainly the investigations of Herman Talmadge and Daniel Flood gave no indication that Congressmen would play rough with members of the club. Now it appears Congress is going to investigate the FBI, rather than dishonest Congressmen.

It is an election year and one can bet that some in Congress would rather do further damage to the FBI's image than admit that there are dishonest elected Democrats in Washington. I would wager that the majority leaders would have reacted differently if the pictures had shown Republicans stuffing their pockets with money.

Some people really have believed that Watergate changed things. The truth seems to be that if someone has anything to cover up, he should be sure his friends are in the majority.

MARY W. COLE.

### ***Ethics in Government Have Gone Out of Style***

Editor, The News Leader:

The Justice Department is upset because the news media exposed the corruption in our political system. What Justice Department have we had for the past few years? We have had men well-paid by our taxes who covered up and deceived us.

The people have short memories. Our daily lives are so full of stress, because we must cope with our needs. Inflation was brought on by corrupt leaders.

The people should remember the Koreagate coverup by the Justice Department. The people also should remember the graft-taking leaders in Congress and their phony Ethics Committee.

Our country has grown too big for all our elected leaders to be under one roof. We have allowed our government to become a den of thieves.

Abscam is nothing new. This sort of thing has been going on for years. Ethics

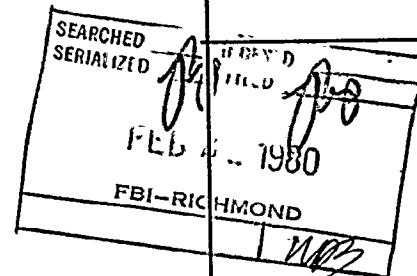
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(Mount Clipping in Space Below)

**Prosecutor Idea Dropped**

WASHINGTON (AP) — House Republicans decided yesterday against asking the attorney general to appoint a special prosecutor to take over the FBI's bribery investigation of eight members of Congress, a GOP leader said.

Rep. Bud Shuster, R-Pa., chairman of the House Republican Policy Committee, said GOP members felt a special prosecutor was not needed because the Justice Department was vigorously investigating the case.

However, Shuster said at a news conference that House Republicans might change their minds if they felt that the Justice Department was dragging its feet.

Eight members of Congress — seven Democrats and a Republican — have been implicated in a bribery investigation code-named Arab scam, or Abscam.

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"Richmond Times-Dispatch"  
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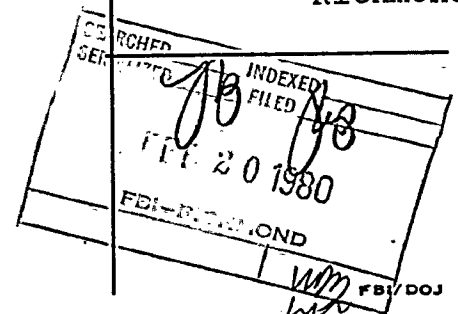
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By ART BUCHWALD:

## Casting for Abscam Sequel

WASHINGTON.

"FBI CASTING. Agent Riley speaking."

"Riley, this is Charles Hawkins of the Atlanta office. I hear you're looking for someone to play an Arab sheik in the sequel to 'Operation Abscam.'"

"Where did you hear that?"

"I read it in *Variety*."

"Darn, we were trying to keep the sequel a secret. What experience do you have?"

"I played a French dope peddler in the 'Marseilles Connection,' a Latin American arms merchant in 'Buenos Dias, Senor Fidel,' a Swiss gnome in 'Goldiggers of 1979,' and the brother-in-law of madame Marcos in 'I'll Take Manila.'"

"I didn't cast any of those stings," Riley said. "How were your reviews?"

"THEY WERE fantastic. Listen to this one by Congressman Greensleeves in the *Congressional Record*, 'FBI agent Hawkins certainly fooled me when I met him on the Eastern shuttle going to New York. He convinced me he was Mao Tse-tung's lost son, and gave me \$50,000 to put in my briefcase until we got to La Guardia, because he said he didn't trust the stewardesses. I was never so entrapped in my life.'"

Hawkins continued, "Here is one from *Newsday* on Long Island: 'While the FBI's sting operation in Garden City left a lot to be desired, the casting of Charles Hawkins as a Mafia hit man was a stroke of genius. He

brought life and excitement to what could have easily been a cliché role in the hands of a less-talented undercover man. It is a pity that the authors of this scam did not give Hawkins a bigger part. Had they recognized his talent, 'Operation Sticky Fingers' might not have closed on Saturday night."

"I have some more," Hawkins said.

"No, that's okay," Riley replied. "How do you look on video-tape?"

"I'LL SEND you a tape of me bribing a food inspector in the 'Little Caesar Salad Caper.' After my appearance as a crooked female jockey, I received an Academy Award for 'best drag performance of the year in front of a hidden camera.'"

Riley said, "Your credentials seem to be in order. But the director is looking for a big name to play the sheik — someone a Senator would pay money to see. We're putting \$10 million into this production, and if we don't get any indictments out of it, we'll all be out of show business."

"Give me a break, Riley. I haven't had a good part since I played Robert Vesco's bagman in 'Oh Costa Rica.'"

"I'll put your name in, but don't get your hopes up. Every agent in the bureau wants to play the Arab sheik. You get a rent-free house, a Cadillac limousine, and a yacht for wild parties. It beats the hell out of playing an undercover numbers runner in the Bronx."

•1980, Los Angeles Times

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## GOP Conference May Oust Kelly

WASHINGTON (AP) — House Republican leaders recommended yesterday that Rep. Richard Kelly, the only Republican implicated in the FBI bribery investigation, be expelled from the House Republican Conference and denied up to \$6,000 in GOP campaign assistance.

A meeting of the House GOP Conference composed of all House Republican members was called for today to act on the recommendation.

Kelly has said he accepted \$25,000 from FBI agents posing as representatives of an Arab sheik but only for his own investigation of what he thought were crooks.

In another development, Speaker Thomas P. O'Neill Jr., D-Mass., rejected Kelly's request that he intervene in the FBI's subpoena for Kelly's office records for the past 13 months.

An aide to Kelly said the Florida congressman wanted the subpoena limited to records related to the FBI case and not cover private constituent mail and papers.

Earlier, the House Judiciary Committee unanimously recommended House defeat of a resolution that would order all

evidence in the FBI investigation turned over to the House in 30 days.

In response to a Justice Department appeal, the committee voted 27-0 to recommend that the House defeat a resolution that would order the FBI to turn the evidence over to Congress in 30 days.

"If the prosecutions should fail for any reason then we would be blamed for fouling up the prosecutions," Rep. Harold S. Sawyer, R-Mich., said.

Assistant Attorney General Phillip B. Heymann sent the committee a letter urging rejection of the demand for videotapes and all other FBI evidence in the case, in which eight members of Congress have been implicated.

Heymann repeated his estimate that indictments against any of the eight members of Congress implicated in the investigation will take about three months.

The resolution seeking the FBI evidence was introduced by Rep. Peter A. Peyser, D-N.Y., who contended Congress must quickly investigate the allegations on its own to maintain the public's confidence.

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# Kelly Quits GOP Conference

From Wire Dispatches  
WASHINGTON—Threatened with expulsion by his party, Rep. Richard Kelly of Florida tearfully resigned from the House Republican Conference yesterday, and became the first member to lose congressional privileges as a result of the Abscam scandal.

The 55-year-old congressman, who admitted receiving \$25,000 from undercover agents, became a man without a party in the House. He was disqualified from future participation in the party's deliberations, including members' assignments to committees, and ineligible to receive contributions from the Republican congressional campaign committee.

House Republican leaders immediately invited comparison between their party's swift action and the majority party's failure to discipline six Democrats implicated in the Abscam investigation, in which federal undercover agents posed

as Arab sheiks and their representatives.

Rep. John Rhodes of Arizona, the House minority leader, told newsmen that "we have shown that there is a difference between the two parties. The Republican Party has great

regard for the institution of the House."

But Speaker Thomas P. O'Neill Jr. said of the Republicans, "They apparently never heard of due process."

Kelly Emotional  
In an emotional, closed meeting, Kelly was at first composed as he took the floor in his own defense against an expulsion resolution offered by the Republican Policy Committee, according to colleagues. He denounced the Federal Bureau of Investigation for entrapping members of Congress.

He became tearful, however, and then sobbed so uncontrollably that he could no longer speak, as his colleagues discussed the resolution that asserted he had "subjected the Congress as a body to public ridicule and contributed to a

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mounting disrespect for this very important institution of government."

Kelly emerged from the 90-minute meeting red-eyed, surrounded by a cordon of protective colleagues. When newsmen tried to interview Kelly, Rep. Henry J. Hyde of Illinois told them, "He doesn't have to talk right now; he's gone through a very emotional experience."

The sentiment of his colleagues became apparent in a test vote to eliminate the "whereas" clauses of the resolution. The proposal was overwhelmingly approved.

Hyde was among those opposed to the expulsion order on the grounds of denial of due process. He was joined by Reps. Bill D. Gradison of Ohio, and Tom Railsback of Illinois.

When the majority sentiment became clear, Kelly was urged to resign by Reps. Millicent Fenwick of New Jersey, Robert Bauman of Maryland and J. William Stanton of Ohio.

Another congressman who attended the meeting said Kelly, embittered over the plan to oust him, told the conference, "I don't give a damn about any of you."

Kelly said he would only rejoin the caucus if asked to do so by a two-thirds vote of the conference, the source said.

#### Informed by Note

The source also said that Kelly complained that the leadership had informed him of the plan to expel him by slipping a note under his office door Wednesday evening.

Rhodes, who, with the other Republican leaders, pressed for expulsion, said that "We were not judging his guilt or innocence, we were not judging his case."

"But we were acting in accordance with the code of ethics of the House of Representatives," he continued.

But O'Neill said, "No Democrat has had any charges brought against him, and I'm not aware that charges have been brought against any Republicans; either."

O'Neill criticized the Republican leaders for responding to pressure from "kids" among their ranks, who, he said, were unaware of the due process protections afforded by both the criminal courts and the Congress.

He was alluding to 11 Republican congressmen who

urged the leaders last week to begin an inquiry into Kelly's conduct in the Abscam investigation. The Republican group includes James T. Broyhill of North Carolina, a nine-term congressman; M. Caldwell Butler of Virginia, a six-term member; Paul Findley of Illinois, a 10-term member, and Bill Frenzel of Minnesota, a five-term member.

Late Thursday afternoon, Kelly issued a statement reiterating his confidence that he would be absolved from all charges of wrongdoing. He said that to allow the expulsion proceedings to continue "would have been divisive and damaging to the Republican Party."



Rep. Richard Kelly Asked Directions Yesterday  
Capitol Policeman Pointed Way Out

(Mount Clipping in Space Below)

## Implicated Kelly Resigns From GOP Conference

WASHINGTON (AP) — Rep. Richard Kelly of Florida, implicated in the FBI bribery investigation, resigned today from the House Republican Conference, saying he wanted to "save the Republican Party from an action that would not be appropriate."

Kelly's move halted debate by the conference — the organization of all GOP House members — on a motion by Republican leaders to expel Kelly from the conference because of his admitted acceptance of \$25,000 from FBI agents posing as Arab representatives.

GOP leaders said Kelly, in a seven-minute address, handled himself with "aplomb" and was "in good spirits."

Kelly, the only Republican among eight members of Congress who were implicated in the FBI undercover operation, said he would not accept any more campaign contributions from the House Republican Congressional Committee.

House leaders had recommended he be deprived of any future campaign funds from that source.

Kelly previously had received \$4,000 from the Republican committee and was eligible for an additional \$6,000.

House GOP Leader John J. Rhodes of Arizona said the Republican debate on Kelly did not deal with the question of his guilt or innocence but only on whether his accepting the \$25,000 was a violation of House ethical standards. Kelly has said he ac-

cepted the money as part of his own investigation into possible wrongdoing.

Kelly's resignation from the conference, which sets policy for House Republicans, does not affect his committee assignments, his right to vote in the House or his right to campaign for re-election as a Republican.

Commenting on Kelly's resignation, Speaker Thomas P. O'Neill, a Massachusetts Democrat, said the Republican "apparently never heard of due process. No Democrat has been charged with any wrongdoing; I don't know if any Republican has been."

Neither Kelly nor the seven other members of Congress mentioned in the FBI's bribery inquiry has been formally charged with any wrongdoing.

Federal grand juries are looking at the evidence and Justice Department officials say a decision on whether to charge any of the eight could come in about three months.

House Republican Leader John Rhodes, R-Ariz., said the recommendation that the party organization deal with Kelly's case was made because "Congressman Kelly has admitted in public that he received funds" from the FBI agents.

"It was our feeling that the admission that he received funds was serious enough to cast serious doubt whether the congressman in fact should continue to serve as a member of the Republican conference," Rhodes said.

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## Order To FBI Rejected

WASHINGTON (AP) — The House, overwhelmingly, rejected a motion yesterday that would have ordered the FBI to turn over evidence on seven House members allegedly implicated in the FBI's undercover Abscam bribery investigation.

The action came shortly after the House ethics committee decided unanimously to proceed with its own investigation of the seven congressmen, including possible open hearings, even though the Justice Department has refused to share its evidence with the panel until each case is closed.

The committee's special counsel, E. Barrett Prettyman Jr., said all of the seven named in news accounts of the FBI investigation had been invited to appear before the committee in either open or closed session. But he said only one of the seven has replied so far and that member rejected the invitation.

The counsel said he hoped to have answers from the other six by tomorrow.

The House motion to order the FBI to turn its information over to the House in 30 days was rejected 404-4 with five members voting present.

Among the seven congressmen that sources say are allegedly implicated, only Rep. John M. Murphy, D-N.Y., voted for the resolution. Rep. John P. Murtha, D-Pa., also named in news accounts of the FBI probe, didn't vote. The other five — Reps. Frank Thompson Jr., D-N.J., Michael Myers, D-Pa., Raymond F. Lederer, D-Pa., John W. Jenrette Jr., D-S.C., and Richard Kelly, R-Fla., — voted present.

Also implicated has been Sen. Harrison A. Williams Jr., D-N.J. The Senate ethics committee is investigating that case.

Rep. Charles Bennett, D-Fla., who heads the ethics panel, argued against the motion, saying it could interfere with possible criminal prosecutions by the Justice Department.

The ethics committee decision earlier yesterday to proceed came after Prettyman said the Justice Department was willing to share some background information now and was willing to turn over all information later.

Prettyman said even though the panel would proceed, it wouldn't be able to make a final decision on any of the cases until it receives videotapes and other pertinent evidence from the FBI.

He noted the Justice Department has said all of the evidence would be turned over to the committee as soon as each case is ended.

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# Midlothian Man Confirms Role in Abscam

By REX SPRINGSTON

A 49-year-old Midlothian man has confirmed that he is implicated in the Federal Bureau of Investigation's Abscam probe into alleged bribe-taking by members of Congress.

John R. Stowe of 11723 N. Briarpatch Drive has been mentioned in news reports as the "bagman" who allegedly carried a \$50,000 bribe from an FBI agent, who posed as a representative of Arab businessmen, to Rep. John W. Jenrette Jr., D-S.C.

"Yes, you have the right man," Stowe said when reached by telephone yesterday. He said he carried the package containing the money to Jenrette.

"Right now, I'm just waiting to be called before a grand jury," Stowe said. "I'll make a statement if I'm asked to. I'm cooperating with the authorities."

Federal grand juries are looking at the evidence in the case, and Justice Department officials say a decision on whether to file charges will not be made for several more weeks.

Stowe, who sells vending equipment, said he was aware of no wrongdoing when he picked up the package for Jenrette. Jenrette also has denied doing anything illegal or improper.

The incident started with Stowe's effort to secure a loan to buy the financially strapped American Gear and Pinion Co. in Myrtle Beach, S.C., Stowe said.

Stowe was trying to get the money — \$3 million — through a man who called himself Mel Weinberg and who posed as a representative of a loan investment firm backed by Arab money, Weinberg turned out to be an FBI informer, Stowe said.

Through Weinberg, Stowe met a man who called himself Tony DiVito and who said he represented two Arab sheiks who sought asylum in the United States, Stowe said.

Stowe was asked to introduce Jenrette — "an old friend" — to the men, and the four met at a town house in the Georgetown section of Washington in December, Stowe said.

If there was any talk of a bribe being paid to Jenrette for his help, Stowe didn't hear it, the Midlothian man said.

Jenrette was also seeking a loan, to re-finance the purchase of an island in South Carolina, the congressman owned with another man, Stowe said.

The day after the meeting Stowe, at Jenrette's request, picked up some money at the town house and took it to Jenrette, Stowe said. He said he did not count the

money.

On Feb. 2, a Saturday, at 3 p.m. Stowe returned to the town house — which he had been told belonged to an Arab firm — to close on his "loan," Stowe said.

He was met not by Arabs but by FBI agents, who claimed Stowe had carried bribe money, Stowe said.

"Either you believe him or you don't," said Stowe's attorney, Jack R. Nageley of Miami Beach. "It's the same story he told the FBI then. He waived his right to an attorney and told them."

Stowe has not been charged with anything, but he said life has not been easy since the confrontation with the FBI.

"The phone has been ringing off the hook" much of the time because of reporters, he said.

"I have to say, they've been pretty nice, though," Stowe said.

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# First Congressman Is Indicted in FBI's 'Abscam' Investigation

WASHINGTON (UPI) — Fresh indictments involving congressmen are expected this week in the growing scandal stemming from the FBI's undercover investigation "Operation Abscam."

In the first indictment yesterday a New York grand jury charged Rep. Michael "Ozzie" Myers, D-Pa., with accepting \$50,000 in bribes from undercover agents.

The indictment also charged Myers shared another \$35,000 with Mayor Angelo Errichetti of Camden, N.J., Philadelphia City Councilman Louis Johansen and Philadelphia lawyer Howard Criden.

## \$100,000 FOR INFLUENCE

The four allegedly conspired to promise for \$100,000 to introduce legislation that would let supposed Arab sheiks — actually FBI undercover agents — remain in the United States.

The charges are expected to mark the start of a series of sweeping and controversial indictments against as many as a half dozen members of Congress in perhaps the worst scandal to rock Capitol Hill since Watergate.

Another indictment was possible today in the Abscam investigation in which FBI agents posed as Arab businessmen and their associates to tempt politicians to trade their influence for bribes.

## FICTITIOUS FIRM

Abscam was named for Abdul Enterprises Inc., a fictitious firm set up by the FBI to provide cover for the agents.

"I had no indication it was coming," Myers said of the indictment. "Prosecutors in New York gave my attorney no indication whatsoever that an indictment was forthcoming."

The congressmen declined direct comment until he had a chance to study the indictment.

Myers' Washington lawyer, Plato Cacheris, accused prosecutors of breaking

a promise to give him advance warning of the indictment.

"He will plead not guilty," Cacheris said.

Myers, 36, a second-term congressman, recently won the Democratic nomination to seek a third term despite leaks in February that brought wide publicity about his involvement in Abscam.

The indictment accused him of conspiracy, bribery and interstate travel in aid of a racketeering enterprise. The other three defendants were charged with aiding and abetting a bribe and the other two counts.

All four face maximum penalties, if convicted of all counts, of 25 years in prison and \$40,000 in fines.

The main evidence against them came from FBI videotapes of their meetings with undercover agents, including Myers' session last August at the Kennedy Airport Hilton Hotel in New York where he allegedly took an envelope stuffed with \$50,000.

The indictment said FBI agents paid \$50,000 to Myers. It said Myers passed \$35,000 of the money to Criden; to Johansen, a law partner of Criden; and Errichetti.

Myers then sought and received another \$35,000 for himself from the undercover agents, the indictment said.

Errichetti and Criden allegedly served as unwitting "middlemen" in the investigation, leading FBI agents to Myers and several other of the politicians implicated.

Criden was charged with six felony counts last week in the first major Abscam indictment against three Philadelphia City Council members, including Johansen, his private law partner. Besides Myers, Criden also was alleged to have fed undercover agents to Reps. Raymond

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Lederer, D-Pa., John Murphy, D-N.Y., Frank Thompson, D-N.J., and John Murtha, D-Pa.

Criden's attorney, former Watergate prosecutor Richard Ben-Veniste, said his client would plead innocent unless he gets full immunity from prosecution.

#### 'TREMENDOUS ORDEAL'

Errichetti, 50, who doubles as a New Jersey state senator, is alleged to have introduced the FBI to several members of Congress who later were implicated in the bribery investigation — including Sen. Harrison Williams, D-N.J.

Speaking from his mayor's office, Errichetti told reporters that the last four months of news leaks about the investigation have been "a tremendous ordeal on one's family, friends and constituents."

"I feel with all confidence that... I will be vindicated. I will not resign."

Errichetti first was drawn into the FBI net by Melvin Weinberg, a confidence man whom the government sentenced to prison and then allowed to go free in return for his assistance in the undercover inquiry. He then reportedly introduced the agents to Criden.

(Mount Clipping in Space Below)

# Second Lawmaker Facing Charges

WASHINGTON (AP) — Rep. Raymond F. Lederer, D-Pa., was indicted yesterday on charges of bribery and conspiracy, becoming the second House member charged in the Abscam political corruption investigation.

A federal grand jury in Brooklyn said Lederer received \$50,000 from an undercover FBI agent, posing as a representative of Arab businessmen.

According to the indictment, released at the Justice Department, Lederer promised the agent he would introduce private immigration bills to enable the Arabs to remain in the United States and take other action to help them if necessary.

The indictment named three other defendants: Angelo J. Errichetti, a New Jersey state senator and mayor of Camden; Philadelphia Councilman Louis C. Johanson, and a Philadelphia

law partner of the councilman, Howard L. Criden.

Errichetti and Criden were indicted twice before in separate cases resulting from the Abscam probe.

On Tuesday, the Brooklyn grand jury indicted Rep. Michael O. Myers — like Lederer a Philadelphia Democrat.

Another five House members and a senator also have been implicated in news reports of the investigation, during which the undercover agents often videotaped alleged payoffs.

After the indictment was returned, Lederer declared himself innocent of the allegations and predicted that he would be vindicated.

Errichetti, at his City Hall office, said, "I categorically deny these charges as I have in the past with the allegations."

There was no immediate

In Philadelphia, George Schwartz, president of City Council, announced that he will resign along with council majority leader Harry Jannotti because of their indictments in the Abscam investigation.

After a two-hour closed session with 16 other council members who voted unanimously that he step down, Schwartz said he will relinquish his post June 19 and the council will elect a temporary replacement; but he said he will not give up his seat.

Jannotti will resign the same day, Schwartz said. There will be no change in a committee chairmanship held by Johanson.

Schwartz said "the consensus is very clear" among council members that if he is cleared of charges of accepting \$30,000 in payments from undercover agents, he will get his job back; comment from the two others charged.

The four-count indictment charged all four with conspiracy to commit bribery and interstate travel to aid racketeering. Lederer, 42, was charged with bribery and receipt of an unlawful gratuity while the other three were accused of aiding and abetting bribery.

Meanwhile, U.S. District Judge Thomas A. Flannery ruled that Rep. John M. Murphy, D-N.Y., is not entitled to view the FBI's video and sound tapes of his meetings with undercover agents.

Murphy, implicated in news reports of the Abscam investigation, had sought the tapes in a Freedom of Information Act suit, saying he needed them to respond to the reports. He has denied any wrongdoing.

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

— Pages A1&12  
"Richmond Times-Dispatch"  
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FBI - RICHMOND



Rep. Raymond F. Lederer (left), Howard L. Criden  
Federal Grand Jury Says Former Received \$50,000

AP Laserphoto

(Mount Clipping in Space Below)

# Abscam Tapes Go On All 3 Networks

NEW YORK (AP) — Grainy video tapes of ousted congressman Michael Myers accepting a \$50,000 bribe topped all three TV network news programs, but his Philadelphia neighbors' loyalty was unshaken.

Myers yesterday became the first U.S. congressman to appear on national television on tapes made in the FBI's covert Abscam inquiry. He is unlikely to be the last.

Audio and video tapes of meetings with agents posing as aides to a bogus Arab sheik willing to pay for favors are key to the prosecution of Abscam defendants, and the U.S. Supreme Court's refusal to overturn a ruling allowing their broadcast is expected to set a precedent.

Myers was convicted of bribery and conspiracy Aug. 30, and has since been expelled from Congress. He is seeking reelection as the Democratic nominee.

## DOESN'T BOTHER ME

Some 25 of Myers' south Philadelphia neighbors interviewed after the tapes were televised expressed faith in the two-term congressman.

"He did take the money, but that doesn't bother me," said bartender Rich Francolino, who said he had twice voted for Myers. "If someone offered you \$50,000 it would be awful hard to refuse, too. I can't blame Ozzie (Myers) for being human."

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

P. 2, Richmond  
News Leader,  
Richmond, Va.

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Myers said he was optimistic about vote reaction in the 1st Congressional District where 80 percent of registered voters are Democrats. "I have confidence in the voters of Philadelphia because they know railroad job when they see one," said Myers, who had tried to block showing of the tapes in court.

Meanwhile, in South Carolina, Rep. John Jenrette and his wife, Rita, watched the broadcasts, which Mrs. Jenrette said gave her a feeling of "déjà vu."

#### FACE-SIMILAR TRIALS

Jenrette was convicted on charges of taking a \$50,000 bribe in a trial that featured video tapes made secretly by the FBI. Four other congressmen face similar trials.

Watching was like "reliving what happened a week ago," Mrs. Jenrette told WOLO-TV of Columbia, S.C., calling it "traumatic." She said her husband, who is seeking re-election, was not worried about voter reaction. "He is never seen taking any money," she said. "He did not take any money."

The TV networks went to court in Washington, D.C., yesterday seeking the tapes from Jenrette's trial.

The Supreme Court ruling yesterday let stand the decision of U.S. District Judge George C. Pratt, trial judge in Myers' case, extending to electronic evidence the common-law principle that data introduced at a trial were in the public domain.

#### PENDING HIS APPEAL

Myers wanted the tapes withheld pending his appeal.

NBC, CBS and ABC led their nightly news shows with the tapes, highlighting an Aug. 22, 1979, meeting where Myers took the bribe. The networks devoted up to five minutes of their 30-minute broadcasts to the material.

CBS News also presented a 30-minute special report at 11:30 p.m., and ABC News devoted nearly all its 24-minute "Nightline" program to Abscam.

Floyd Abrams, an attorney for the networks, told Dan Rather on CBS: "If the jury saw it and the Congress saw it, there was no reason why the rest of us couldn't see it."

#### 'GETS PRETTY ROUGH'

On the ABC late-night program, several expletives on the tape were not deleted. "The tape is black and white. In fact, the most colorful thing about it is some of the language, which gets pretty rough on occasion. It is in fact offensive. But that's precisely the point," said anchorman Ted Koppel.

On the 3½ hours of audio and video tapes released, Myers and two co-defendants are heard claiming influence over politicians, Mafia bigshots, Philadelphia City Council members, unions, immigration and port officials and coal mining interests.

FEDERAL BUREAU OF INVESTIGATION  
FOIPA  
DELETED PAGE INFORMATION SHEET

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