

The original documents are located in Box 22, folder “Justice - FBI Allegations Against Clarence Kelley - Public Correspondence (2)” of the Philip Buchen Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE
WASHINGTON

Original



Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESS SECRETARY

The President has received and carefully considered the report of the Attorney General concerning the allegations affecting Clarence Kelley, Director of the FBI. The President has concluded that no adequate justification exists for terminating the services of Clarence Kelley.

The President is satisfied with the conclusion of the Department of Justice that the gifts received by Mr. Kelley from subordinates were allowable by existing Civil Service and Department of Justice regulations on matters of this kind.

With respect to certain services and articles furnished to the Director of the Bureau, the President notes these were either for official work at home during the terminal illness of Mrs. Kelley or were items which the Director initially did not know or understand were coming from government sources. The President accepts the view of the Department of Justice that Mr. Kelley, who has offered to do so, be permitted to make reimbursement as to any items about which there is the slightest question.

The President reaffirms his support for Director Kelley in the latter's efforts to lead and strengthen the Federal Bureau of Investigation. "I believe Clarence Kelley has had and will continue to have the capacity to meet the essential high standards of the FBI," the President said.

#





Department of Justice

FOR RELEASE 3:30 P.M.

Saturday, September 4, 1976

The Department of Justice today issued the following statement with regard to FBI Director Clarence M. Kelley:

On Monday, August 30, the Attorney General received a report from the Office of Professional Responsibility concerning Director Clarence Kelley's receipt of gifts from subordinates and his receipt of goods and services from the FBI. The report was developed as part of an ongoing investigation into allegations that FBI officials: (1) received kickbacks by FBI officials for the purchase of equipment for the FBI; (2) misappropriated funds established for confidential expenditures and for the FBI recreation association; (3) engaged in systematic theft of government goods and services. The report contained no evidence that Director Kelley was implicated in any of these matters. It did show that Mr. Kelley received various items as Director of the FBI. It contained a recommendation by the attorney assigned to the case and a recommendation by the Counsel on Professional Responsibility.

A copy of this report had previously (August 27th) been given to Deputy Attorney General Harold R. Tyler, Jr. for his recommendation and Mr. Tyler in turn also asked two Assistant Attorneys General and the head of a different bureau in the Department to examine the report and the recommendations it included and to give to him their individual conclusions as to what action they thought was appropriate.

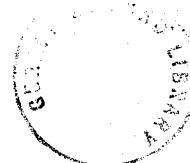
- 2 -

The three consultants and the Deputy Attorney General concluded that no disciplinary action against Director Kelley was warranted, and that Director Kelley in accordance with his own desire in the matter, should be instructed to reimburse the Bureau for any items that could possibly raise a question. This recommendation was made by the Deputy Attorney General to the Attorney General.

After reviewing the report and the investigation, the Attorney General and the Deputy Attorney General reached the following conclusions concerning the nature of the items received by Director Kelley:

I. Gifts from Subordinates

The Justice Department's Standard of Conduct, 28 C.F.R. § 45.735-14(e) (1967), which is drawn from Civil Service Regulations that govern Federal employee responsibilities and conduct, permits voluntary gifts of nominal amounts given on special occasions. The history of the regulation clearly shows that it permits associates or friends to join together to aggregate these nominal amounts. The gifts which Director Kelley received from subordinates clearly fall within what the Department's Standard of Conduct allows.

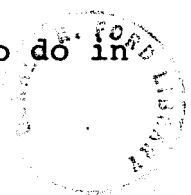


Director Kelley and his wife found housewarming types of gifts in their apartment when they arrived in Washington after Mr. Kelley's appointment as Director.

During the past three years, Mr. Kelley also received gifts from the FBI Executive Conference on occasions such as his anniversary in the Bureau and Christmas. Mr. Kelley was told that these gifts were paid for by pooled voluntary donations from the members of the Executive Conference. The most expensive item purchased was a chair, which was purchased for \$105 by the 16 members at a cost of \$6.56 apiece.

II. Goods and Services

As to goods and services provided by the Bureau, some were requested and provided to assist the Director to work at home, particularly during the period of his wife's terminal illness. Others were provided by the Bureau because of concerns relevant to the security of a top law enforcement and security official. Still other services and items were provided to the Director for his own use but without initial understanding on his part that they would come from other than private commercial outlets to be compensated by him. He is in the process of reimbursing the government for these items, as he had tried to do in the past.



It has been widely reported that two valances constructed of plywood were constructed for and placed in Director Kelley's apartment by the Bureau's Exhibits Section. The Director did not ask the Bureau to make these valances and when he discovered that it had done so immediately offered to pay for them. The Bureau was particularly interested in the installation of these valances for understandable reasons involving the possibility that the security of the apartment could be penetrated during installation.

The Exhibits Section repaired a hinge on a damaged cabinet Mr. Kelley purchased at a furniture store and provided a plywood bedboard.

Work was also done by FBI garage employees on Director Kelley's personal automobile. When he learned of this, the Director instructed that thereafter the automobile should be serviced at a private garage at his expense. Again, Bureau officials were concerned about a security breach.

During Mrs. Kelley's illness, the Director tried to spend as much of the evenings as possible at home. He asked that he be loaned a small cabinet to hold Bureau

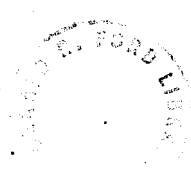


- 3 -

materials he worked with at home. The Bureau without Mr. Kelley's request also loaned the Director two television sets during this period -- which have been returned -- because it was felt that he should have immediate access to a range of broadcast news. He considered these items at all times as Bureau property on loan which would be returned.

Mr. Kelley's attempts to reimburse the Bureau which were turned down, his efforts to avoid repetition of the incidents, and his repeated refusal to accept other benefits which we have not described are evidence of an effort to be honest and careful which are persuasive of Mr. Kelley's integrity. The circumstances which surrounded these incidents -- the concern in the Bureau that security not be breached, the Director's preoccupation at the time with bringing that agency through a difficult period of inquiry and change, and the profound sadness of the terminal illness of Mr. Kelley's wife -- are additional factors to be taken into account.

It has been suggested that unless Mr. Kelley is forced to resign there will be an aura of special treatment because of his high position. But Mr. Kelley's



conduct was different in kind from the conduct of others which has led to disciplinary action and criminal prosecution.

In our view, the caliber of government service is not improved in situations such as this, where there is every evidence of an intention to be honest, by a reading of human conduct in its worst possible light. For us to consider all gifts in the same way one considers those which are given for base or illegal purposes and to equate actions done with honest intent with those which are mendacious and mean can only in the end protect the venal by disparaging the decent.

It is our view that Mr. Kelley should remain as Director of the FBI and that he should reimburse the Bureau as he has sought to do, for goods and services as to which there may be even the slightest question. The Office of Deputy Attorney General has been designated to work with Mr. Kelley on this matter.

F. J. FORD



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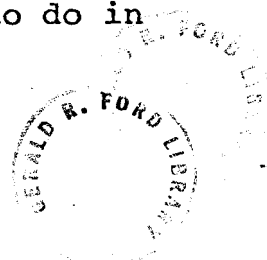
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Office of the White House Press Secretary

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[ca. 9/4/76]

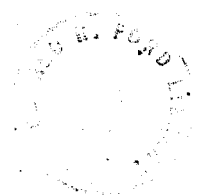
THE WHITE HOUSE
WASHINGTON

Kelley letters - Numbers
to use when seperating
letters for Correspondence.

- PWB 8 -- Before Statement
Pro
- PWB 9 -- After Statement
Pro
- PWB10 -- Before Statement
Con
- PWB11 -- AFTER Statement
CON

Shirley,

All the letters re Kelley are being sent here. Mr. B. has drafted four different letters according to when the people wrote and whether they were for or against Kelley. I tried to type responses myself, but it got to be too much. They are now being sent to Correspondence to be done. I seperate the letters and give them a number according to the above list. Then send them over to "Nick Merlino, Room 58." Correspondence is making a set and we are retaining 2 whites one for Chron and one for File in Director Kelley letters. Both Con letters get two enclosures -- the statement issued by the WH and the statement from Justice (attached) I xerox these and clip them to the letters, then send them to stripping to be mailed out. Any letters that the responses will not fit should be reviewed by Mr. B. and he then will decide what to do with them.



~~PWB-8~~
PWB-8

BEFORE STATEMENT OF 9/4
Keep Kelley

Dear

The President appreciated your letter/telegram written in support of Director Clarence M. Kelley of the FBI.

By this time you are probably aware that the President concluded that no adequate justification exists for terminating the services of Clarence Kelley, ~~The President and he~~ ^{also} has reaffirmed his support for Director Kelley in the ~~latter's~~ ^{his} efforts to lead and strengthen the FBI.

Thank you very much for your interest and concern.



AFTER STATEMENT OF 9/4

Pro Kelley

Dear

On behalf of the President, I wish to thank you very much for the letter/telegram in support of the President's decision in regard to Director Clarence M. Kelley of the FBI.

Your helpful interest and concern is much appreciated.

BEFORE STATEMENT OF 9/4
Fire Kelley

Dear

Your letter/telegram to the President commenting upon the situation of Director Clarence M. Kelley of the FBI was reviewed prior to the President's action. He considered your views as well as ^{the} many ^{which} ~~others~~ he received expressing support for Director Kelley.

After receiving a full report from the Attorney General, the President announced his ^{conclusion} ~~decision~~ on September 4 as reflected in the ^{enclosed} ~~attached~~ statement by the Press Secretary. On the same day the Department of Justice issued a statement on the same subject, which I am also enclosing.

We thank you for your interest and concern.

Enclosures



AFTER STATEMENT OF 9/4
Con Kelley

Dear

In regard to your letter/telegram to the President in which you have registered criticism of Director Clarence M. Kelley of the FBI, I am enclosing a copy of the statement by the ^{White House} Press Secretary ~~to the~~ ~~President~~ which was issued September 4, and a statement on the same subject issued by the Department of Justice.

This information explains the President's ^{conclusion,} ~~decision,~~ and I trust you will take time to consider the reasons for the President's support of Director Kelley.

Thank you very much for your interest and concern.

Enclosures



THE PRESIDENT HAS SEEN....
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C. 20535



CLARENCE M. KELLEY
DIRECTOR

Sept. 8, 1976

Dear Mr. President:

I sincerely appreciate the fairness so evident in the manner you dealt with the situation involving me. I realize how easily you could have taken a different course and one which could have been less troublesome. It is a measure of a man that he neither flinches nor becomes evasive when faced with the hard decisions. No mariner ever won his reputation sailing on smooth waters.

I do hope the problems of the F.B.I. soon subside. I'll do all I can to achieve this.

Sincerely,
Clarence Kelley



THE WHITE HOUSE
WASHINGTON

9/9/76

TO: PHIL BUCHEN

For Your Information: XX

For Appropriate Handling: _____

RDL
Robert D. Linder

7

THE PRESIDENT HAS SEEN....
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UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C. 20535



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Sincerely,
Clarence Kelley



SEP 10 1976

*Morgan,
R.H.
(copy)*

THE WHITE HOUSE
WASHINGTON

September 9, 1976

MEMORANDUM FOR: JACK MARSH
FROM: PHILIP BUCHEN

P.W.B.

In view of the President's disposition of the Kelley matter, do you think any further reply to Senator Morgan's attached letter is necessary? If so, I would like your suggestions.

Attachment

*Phil -
I think some
act. is necessary.
Jan*

File 9/22



September 3, 1976

Dear Senator:

This will acknowledge receipt of your hand-delivered letter of today's date to the President.

Please be assured it will be called promptly to his attention.

With kindest regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable Robert Morgan
United States Senate
Washington, D.C. 20510

~~cc: w/~~incoming to Philip Buchen for further handling

WTK:JEB:VO:vo



United States Senate

WASHINGTON, D.C. 20510
September 3, 1976

The President
The White House
Washington, D.C.

Dear Mr. President:

I understand that you are reviewing Justice Department reports concerning the latest allegation of improprieties within the Federal Bureau of Investigation, especially with regard to the Director, Mr. Clarence Kelley.

I have been very much disturbed by recent news stories concerning the possibility of misuse of government funds by Mr. Kelley.

If true -- and I certainly would make no judgment whatsoever as to their truth on the basis of news reports -- the allegations are serious. But they are not so serious as other issues concerning the leadership of the Federal Bureau of Investigation, and should not be the occasion for Mr. Kelley's dismissal, in and of themselves, if that is being contemplated.

My service on the Senate Intelligence Committee revealed many past activities by the FBI which were clearly violative of the individual rights of American citizens. When confronted with proven instances of abuse, the leadership of the FBI adopted a hard-line approach, refusing to acknowledge the seriousness of violating the rights of citizens, and attributing what was in fact a policy of illegality to "the tenor of the times."

I was prompted to strongly criticize the FBI for failing to confront the seriousness of improper actions. Such a confrontation is absolutely essential to change: how can you correct a problem without acknowledging there is a problem?

Finally, Director Kelley took what I considered to be this first necessary step. In a speech at Westminster College, Mr. Kelley made an apology to the American people. I thought he was willing, then, to get the FBI back on the right track, and make it the kind of incorruptable, law-abiding agency the people deserve. I praised Mr. Kelley on the floor of the Senate for his courage.

However, in a subsequent letter to the society of former FBI agents, Mr. Kelley indicated his Westminster College condemnation of illegal acts was no more than an effort to placate the Congress and avoid restrictive legislation. My hopes for Mr. Kelley's leadership in this crisis were seriously damaged. And I am troubled by accusations that Mr. Kelley may have in the past participated in the sort of activities which are so repugnant to the Constitution and to a free society.

In short, Mr. President, I am convinced there is a serious crisis of leadership at the FBI. But I would like to see the matter met head-on. To attack the problem as if it were no more than a matter of three hundred dollars' worth of window valances would be to demean the issue. The issue is the observance of the Constitution -- far more than of interior decoration. It may be only the insistence of the President may set the FBI on a course of reform; merely to complain of valances, and gifts from subordinates, would trivialize the attempt.

It is my prayer that if you do take action in the case of Mr. Kelley, that you will do so in such a way as to make it absolutely clear that new leadership at the FBI will be expected to restore the confidence of the American people that its most admired police agency will abide by its most essential principle of government -- that we have a government of laws, and not of men.

I do not have any illusions about what I am arguing for; but neither do I have any illusions about what erosion of constitutional guarantees will mean to our society. I have criticized the FBI and have been rather savagely criticized in return. I know now why former presidents have been reluctant to take the FBI in hand. But my admiration for you is such I believe you will not shirk the issue, and I believe that the people's respect for your honesty is such that your demand for a law-abiding FBI will be heard with respect.

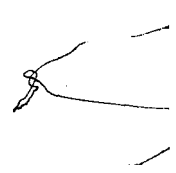
I appreciate your hearing me out. My best wishes are with you.

Sincerely,



Robert Morgan

RM/rjj



United States Senate

WASHINGTON, D.C. 20510

OFFICIAL BUSINESS

Robert Morgan
U.S.S.

The President
The White House
Washington, D.C.

Hand delivered
by Senator's off.

FBI Director
Kelley

For filing
R.

September 13, 1976

Dear John:

Thank you for your September 8 letter regarding the Director of the Federal Bureau of Investigation, Clarence Kelley. I am gratified to learn that you concur in the decision which was reached, and I appreciate tremendously your writing as you did.

With warmest regards,

Sincerely,

JERRY FORD

The Honorable John Slack
House of Representatives
Washington, D.C. 20515

bcc: w/inc. to Philip Buchen fyi

GRF:MLF:JEB:VO:ms



JOHN M. SLACK
3RD DISTRICT, WEST VIRGINIA

Room 2230
RAYBURN HOUSE OFFICE BUILDING
PHONE: (202) 225-2711

Congress of the United States
House of Representatives
Washington, D.C. 20515

9-9
COMMITTEE:
APPROPRIATIONS

CHAIRMAN: SUBCOMMITTEES FOR
DEPARTMENTS OF STATE, JUSTICE,
COMMERCE, THE JUDICIARY AND
RELATED AGENCIES

MEMBER: SUBCOMMITTEE FOR
PUBLIC WORKS

September 8, 1976

MP
Honorable Gerald R. Ford
President of the United States
The White House
Washington, D.C.

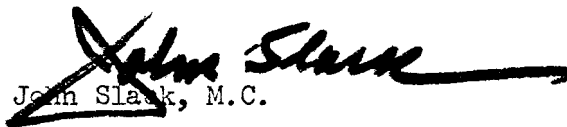
Dear Mr. President:

I am writing to advise you that, on the basis of the information I have available, I must agree thoroughly with your decision not to ask for the resignation of Clarence M. Kelley, Director of the Federal Bureau of Investigation.

As Chairman of the Appropriations Subcommittee which oversees the Justice Department budget, I have had an opportunity to observe and work with Mr. Kelley ever since his appointment. I found him to be forthright, factual and dedicated to a high standard of professionalism in his work. He has been responsive in all cases, and I am confident he will perform as Director of the Bureau in an outstanding manner.

For these reasons, I believe you made the right decision, and I felt I must express myself in a manner which supports your position.

Yours sincerely,


John Slack, M.C.

JS:m