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SUBJECT William Casey's Finances

JUDY WOODRUFF: In the CIA, the Director makes millions on Wall Street that raises questions.

We'll look at those questions in a moment.

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BRYANT GUMBEL: CIA Director William Casey made millions on the stock market in 1982. This information was revealed in his financial disclosure statement.

With me James Needham, former Chairman of the New York Stock Exchange, and former SEC Commissioner. In Washington, Howard Kurtz, the Washington Post reporter who broke the story yesterday, and he has details of Casey's stock transactions.

So, let me start in Washington with you, Mr. Kurtz.

How much did Mr. Casey play, and how much did he make?

HOWARD KURTZ: Well, it's impossible to say exactly how much the CIA Director earned on the stock market, Bryant, because the financial disclosure form, which I have here, reports transactions only within broad ranges, which is the way the Congress set it up. However, we do know that he was quite an active player during 1982, making 136 separate transactions buying and selling stocks and securities. He bought between four and eight million dollars worth of stocks, and apparently he invested quite shrewdly.

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GUMBEL: Howard, why was he allowed to keep his stocks and play them rather than place them in a blind trust as so many other Administration officials chose to?

KURTZ: Well, there's no law requiring Casey to place his holdings in a blind trust, which -- which would put to rest any questions about whether he is having access to information in his sensitive position as the Intelligence Director, and he has chosen not to do so.

Furthermore, the CIA, in departing from its usual "no comment" stance, says that two senior officials are reviewing his holdings and transactions to make sure there's no conflict of interest. But we -- we, the general public, are not being told what the results of that review are. So, the CIA is saying trust us.

GUMBEL: Mr. Needham, the general public's not allowed to trade on inside information. Do you think something's wrong with what Mr. Casey is doing?

JAMES NEEDHAM: Well, based on the facts available to me, and I spoke last night with the General Counsel of the CIA, Stanley Swarken(?), who is the former Chief Enforcement Officer at the SEC, I'm not quite sure I understand what the fuss is all about.

First of all, no one broke a story. The one you're referring to appeared for the first on Wednesday in "USA Today," and, secondly, I think I ought to mention that Mr. Casey and I've been good friends for over 25 years.

GUMBEL: Don't you think some fuss should be brought about as a result of a man who's in a sensitive position privy to all the intelligence that he is privy to and is trading in the active manner that he is? Is that not trading on inside information?

NEEDHAM: Well, it depends on what you mean by fuss. I think the press has a responsibility to examine these publicly filed documents. That's one of the reasons why they're filed. And if the press decides that they want to inquire into them, I think that's part of their judgment, not mine.

But, based on the facts that I've seen and -- the comment was made that there was an ongoing investigation or an inquiry at this time -- as I understand the procedure, Mr. Casey had his assets in a blind trust, which he's now required to do. And, incidentally, a blind trust doesn't assure anyone of anything, because trustees can talk to the person who placed the assets in the trust. And, secondly, Mr. Casey's transactions were reported daily to the Office of the General

Counsel of the CIA. A member of the staff would go through that information and inform the division heads....

GUMBEL: But is that really an adequate safeguard when you have your own subordinates going through your materials and saying, "Hey, tell me when I'm wrong?"

NEEDHAM: Well, I am with the government now, and I was with it for three years. And what you're suggesting is that the career Civil Service employees are beholden to their immediate supervisor, and I can assure you that they're more loyal to the government of the United States than they are to an particular individual.

GUMBEL: Mr. Kurtz, in Washington, Mr. Needham seems to be willing to downplay most of this. What was the congressional reaction?

KURTZ: Well, there's been some glances cast askance on Capitol Hill, and all we have done in the Washington Post is raise questions about this. And Senator Carl Levin has been the most vocal critic. He says that the active trading, which I should mention began last summer when the stock market took off and Mr. Casey apparently was shrewd enough to be part of that rise, raises the question, which we can't fully answer because we don't have all the information, of whether Casey is using his office for private gain.

And some of the drug company stocks, and electronic stocks that Casey invested in have gone up as much as 38 percent since last summer. Some of these companies have subsidiaries all across the world, in places like Central America, and the questions that are being asked in Washington, which is a town that is very concerned with the appearance of any conflict of interest, is whether or not it is unseemly for the Director of the CIA to be such an active player on Wall Street.

The joke around town now is that when Bill Casey talks, Wall Street people listen.

GUMBEL: Final note, Mr. Needham. [Laughs]. Final note. If what Mr. Casey did was not illegal, not unethical, should he have been beyond reproach? Is this something the CIA Director should be doing?

NEEDHAM: Well, you know, you're going to skip right over some very interesting remarks made by this gentleman that are totally inaccurate.

And all I can say is that the press has a right to look at it, but I don't know what Bill Casey did that was wrong. I think I would know.

GUMBEL: James Needham, Howard Kurtz, in Washington,
thank you both.