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No. 2 Official Resigns at CIA

By William Chapman
Washington Post Staff Writer

Lt. Gen. Vernon A. Walters, the Central Intelligence Agency official who was used by the Nixon White House in an attempt to block the Watergate investigation, resigned yesterday as the agency's deputy director.

The White House announced the resignation and said that a veteran civilian CIA official, Associate Deputy Director E. Henry Knoche, will be nominated to replace him.

White House press secretary Ron Nessen said that Knoche is the choice of CIA Director George Bush, who wants "to build his own

team" at the intelligence agency.

Walters, 59, submitted his resignation as a matter of protocol in January when Bush took over. He is scheduled to retire from the Army on June 30 when he will have completed 35 years of service.

A skilled linguist, Walters served as interpreter for five Presidents during his Army career and was a close friend of former President Nixon, who appointed him to the CIA No. 2 spot in 1972.

Shortly afterward, Walters became involved in the efforts of White House aides H. R. Haldeman and John D. Ehrlichman to limit the FBI's investigation of the Watergate burglary.

Walters later testified he was ordered by Haldeman to instruct FBI Director L. Patrick Gray to cease investigating leads in the burglary case that might expose CIA operations in Mexico.

Gray at first agreed, but later said the investigation would proceed unless he received signed CIA documents instructing him to hold off.

At a subsequent meeting, Walters said, he and Gray agreed that the FBI investigation into Republican campaign money used to finance the burglary could not be blocked by CIA intercession.

Walters also said that Nixon's counsel, John W. Dean III, at one point suggested to him that CIA covert funds could be used to pay the bail and salaries for the five Watergate burglars. Walters refused.



VERNON A. WALTERS
... appointed in 1972

A CIA spokesman said yesterday that Walters' resignation has no connection with recent investigations of the agency's activities and the revelations of domestic spying or with the current reorganization of the intelligence community.

"He simply felt that he has been here long enough and that it's time to retire," the spokesman said.

Walters' resignation will take effect on the day that his successor is confirmed by the Senate, the White House said.

Nessen said that President Ford "has a very high regard" for Walters and for the work he has done. He said that Walters has offered to serve in any other capacity at the President's request and Mr. Ford is considering the offer.

The confirmation of Knoche would break one

long-standing tradition at the intelligence agency. For the first time since the agency was founded in 1947, neither the director nor his principal deputy would be military men.

Knoche is a 23-year veteran with the CIA who has held a series of administrative positions. As deputy director, he would be in charge of the agency's day-to-day operations.

Knoche, 51, joined the CIA in 1953 as an intelligence analyst specializing in Far Eastern political and military affairs. He had previously served two tours of duty as a naval officer, during World War II and the Korean war.

From 1962 to 1967, Knoche was a special assistant to the CIA director. In 1967, he became executive director of the National Photographic Interpretation Center.

In 1969, he became deputy director for planning and budgeting and the following year was named deputy director for current intelligence.

From 1972 to 1975, Knoche was chief of the intelligence directorate's office of strategic research and in 1975 was appointed by Mr. Ford as associate deputy to the then director, William Colby.

Washington—Lt. Gen. Vernon A. Walters, a Nixon appointee who resisted Watergate coverup efforts, is resigning as deputy director of the Central Intelligence Agency and will be replaced by E. Henry Knoche, a civilian veteran of 23 years' service with the agency, the White House announced yesterday.

The appointment of Mr. Knoche, now an associate deputy director, appeared to underscore the shift in emphasis at the CIA toward collection and analysis of foreign intelligence and away from the sort of covert operations that figured largely in last year's congressional investigations of intelligence agencies.

That shift began in the short term of James R. Schlesinger, who headed the CIA for six months in 1973, succeeding Richard Helms.

A CIA spokesman said General Walters's resignation was connected with his intended retirement from the Army June 30, after 35 years of uniformed service, much of it in the intelligence field. The general, 59, a colorful figure known for turning up at trouble spots, speaks eight languages with fluency but has no college degrees at all.

At the White House, Ronald H. Nessen, the presidential press secretary, gave no special reason for acceptance of General Walters's resignation at this time except that, after a transition period: "George Bush wanted to build his own team."

Mr. Bush, former United States representative in Peking, was installed as director of central intelligence in February, with broadened authority over other federal intelligence activities as well as those of CIA. He succeeded William E. Colby in the government shake-up President Ford announced last November.

Under the law, one top CIA official—director or deputy—but not both may be drawn from the military service. Mr. Bush has named Vice Adm. Daniel J. Murphy, a former 6th Fleet commander in the Mediterranean, to another deputy's post, charged with overseeing the "intelligence community"—CIA and other agencies—and managing intelligence-gathering resources.

Mr. Bush evidently wanted a career CIA man as his deputy

51, joined the CIA in 1953, and combines the requisite talents of analyst and administrator.

He has headed several of the CIA's major divisions. For five years until 1967 he was a special assistant to the director and deputy director, and then became executive director of the agency's National Photographic Interpretation Center.

That was followed by a year, in 1969, as head of CIA planning and budgeting and in 1970 Mr. Knoche became deputy director for current intelligence, supervising preparation of daily intelligence reports for top government officials.

Thereafter he headed the CIA's office of strategic research and in 1975 was named associate deputy to Mr. Colby. Mr. Knoche is a native of Charleston, W. Va.

General Walters, a New Yorker, was appointed deputy director by then-President Richard M. Nixon in 1972.

Within a week of the Watergate burglary in June of that year, there were White House efforts to have the CIA pay the burglars' bail and involve the agency in covering up the affair, calling off FBI investigations on alleged grounds of national security.

General Walters relayed some of the White House requests to L. Patrick Gray 3d, then FBI director. But the general was to write at length in a memorandum of July 6, 1972, that he was "quite prepared to resign" if ordered to send Mr. Gray a letter contending that investigation of the Watergate case could jeopardize U.S. security and CIA covert operations.

General Walters joined the Army as an enlisted man in 1941. He had lived abroad with his parents and was schooled at St. Louis Gonzaga School in Paris and Stonyhurst College in England, but took no degrees.

A year after entering the Army, by then a second lieutenant, he participated in the landings in North Africa. Later he saw service in Italy.

During most of the remainder of his career he engaged in intelligence and attache work, and served as interpreter on overseas trips for Presidents

senhower, John F. Kennedy, Lyndon B. Johnson and Nixon. He speaks French, German,

Walters resigning high post in CIA

By CHARLES W. CORDDRY
Washington Bureau of The Sun

CIA deputy chief quits; associate to succeed him

Associated Press

WASHINGTON — Lt. Gen. Vernon Walters is quitting as CIA deputy director, the White House announced Thursday.

E. Henry Knoche, CIA associate deputy director, will be nominated to replace Walters, the White House said.

Walters' resignation was a surprise, and the details came to light gradually.

The first word came in a single sentence at the bottom of a White House announcement that President Ford planned to nominate Knoche to the CIA's number two position.

The White House did not elaborate immediately. Efforts to reach Walters proved futile. A CIA spokesman said the deputy director was out of

town and not available for comment.

An hour and a half later Press Secretary Ron Nessen said Walters was quitting because he believed that he was "overdue to get out of the Army." The deputy director also recognized that CIA Director George Bush would want to pick his own top assistant, Nessen said.

Walters, 59, was appointed deputy director by President Richard M. Nixon in 1972.

A CIA spokesman refused to comment on whether Walters' resignation stemmed from investigations of the agency during the past year or from Ford's reorganization of the nation's intelligence agencies.

"On timing, I don't think we would want to comment on that or get into a discussion on that," the spokesman

said.

Nessen said Walters submitted his resignation in January after Ford named Bush to head the agency. Bush did not accept Walters' resignation immediately, Nessen said, adding that Walters had been scheduled to retire from the Army. The date has been set for June 30.

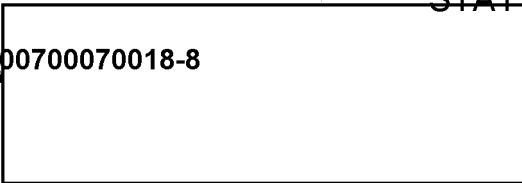
Knoche was chosen because Bush "wants to build his own team," Nessen said.

Knoche, 51, a civilian, went to work for the CIA in 1953 as an intelligence analyst specializing in political and military affairs. He has been executive director of the agency's national photographic interpretation center, deputy director of planning and budget activities and deputy director of the office of current intelligence.

* * *
Deputy CIA Director Vernon Walters is resigning. The 59-year-old Army lieutenant general is leaving the agency because Director George Bush "wanted to build his own team," a White House spokesman said. Ford will nominate Associate Deputy CIA Director Henry Knoche as a successor. Walters was a key Watergate witness who testified that he tried to stop the FBI Watergate investigation on Nixon's orders.

CHRISTIAN SCIENCE MONITOR

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**CIA resignation**

Lt. Gen. Vernon A. Walters is quitting as Deputy Director of the embattled Central Intelligence Agency, the White House said, to be succeeded, it is believed, by associate deputy director E. Henry Knoche.

Walters Resigns No. 2 Post at CIA

From Times Wire Services

WASHINGTON—Lt. Gen. Vernon A. Walters, the Central Intelligence Agency official who was used by the Nixon White House in an attempt to block the Watergate investigation, resigned Thursday as the agency's deputy director.

The White House announced the resignation and said that a veteran civilian CIA official, Associate Dep. Director E. Henry Knoche, would be nominated to replace him.

Walters' resignation came as a surprise, and details surrounding his quitting unfolded piecemeal. The first word came in a single sentence at the bottom of a White House announcement that President Ford planned to nominate Knoche to one of the CIA's No. 2 positions.

The White House did not immediately elaborate. Efforts to reach Walters proved futile. A CIA spokesman said the deputy director was out of town and unavailable for comment.

An hour and a half later Press Secretary Ron Nessen said that Walters

was quitting because he believed himself "overdue to get out of the Army."

Nessen also said that Knoche was the choice of CIA Director George Bush, who wanted "to build his own team" at the intelligence agency.

Walters, 59, submitted his resignation as a matter of protocol last January when Bush took over. He is scheduled to retire from the Army on June 30, when he will have completed 35 years of service.

A skilled linguist, Walters served as interpreter for five Presidents during his Army career and was a close friend of former President Richard M. Nixon, who appointed him to the CIA's No. 2 spot in 1972.

Shortly afterward, Walters became involved in the efforts of White House aides H. R. Haldeman and John D. Ehrlichman to limit the FBI's investigation of the Watergate burglary.

Walters later testified that he was ordered by Haldeman to instruct acting FBI Director L. Patrick Gray III to cease investigating leads in the burglary case on national security grounds. Nixon's precise role in that effort, however, remained unclear until the later disclosure of the White House tape recording that forced his resignation.

It showed that, on June 23, 1972, Haldeman told Nixon that the FBI investigation was touching politically dangerous areas and recommended:

"The way to handle this is for us now to have Walters call Pat Gray and just say, 'Stay to hell out of this . . . This is the CIA.'"

The tapes show that Nixon approved that suggestion. Testifying at the Watergate coverup trial in November, 1974, Walters confirmed that he told Gray the FBI investigation "could expose . . . CIA cover operations in Mexico."

Gray at first agreed, but later said the investigation would proceed unless he received signed CIA documents instructing him to hold off.

Gray testified, however, that Walters refused to put the order in writing and abandoned the White House plan, telling Gray, "I'm not going to let those kids at the White House kick me around."

Walters also said that Nixon's counsel, John W. Dean III, at one point suggested to him that CIA covert funds could be used to pay the bail and salaries for the five Watergate burglars. Walters refused.

A CIA spokesman said Thursday that Walters' resignation had no connection with recent investigations of the agency's activities and disclosures of domestic spying, with the current reorganization of the intelligence system, or Watergate.

"For crying out loud!" the spokesman said. "Any suggested connection between Gen. Walters' friendship with former President Nixon or Watergate and his leaving the CIA does not do him justice.

"He has been a distinguished Army officer for the past 35 years.



Vernon A. Walters

AP Wirephoto

"He simply felt that he has been here long enough and that it's time to retire," the spokesman said.

An intelligence community source said, however, that the main reason for Walters' departure was Bush's desire to have a career professional running day-to-day operations and helping restore morale damaged by Watergate and the intelligence investigations.

That source also said that Bush wanted a deputy free of association with the Watergate period and Nixon's brief effort—disclosed in the so-called "smoking gun" tape recording—to have the agency stifle the FBI's early investigation.

Walters' resignation will take effect on the day that his successor is confirmed by the Senate, the White House said.

Nessen said that Ford "has a very high regard" for Walters and for the work he has done. Walters has offered to serve in any other capacity at the President's request and Ford is considering the offer, Nessen said.

The appointment of Knoche, if confirmed by the Senate, will break one tradition at the intelligence agency. For the first time since the agency was founded in 1947, neither the director nor his principal deputy will be military men.

Knoche is a 23-year veteran with the CIA who has held a series of administrative positions. As deputy director, he will be in charge of the agency's day-to-day operations.

Knoche, 51, joined the CIA in 1953 as an intelligence analyst, specializing in Far Eastern political and military affairs. He previously had served two tours of duty as a Naval officer, during World War II and the Korean war

Walters, No. 2 in CIA, quits

From Tribune Wire Services

WASHINGTON—Lt. Gen. Vernon A. Walters, who gave damaging testimony in the Watergate case despite his close friendship with Richard M. Nixon, resigned Thursday as deputy director of the CIA.

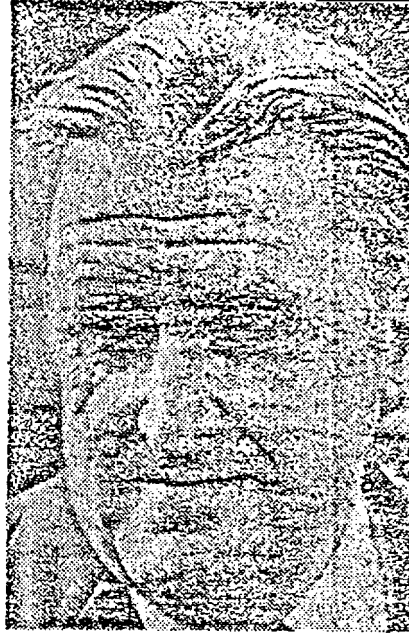
The White House, which made the announcement in a brief statement to reporters, did not give a reason for Walters' resignation as No. 2 Central Intelligence Agency official.

But an intelligence community source said the main reason was the administration's desire to have a career CIA official hold the deputy directorship under the new director, George Bush. Walters had been in the CIA for just four years. He was appointed deputy director last year by President Ford.

Ford said he was nominating E. Henry Knoche, who has served in the CIA for the last 26 years, to replace Walters.

THE INTELLIGENCE community source said Walters was leaving for several reasons, but the major one was that his CIA experience was not extensive enough to qualify him for the No. 2 job in the agency. Bush has said his top assistant should be running the day-to-day operations of the agency.

The source said other reasons included Walters' personal desire to



Lt. Gen. Vernon A. Walters

leave the agency and the administration's desire to bolster the Watergate-damaged morale of the agency.

But a CIA spokesman said Walters, who will be 60 in January, asked to be retired from the Army a month ago.

"For crying out loud," the spokesman said. "Any suggested connection between Gen. Walters' friendship with former President Nixon or Watergate and his leaving the CIA does not do him justice. He has been a distinguished Army officer for the last 35 years and served three Presidents directly as an interpreter.

"GEN. WALTERS is a military officer on active duty. A month ago, he asked the Army chief of staff to be placed on the retired list. He will be 60 next January, with 35 years of distinguished service behind him."

Gen. Walters Quits C.I.A. Bush 'Wants Own Team'

Special to The New York Times

WASHINGTON, April 22 (UPI)—The White House announced today the resignation of Lieut. Gen. Vernon A. Walters as Deputy Director of Central Intelligence. General Walters was a key Watergate witness who testified that he had tried to stop the F.B.I. Watergate investigation on President Nixon's orders.

The Presidential press secretary, Ron Nessen, said that General Walters, 59 years old, was leaving the No. 2 agency post because the head of the C.I.A., George Bush, "wanted to build his own team."

The announcement said that President Ford was nominating the associate deputy director E. Henry Knoche, 51, to succeed General Walters.

An intelligence community source said that the main reason for the general's departure was Mr. Bush's desire to have a career professional running day-to-day operations and helping Mr. Bush to restore morale damaged by Watergate and the intelligence investigations.

This source also said that Mr. Bush wanted a deputy free of association with the Watergate period and Mr. Nixon's brief effort—disclosed in the so-called "smoking pistol" tape recording—to have the agency stifle the F.B.I.'s early investigation.

At C.I.A. headquarters, a spokesman said that the move suited General Walters's plans to retire from the Army after a 35-year military career. He emphatically denied any connection between his Watergate involvement and his departure.

"For crying out loud!" the spokesman said. "Any suggested connection between General Walters's friendship with former President Nixon on Watergate and his leaving the C.I.A. does not do him justice.

"He has been a distinguished Army officer for the past 35 years and served three Presidents directly as an interpreter."

He said that General Walters asked the Army last month for permission to retire.

Mr. Nixon, who considered the general a loyal friend, transferred him from Army duty to the C.I.A. in 1972. Mr. Ford appointed him deputy director last year.

General Walters gained national prominence as a witness at the televised Senate Watergate hearings in 1973, where he disclosed that the White House had instructed him to quash the June 1972 F.B.I. Watergate inquiry on national security grounds. Mr. Nixon's precise role in that effort, however, remained unclear until the later disclosure of the White House tape recording that forced his resignation.

It showed that, on June 23, 1972, the White House chief of staff, H. R. Haldeman, told Mr. Nixon that the F.B.I. inquiry was touching politically dangerous areas and said:

"The way to handle this is for us now to have Walters call [F.B.I. Director] Pat Gray and just say, 'Stay to hell out of this. . . This is the C.I.A.'"

The tapes show that Mr. Nixon approved that suggestion. Testifying at the Watergate cover-up trial in November 1974, General Walters confirmed that he had told Mr. Gray that the F.B.I. investigation "could expose . . . C.I.A. cover operations in Mexico."

Mr. Gray testified, however, that General Walters refused to put that in writing and abandoned the White House plan, telling Mr. Gray, "I'm not going to let those kids at the White House kick me around."

Post Is Upgraded**CIA's New No. 2 Man
Fits Into Ford's Plan**

United Press International

The appointment of E. Henry Knoche, now associate deputy director of the CIA, to replace Lt. Gen. Vernon Walters as deputy director was directly related to Ford's Feb. 18 executive order reorganizing the intelligence community and upgrading the post of deputy director, sources say.

The resignation of Walters, who has said he was used by the Nixon White House to head off FBI investigations into the break-in of the Democratic National Committee headquarters in the Watergate office building, was announced yesterday.

Sources said President Ford's appointment of Knoche is in line with his Executive Order 11905, which enlarged CIA Director George Bush's responsibility for coordinating overall intelligence activities and simultaneously upgraded the No. 2 post.

KNOCHE, 51, has been described by CIA insiders as a "bright, fair-haired boy." He recently handled the congressional investigations of abuses by the CIA, FBI and other agencies.

Knoche's experience has been in intelligence analysis rather than in clandestine operations or "dirty tricks." He has directed the National Photographic Interpretation Center, the Foreign Broadcast Information Service, and, from

1972-1975, the CIA Office of Strategic Research.

His appointment follows by several weeks the naming of Adm. Daniel Murphy to be deputy director for the intelligence community — basically a liaison post between the CIA, State Department, Defense Intelligence Agency and other intelligence units.

WALTERS, a linguist who interpreted for Richard M. Nixon during his 1969 European tour, leaves the CIA after five years as deputy director.

Bush reportedly told aides yesterday that he "very much regrets" Walters' leaving and will miss his counsel. But CIA sources said the general's departure, on honorable terms, removes the last Watergate taint from the agency.

H.R. Haldeman, former Nixon chief of staff, tried June 26, 1972, to use Walters to restrict the FBI Watergate investigations.

According to testimony developed in the Watergate hearings and trials, Haldeman had recommended to Nixon: "the way to handle this is for us to have Walters call (FBI Director L.) Pat Gray and just say 'stay the hell out of this. . . . This is the CIA.'"

Walters testified he and Richard Helms, then CIA director, were asked to meet with Haldeman and John Ehrlichman, and were told the Watergate incident was making "a lot of noise" and "might get worse."

Gray later recalled that Walters said, "I'm not going to let those kids at the White House kick me around."

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PM-CIA SKED 4-23
BY NICHOLAS DANILOFF

WASHINGTON (UPI) -- CONTINUING HIS REFORM OF THE INTELLIGENCE COMMUNITY, PRESIDENT FORD HAS NAMED A HIGHLY REGARDED PROFESSIONAL TO ASSUME THE EXPANDED RESPONSIBILITIES OF DEPUTY DIRECTOR OF THE CIA. E. HENRY KNOCHE, NOW ASSOCIATE DEPUTY DIRECTOR, REPLACES LT. GEN. VERNON WALTERS, A KEY FIGURE IN THE WATERGATE CRISIS WHO HAS SAID HE WAS USED BY THE NIXON WHITE HOUSE TO HEAD OFF FBI INVESTIGATIONS INTO THE BREAKIN OF THE DEMOCRATIC NATIONAL COMMITTEE HEADQUARTERS.

SOURCES SAID KNOCHE'S APPOINTMENT WAS DIRECTLY RELATED TO FORD'S FEB. 18 EXECUTIVE ORDER REORGANIZING THE INTELLIGENCE COMMUNITY.

EXECUTIVE ORDER 11905 ENLARGED CIA DIRECTOR GEORGE BUSH'S RESPONSIBILITIES FOR COORDINATING OVERALL INTELLIGENCE ACTIVITIES AND SIMULTANEOUSLY UPGRADED THE DEPUTY DIRECTOR'S POST.

KNOCHE, 51, HAS BEEN DESCRIBED BY CIA INSIDERS AS A "BRIGHT, FAIR-HAIRED BOY." HE RECENTLY HANDLED THE CONGRESSIONAL INVESTIGATIONS OF ABUSES BY THE CIA, FBI AND OTHER AGENCIES.

KNOCHE'S EXPERIENCE HAS BEEN IN INTELLIGENCE ANALYSIS RATHER THAN IN CLANDESTINE OPERATIONS OR "DIRTY TRICKS." HE HAS DIRECTED THE NATIONAL PHOTOGRAPHIC INTERPRETATION CENTER, THE FOREIGN BROADCAST INFORMATION SERVICE, AND, FROM 1972-1975, THE CIA OFFICE OF STRATEGIC RESEARCH.

HIS APPOINTMENT FOLLOWS BY SEVERAL WEEKS THE NAMING OF ADM. DANIEL MURPHY TO BE DEPUTY DIRECTOR FOR THE INTELLIGENCE COMMUNITY -- BASICALLY A LIAISON POST BETWEEN THE CIA, STATE DEPARTMENT, DEFENSE INTELLIGENCE AGENCY AND OTHER INTELLIGENCE UNITS.

WALTERS, A LINGUIST WHO INTERPRETED FOR RICHARD M. NIXON DURING HIS 1969 EUROPEAN TOUR, LEAVES THE CIA AFTER FIVE YEARS AS DEPUTY DIRECTOR.

BUSH REPORTEDLY TOLD AIDES THURSDAY HE "VERY MUCH REGRETS" WALTERS' LEAVING AND WILL MISS HIS COUNSEL. BUT CIA SOURCES SAID THE GENERAL'S DEPARTURE ON HONORABLE TERMS REMOVES THE LAST WATERGATE TAINT FROM THE AGENCY.

H.R. HALDEMAN, FORMER NIXON CHIEF OF STAFF, TRIED JUNE 26, 1972, TO USE WALTERS TO RESTRICT THE FBI WATERGATE INVESTIGATIONS.

ACCORDING TO TESTIMONY DEVELOPED IN THE WATERGATE HEARINGS AND TRIALS, HALDEMAN HAD RECOMMENDED TO NIXON: "THE WAY TO HANDLE THIS IS FOR US TO HAVE WALTERS CALL (FBI DIRECTOR L.) PAT GRAY AND JUST SAY 'STAY THE HELL OUT OF THIS ... THIS IS THE CIA.'"

WALTERS TESTIFIED HE AND THEN CIA DIRECTOR RICHARD HELMS WERE ASKED TO MEET WITH HALDEMAN AND JOHN EHRLICHMAN, AND WERE TOLD THE WATERGATE INCIDENT WAS MAKING THE SITUATION "BET WORSE."

GRAY LATER RECALLED THAT WALTERS SAID, "I'M NOT GOING TO LET THOSE KIDS AT THE WHITE HOUSE KICK ME AROUND."