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LOS ANGELES TIMES
3 February 1987

Deputy Selected to Succeed Casey

Reagan Picks Gates as CIA Chief After Hospitalized Director Quits

By JAMES GERSTENZANG, *Times Staff Writer*

WASHINGTON—William J. Casey, hospitalized for 6½ weeks after surgery for a brain tumor, has resigned as CIA director and President Reagan has chosen Deputy Director Robert M. Gates, a 20-year veteran of the agency, to replace him, the White House announced Monday.

The nomination of Gates raises the likelihood that during his confirmation hearings, which are to start Feb. 17, Senate committees may delve deeply into his role in the Iran-*contra* controversy, even though no evidence has been made public that is damaging to him.

But his nomination avoids a long search for a new director and the potential embarrassment of the Administration being turned down again—as it was by former Sen. Howard H. Baker Jr. (R-Tenn.)—while the Iran-*contra* investigations are unfolding.

Casey, 73, submitted his resignation Thursday in a meeting at Georgetown University Hospital with White House Chief of Staff Donald T. Regan and Atty. Gen. Edwin Meese III. Casey was offered the post of White House counselor, White House spokesman Marlin Fitzwater said, effective "whenever Mr. Casey feels his recovery is sufficient to assume those responsibilities."

Youngest Director

Fitzwater said that Reagan offered Gates the director's job Friday morning. At 43, Gates, who has been acting director since Casey became ill, would become the youngest executive to head the agency.

Fitzwater said that the decision to step down was Casey's, and added: "He saw that it would be some time before he would be able to return to duty and undertake full activities at the CIA. He realized the need for on-the-job leadership in the intelligence community."

The CIA post carries the title of director of central intelligence and involves overseeing the collection of intelligence by, and the budgets of, about a dozen intelligence agencies, including the CIA, the National Security Agency and the Defense Intelligence Agency.

Brain Tumor Removed

Casey entered the hospital on Dec. 15 after being stricken at his office and a malignant brain tumor was removed three days later. Fitzwater said that Casey is making progress, and "is alert and has visited fellow patients."

Another Administration official said that Casey's "thought processes are unimpaired, but his ability to communicate is just not there and he can't deal with day-to-day problems."

The transition comes at a crucial time for the agency, as it finds itself a key target of multiple investigations into the Iran scandal.

According to a report made public last week by the Senate Intelligence Committee, Gates was told last Oct. 1 by a CIA analyst about concerns that some proceeds of the Administration's secret arms sales to Iran were being diverted to the Nicaraguan rebels at a time when Congress had banned U.S. military aid to the *contras*.

"Gates was surprised and disturbed and told the analyst to see Casey," the report said. But the information was not provided to Congress until almost two months later, when details of the diversion were made public.

In addition, Gates, as the deputy director of the agency since last April and as deputy director for intelligence for four years before that, prepared briefing material on the Soviet military threat to Iran for use in the Administration's contacts with the Tehran regime.

"Looking ahead to Gates' appearance before the Senate Intelligence Committee later this month in the confirmation process, Chairman David L. Boren (D-Okla.) said: "It won't be a 30-minute hearing." But Boren said he is certain that Gates will be confirmed.

Boren, who has been meeting with Gates weekly, said that the

deputy has been "very candid" with the committee since becoming acting director.

Sen. Patrick J. Leahy (D-Vt.), who is about to relinquish his position on the Senate Intelligence Committee, praised Gates' nomination, saying that the selection of a political appointee rather than an intelligence community professional "would almost have guaranteed a long, drawn-out contentious confirmation process."

But, on the other hand, he noted that Gates, when confirmed for the second-ranking CIA post last year, promised to keep the congressional oversight committees fully informed of covert activities. He said he would like to know whether Gates was aware "the CIA was involved in illegally helping" former National Security Council staff member Lt. Col. Oliver L. North in the arms sale arrangements and assisting the *contras*.

The CIA is said to have provided extensive transportation and intelligence aid for the arms sales, even before President Reagan signed a "finding" explicitly making that aid legal. And at least one CIA operative recently admitted aiding North's secret military supply pipeline to the *contras*.

Senate Majority Leader Robert C. Byrd (D-W.Va.) said that Gates' confirmation hearings "could very well be some kind of forum" on the entire Iran-*contra* affair—providing another potentially troublesome challenge for an Administration already faced with probes by special committees in the House and Senate and an investigation being conducted by independent counsel Lawrence E. Walsh.

"He'll be worked over," one Administration official said.

On the other hand, said another official, Gates offers distinct benefits: As a longtime CIA employee, his appointment should "make morale a lot better" at the agency, and, because he brings 20 years of intelligence expertise to the job, he will not need to be brought up to speed on current operations.

"This way is the least disruptive way of all," a senior Administration official said.

Although he was widely praised as an able successor, Gates apparently was not the first choice for the job. Baker, a former Senate majority leader, recently rebuffed a feeler on the job, saying he was not interested.

Casey's work in intelligence operations began during World War II, when he served in the Office of Strategic Services, the pre-CIA intelligence unit. He was chairman of the Securities and Exchange Commission under former President Richard M. Nixon and a member of former President Gerald R. Ford's Foreign Intelligence Advisory Board. He managed Reagan's successful presidential campaign in 1980.

In a two-sentence letter of resignation, he said to Reagan: "It has been a great honor serving you."

In a much lengthier message, Reagan wrote to Casey: "I have been fortunate to have you by my side. Your commitment and your achievements will continue in the institutions of government which you led so well and in the cause of liberty you so proudly served."

Gates joined the CIA in 1966, after receiving a masters degree in history from Indiana University. He received a doctorate in Russian and Soviet history from Georgetown University in 1974. From 1974 to 1979, he was assigned to the White House's National Security Council staff. He returned to the CIA in 1979, serving in a number of administrative posts and as national intelligence officer for the Soviet Union, before his appointment as deputy director for intelligence in January, 1982.

Staff writers Karen Tumulty and Sara Fritz contributed to this story.
