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~~CONFIDENTIAL~~

12 December 1973

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SUBJECT: CIA and Robert R. Mullen Company

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History of Cover Use of Robert R. Mullen Company:

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1. CIA first used the Robert R. Mullen Company as a cover vehicle when Mr. Mullen in [redacted] agreed to open an office in [redacted] and staff it with a CIA officer.

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When this officer was withdrawn at the end of the following year no successor was placed by CIA. Since business opportunities did not justify Mr. Mullen's maintaining this office on his own account, it was closed.

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2. [redacted], Mr. Mullen agreed to open an office in [redacted] and staff it with [redacted] CIA officers who remained there until [redacted] respectively. This office was closed upon the return of the [redacted] officer in the [redacted]

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3. In [redacted] Mr. Mullen agreed to open an office in [redacted] and staff it with the officer who had returned from the [redacted] assignment in the fall of [redacted]. When this officer was reassigned to Headquarters duty in the summer of [redacted] the Mullen office in [redacted] was closed.

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4. In the summer of [] the other officer who had served in [] until the spring of [] and who had worked in Mr. Mullen's Washington office for two years was sent to [] where he opened an office for the Mullen Company. When it became clear in early [] that the operational requirements in [] made the continuation of the Mullen office in [] of marginal value, CIA began to discuss with Mr. Mullen the possibility of closing that office. He began to remonstrate that the prior openings and closings of [] other overseas offices was eroding his reputation and standing in his professional field. As on prior occasions he was more than cooperative and willing to subordinate his interests to CIA's requests, however, CIA recognized the justice of his comment and decided to continue the [] office, which was not closed until the summer of []

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5. In [] Mr. Mullen agreed to re-open a [] office and to staff it with a CIA officer who had had no previous connection with the Mullen firm. In agreeing to the re-opening of the [] office, Mr. Mullen was more outspoken than before in his insistence that he could not allow this office to close after the end of a two year

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tour. After Mr. Hunt became an employee of the Mullen Company, Hunt reiterated this point with the then DDP who instructed the operating division to maintain a Mullen office in [redacted] as an operational cover facility for [redacted]

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The Situation at the Time of the Watergate Break-in:

6. At the time of the Watergate break-in CIA had [redacted] officer each under Mullen cover in [redacted]

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[redacted] The officer in [redacted] who had been under Mullen cover since [redacted] experienced no difficulties in carrying

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out his cover work for Mr. Mullen and his operational assignments for CIA. He was slated for home leave in the summer

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of [redacted] to return for at least a year to [redacted] with a possible reassignment to another station after one year.

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Although the officer in [redacted] had gotten off to a reasonably good start in establishing the Mullen office

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there, this favorable development received a serious setback when a long forgotten incident from his graduate days

[redacted] identified a potentially serious operational security problem.

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7. While a graduate student at the University of

[redacted] this officer had applied for CIA employment at the end of his academic studies. His next door dormitory

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neighbor was a student from [redacted] A letter showing

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CIA as the sender was misplaced under the door of the [redacted]

[redacted] student who expressed some surprise about the addressee's involvement with the spy organization when he personally

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delivered the letter. This incident did not surface during

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his security investigation, nor after his employment, nor

when his assignment under [redacted] was being discuss-

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ed. After having been in [redacted] for a few months our

officer rounded a street corner one morning to find himself

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face-to-face with his former college dormitory neighbor, who

greeted him with "Mr. CIA - What are you doing here?" Despite

appropriate protestations on the part of our officer that he

was a representative of a legitimate American firm, our

officer was convinced that his former college colleague could

not be shaken in his belief that our officer was indeed a

CIA spy.

8. In reporting this incident our officer drew attention to a second potential operational security liability.

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While a teaching assistant at the [redacted] a [redacted] (b)(1)
 year prior to his assignment to [redacted] under Mullen (b)(3)
 cover, he had been directed to explore the possibility of (b)(1)
 gaining employment by the [redacted] as a cover (b)(3)
 platform for an operational assignment there. In the course
 of his explorations, he saw a senior professor in the [redacted] (b)(1)
 [redacted] who showed an acute suspicion of our (b)(3)
 officer's true motivation and purpose. By the time that
 our officer was assigned under Mullen cover to [redacted] (b)(1)
 the former professor had become a member of the [redacted] (b)(3)
 government and was responsible, among other areas, for (b)(1)
 the police and internal security. (b)(3)

9. After considerable debate among appropriate CIA (b)(1)
 Headquarters components, we concluded that the above security (b)(3)
 factors were not compelling reasons to terminate the [redacted]
 [redacted] officer's assignment in face of our [redacted] commitment (b)(1)
 to Mr. Mullen. However, by spring [redacted] our officer had not (b)(3)
 been able to develop sufficient legitimate business to make
 him feel comfortable in the role of the Mullen representative (b)(1)
 in [redacted] With this as the peg, we persuaded Mr. Mullen (b)(3)
 to take a trip to [redacted] to meet with the Chief of Station
 and with our officer to assist in laying the ground work for
 sufficient cover activities which would enhance the legitimacy (b)(1)
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of our officer. We did not wish to alarm Mr. Mullen at that time about our officer's operational security problems, hoping that the cover activities following Mr. Mullen's visit to [redacted] would provide our officer with good enough backstopping to overcome the security flaws and continue his assignment. Mr. Mullen, traveling on his own business, left Houston on [redacted] and after stops in Los Angeles and Honolulu visited [redacted] from [redacted]

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[redacted] The Watergate break-in occurred while Mr.

Mullen was on his trip to [redacted] Shortly thereafter, Mr. E. Howard Hunt became implicated and his employment by the Robert R. Mullen Company became a subject of front-page publicity.

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10. Almost simultaneously with the Watergate break-in, CIA learned that a former CIA staff officer was on the verge of publishing a book which would claim to expose the hand-and-glove activities of large American corporations and CIA in South America. The book was expected to identify firms which had accepted CIA officers under cover, as well as CIA officers under both official and nonofficial cover in South America. The writer had been the responsible

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desk officer when the Mullen office in [] was opened in [] and was fully aware of the identity of the officer who had staffed that office in [] File research also showed that he had also been in the same career trainee class as the officer under Mullen cover []

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11. The publicity on the Mullen Company because of Hunt's employment and the possible revelations by the former staff officer, required a complete re-assessment of the Mullen cover and its viability.

a. We viewed the case of our officer in []

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[] in the following light:

(1) In the mind of his former graduate school colleague, he was clearly viewed as being connected with CIA. The publicity on the Mullen Company regarding its employment of the former CIA officer Howard Hunt and the latter's involvement in the Watergate break-in under the leadership of another former CIA officer and in the company of four other people previously connected with CIA, could only lead to further confirmation by the former student from [] that our officer had a current connection with CIA.

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(2) Any denunciation of our officer as a CIA employee or representative by the former student from [redacted] would undoubtedly have come to the attention of the Minister in charge of the Police and Internal Security Service who had been suspicious of our officer when he sought a position on the faculty of [redacted]

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(3) The staff officer's identification of the Mullen Company as a previous cover vehicle for CIA in another area would have been tantamount to authoritative confirmation that the Mullen office in [redacted] was also serving CIA purposes. This represented a more direct threat to the cover placement than Mr. Hunt's employment by Mr. Mullen and Mr. Hunt's activities in the United States.

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(4) [redacted] was the same man who had previously exposed a CIA operation, ~~and~~ obtained written apology from the Secretary of State and personal assurance from Mr. Helms that CIA would not engage in unilateral activities in [redacted] Clearly, the Station

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required the removal of our officer from [redacted] [redacted] and his separation from Mullen cover. This factor, too, was of more immediate concern and overshadowed the Hunt aspect.

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(5) Since we had decided not to alarm Mr. Mullen nor Mr. Bennett by enlarging upon security flaws that to-date were only potentially damaging, we were handicapped in soliciting their agreement to withdraw the [redacted] officer. In regard to the Watergate publicity, Messrs. Mullen and Bennett felt quite innocent since after Hunt's employment by the White House he was paid by the Mullen Company only when actually working for the Company. They felt that the confidentiality of their cooperation with CIA overseas was not impaired unless for reasons of his own Hunt would consider this fact as helpful to his defense and might therefore disclose it. Any attempt on our part to justify an immediate removal of our officer from [redacted] by the Watergate publicity would have been completely unconvincing to Messrs.

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Mullen and Bennett. Even more so after Mr. Bennett had obtained Mr. Silbert's agreement not to delve into the Mullen firm's overseas activities and Mr. Silbert so restricted Mr. Bennett's interrogation before the Grand Jury.

(6) Because of operational consideration in trying to limit any damage to CIA and individuals and firms cooperating with CIA from revelations of the former staff officer, it was decided that this threat would be handled on a severely restricted basis within CIA and that it would not be discussed with CIA collaborators on the outside. The rationale for this approach was simply that CIA's chances for continued reading of his activities and intentions, ^{and} CIA's efforts to restrict the fall-out from his revelations would be in jeopardy if any more than the absolutely necessary number of inside staff officers were informed of the situation. For this reason and because the Mullen Company was the focus of potential compromise, we purposely avoided unnecessary contacts with the firm.

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(7) We withdrew our officer from [redacted] only after considerable objection from Mr. Mullen and Mr. Bennett, who were not fully persuaded by the disclosure of previous security incidents nor our estimate that serious potential harm might come to our officer and the Company from continuing publicity concerning Hunt's employment by the firm.

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b. CIA faced a different situation in regard to our officer in [redacted] By the summer of [redacted] he had been an "employee" of the Mullen firm for eight years, stationed in [redacted] and [redacted]

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[redacted] His operational activities had not given rise to any suspicion and to the outside world he appeared as what he reported to be, an employee of an [redacted] public relations firm, He was on home leave, had visited the Mullen office in Washington repeatedly and had become convinced that he and the Mullen firm would have no problem in weathering the Watergate publicity. Because he was vulnerable to disclosure by the former staff officer, he was told of the impending book but warned not to discuss the matter with Messrs. Mullen nor Bennett, under pain of disciplinary action. He

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was allowed to return to [] as previously scheduled, but alerted he would be swiftly withdrawn if his assignment became compromised by disclosures of either the former staff officer or of Mr. Hunt. This decision was reached because CIA felt that the business reputation of the Mullen firm could not withstand the simultaneous disclosing of both of its overseas officers and because we could not overcome Messrs. Mullen and Bennett's objection without surfacing the threat from the former staff officer's book; a disclosure that might hamper operations to contain damage from its publication. The long-shot risk that the publication of the former staff officer's revelations would occur at a later date than originally anticipated, turned out to be correct and allowed the continuation of the Mullen cover in [] It was terminated when the existence of this cover arrangement had to be revealed to Judge Byrne as part of other classified information relevant to the Ellsberg case and the real possibility developed that this information would have to be surfaced in open court.

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12. CIA's actions vis-a-via Messrs. Mullen and Bennett in regard to the cover officers in [redacted] and [redacted] have been consistent with CIA's basic policy for using legitimate American firms for cover officers: its prime objective is to further the CIA overseas mission with due consideration for the interests and well-being of the legitimate firms that extend their cooperation. The extension of cover for CIA officers by American firms is considered a partnership in which both parties have obligations to each other. The CIA obligation is greater where unbusinesslike actions may jeopardize the standing of a small firm among colleagues and competitors. In discharging its obligation, CIA must clearly balance this requirement against operational security needs.

13. In this case, especially during [redacted] the Directorate of Operations was more directly concerned by considerations that seemed to overshadow the then growing Watergate developments - fair treatment of Mr. Mullen, who was being disadvantaged as a consequence of long cooperation with us; potential trouble from the [redacted]

[redacted] who might create an international incident [redacted] and security threats from hostile services arising from disclosures by a former staff officer.

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