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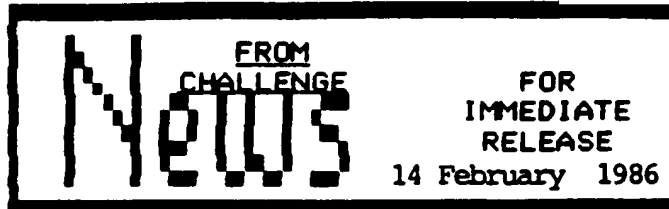
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**FORMER INTELLIGENCE OFFICER WINS COMPLETE RETRACTION
AND FINANCIAL SETTLEMENT IN LIBEL SUIT**

CHALLENGE, Inc., an intelligence officers' legal action fund, today announced in Washington, D.C. that a libel suit for which it had provided financial assistance was resolved when four of five defendants sued by David Atlee Phillips for malicious libel retracted allegations about the former CIA officer and entered into an out-of-court financial settlement for an undisclosed amount. The defendants, in a 1980 Washington press conference and later that year in a book, had alleged that Phillips and the Association of Former Intelligence Officers (AFIO) had been involved in the 1976 assassination of former Chilean diplomat Orlando Letelier. The book also repeated the canard that Phillips used the alias "Maurice Bishop" as CIA's case officer for Lee Harvey Oswald.

The details of the retraction are contained in a Statement of Retraction (See Attached) signed by the defendants and submitted this morning to Judge Jackson of the United States District Court for the District of Columbia, ending almost five years of litigation. (Civil Action No. 81-1407 and Civil Action No. 81-2578). Two of the defendants, writers Donald Freed and Fred Simon Landis, together with journalist John Cummings, participated in the 1980 press conference in which Phillips, AFIO, and other organizations and former government employees were accused of engaging in a conspiracy to cover up facts leading up to and following Orlando Letelier's assassination. The fourth defendant, Lawrence C. Hill, publisher of Death in Washington, also signed the statement of retraction and participated in the settlement with plaintiff Phillips. The whereabouts of the fifth defendant, William F. Pepper, have been unknown for five years, despite attempts of private investigators to locate him.

Contact: Capt. J.E. Dolan, USMC Ret.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

DAVID ATLEE PHILLIPS :
 Plaintiff :
 v. : Civil Action No. 81-1407
 DONALD FREED et al. : Judge Jackson
 Defendants :

 DAVID ATLEE PHILLIPS :
 Plaintiff :
 v. : Civil Action No. 81-2578
 LAWRENCE HILL & CO. : Judge Jackson
 PUBLISHERS, INC. et al. :
 Defendants :

STATEMENT OF RETRACTION

The undersigned are defendants in the above-captioned consolidated actions.

On June 25, 1980, a press conference was held in Washington, D.C., at the Methodist Church at 502 Maryland Avenue, N.E., 20002. Participants in the press conference were Donald Freed, Fred Simon Landis, William F. Pepper and John Cummings.

At the press conference, an invited media audience was told that David Atlee Phillips, a former officer of the Central Intelligence Agency ("CIA"), headed a conspiracy to cover up facts concerning the assassination of former Chilean foreign minister Orlando Letelier, and Phillips and other ex-intelligence officers were accused of a number of crimes. Further, it was stated that the Association of Former Intelligence Officers

("AFIO"), a non-profit organization of ex-intelligence men and women from all intelligence services, was involved as an institution in the crimes attributed to Mr. Phillips. These allegations were made orally and in printed material distributed at the press conference.

In October 1980, Death in Washington, a non-fiction book co-authored by defendants Freed and Landis, with an introduction by William F. Pepper, was published. The book repeated and elaborated on the charges against Phillips and other former intelligence officers, and AFIO. Mr. Phillips was accused of the following crimes in the period after he retired from CIA: obstruction of justice; being an accessory after the fact to murder; an accessory before the fact to murder; conspiracy to defame; and acting as an unregistered foreign agent. Further, in addressing the circumstances of the assassination of President John F. Kennedy, the book contained a photograph of Mr. Phillips, captioned "The Other Lee Harvey Oswald."

The undersigned defendants, Freed and Landis, now retract any charges or allegations that they have made against Mr. Phillips, individually or collectively, publicly or privately. They had no intention of charging or suggesting that Mr. Phillips played any role in the assassination of Orlando Letelier, that he was an accessory before or after the fact of that murder, or that he had any connection with Lee Harvey Oswald. They regret that any such statement or implication found its way into the press conference or into Death in Washington.

As to the other charges, because of Mr. Phillips' long career in the CIA, secrecy requirements imposed by the CIA and enforced by the courts made it difficult for Messrs. Freed and Landis to secure necessary evidence for their defense.

The undersigned authors, after requesting that the above-captioned actions be settled out of court, have agreed to a financial settlement with the plaintiff.


Lawrence Hill & Co. Publishers, Inc. published Death in Washington. In the light of the foregoing statements by the authors, the publisher expresses its regrets that the book as published contained the statements now retracted by the authors.



Donald Freed



Fred Simon Landis



John Cummings



Lawrence C. Hill
Publisher

Note from James J. Bierbower, attorney for Mr. Phillips:

The whereabouts of defendant William F. Pepper are unknown to the above-named defendants and to the plaintiff and his counsel. Despite the employment of private investigators over a period of four years, Mr. Pepper has not been located.



James J. Bierbower
Attorney for Plaintiff

LIBEL ACTIONS BEING ASSISTED FINANCIALLY BY CHALLENGE

Litigation by former CIA officer.

David Atlee Phillips is a retired CIA official who, in 1975, founded the Association of Former Intelligence Officers (AFIO). The association promotes the need for a strong U.S. intelligence capability and Phillips has personally been active in writing and speaking to defend that thesis.

By 1981 a pattern of malicious allegations about Phillips and other former government employees became evident. In addition allegations were being made increasingly about AFIO and similar organizations advocating a strong national security policy.

Perhaps emboldened because Phillips had become a "public figure", and thus needed to prove malice in any libel action, writers and editors became more flagrant in their allegations. In 1979 a book published in England argued that Phillips may have been a person called "Maurice Bishop", a CIA case officer who allegedly was in contact with Lee Harvey Oswald before the assassination of President John F. Kennedy. The book was published in the U.S. early in 1980. The same "Maurice Bishop" allegations were repeated in October, 1980, in a book-length article in "Washingtonian" magazine. In none of these instances was Phillips contacted before publication for comment on the charges, particularly so for the "Washingtonian" article though Phillips had written two articles related to intelligence for the magazine and was working personally with Washingtonian editor Jack Limpert on a third article, and thus available, when he was surprised by publication of the defamatory story.

Also in 1980, a press conference in Washington, D.C. accused Phillips and AFIO, among other persons and organizations, of involvement in the assassination of former Chilean foreign minister Orlando Letelier. Phillips was surprised by the press conference, and was not given an opportunity to comment about the allegations. Nor was he contacted before publication of a book later in 1980 reiterating the press conference charges and repeating the "Maurice Bishop" allegations.

Originally CHALLENGE was organized to provide financial assistance to Phillips after he decided to file libel suits. In the case against "Washingtonian", Maryland lower courts dismissed it because, in the court's opinion, Phillips was a public figure and would not be able to prove malice. A libel suit instituted by Phillips in London, where the "Maurice Bishop" allegations were first published, has passed the pre-trial stage; a trial date will be announced shortly.

A timely example of the continuing defamation of former government employees is the current release of a new book on the Kennedy assassination by author Henry Hurt, published by Henry Holt and Company. Hurt has repeated the "Maurice Bishop" allegations about Phillips in a selective manner. And---once again---Phillips was not contacted by the author for comment prior to publication.

The Statement of Retraction is the out-of-court resolution of two suits by Phillips in the matter of alleged complicity in the death of Orlando Letelier, and of his connection with Lee Harvey Oswald.

Litigation Concerning Missing

A book about the death of young American film producer Charles Horman during the Chilean military coup of 1973 alleged complicity of the U.S. Embassy in Santiago in Horman's death. Later, Missing, a film based on the book, repeated the allegations.

The first of two central allegations was that U.S. officials plotted, organized and took part in the 1973 coup, which culminated in the death of Salvador Allende. The second allegation is that Charles Horman learned of this alleged U.S. involvement and was murdered with U.S. complicity, because of his knowledge.

The Horman family initiated a law suit against 11 U.S. officials. After extensive discovery over more than three years, the suit was dismissed, at the plaintiffs' request, because they were unable to present evidence to support their allegations.

Because of the popularity of the film Missing many believe that the allegations of U.S. official complicity in the death of Charles Horman are true. U.S. diplomatic and military officers became concerned that they were suspected of being instigators or accomplices in the

murder of an innocent American citizen. They believed disproving the claim was important to all those serving in foreign countries on behalf of our country.

Three former officers at the U.S. embassy in Chile during the 1973 coup decided to take legal action: Ambassador Nathaniel Davis, since retired, Department of State consular official Frederick D. Purdy, and the head of the U.S. Military mission in Chile Navy Captain Ray Davis (no relation to the ambassador) also retired. These three men had been portrayed as the principals in the events that led to the death of Charles Horman. Their libel suit against those responsible for the film Missing and the book on which it was based is presently in the discovery phase.

CHALLENGE found merit in the legal action brought by Ambassador Davis and his colleagues. Thus, CHALLENGE has given financial assistance for their litigation to the "Plaintiffs Anti-Defamation League Fund re Missing".

Litigation Concerning Plaintiff Adolph Saenz

Adolph B. Saenz worked in Latin America for the Agency for International Development as a police advisor. He retired from government service in 1980 and became the Secretary for the New Mexico Department of Criminal Justice. Two days after his employment a violent riot erupted in the New Mexico State Prison. Saenz participated in the negotiations that ended the riot.

During the first six weeks of Saenz's tenure free-lance reporter Roger Morris wrote a series of five articles in the Santa Fe Reporter alleging that Saenz was involved in suppression of the riot using tactics taught as a political terrorist in a CIA-inspired program. Morris also implied that Saenz had taught Latin Americans torture techniques while he was employed by the U.S. Public Safety Program, and had been present while these were used.

Writer Morris's allegations were repeated in an article published in "Playboy" magazine.

Saenz has instituted libel suits, now in the final stages of the discovery process, against Roger Morris and "Playboy". (Adolph Saenz vs. Playboy Publications, Inc., CV No. 81-C-5723, Santa Fe, New Mexico).

CHALLENGE, finding merit in Saenz's litigation, has provided financial support to him.